

# 6 Human Resource Developments

## 6.1 Overview

Human Resources Department (HRD) at the State Bank of Pakistan is making continuous efforts to strengthen the participative role of HR. During the year, HRD remained focused on building a strong relationship between the management and employees. A smooth union referendum and a collaborative approach towards amicable resolution of the unionized staff's problems were part of the efforts. After ten years, the referendum was a significant step towards having amiable industrial relations between management and the unionized employees. Significant developments during the year also included reviews of various HR policies and practices to re-align these with the Bank's strategic objectives.

## 6.2 HRD Action Plan 2011-2015

HRD developed a comprehensive five-year action plan in alignment with the overall strategic direction of the Bank. The plan focuses on three specific goals aimed at improving efficiency and effectiveness of the existing HR policies and programs. These goals are: to further improve SBP's work ethics philosophy, promote value-based performance culture, and enhance the effectiveness of various HR policies such as succession planning, performance management, recruitment and compensation, balancing bank-wide workload distribution, and implementation of capacity building initiatives in co-ordination with Training & Development Department. HRD plans to implement these targets in a priority-defined phase wise approach within the next five years.

### Recruitment

In the perspective of management's philosophy regarding acquisition of talent, recruitment activity was concentrated at the entry level positions. This approach being in line with strategic needs of the Bank was undertaken to hire skilled human resource. This approach also serves as a progressive career path for our workforce through mechanisms such as career development and succession planning.

A total of 97 graduates were recruited on regular basis during the year 2009-10. Further, 23 professionals were hired in various managerial and non-managerial capacities on contractual

basis to meet short-term needs of the Bank. A consolidated position of grade-wise recruitments made in last two years is given in **Table 6.1**.

**Table 6.1: Number of Recruitments**

	FY09	FY10
OG-2		
Professional	11	0
Analyst	17	0
Statistical officer	16	0
SBOTS	18	97
OG-3	3	0
OG-4	4	0
OG-5	0	0
OG-6	1	1
OG-7	2	1
OG -8	0	1
Contractual	20	23
Term assignment	2	0
<b>Total</b>	<b>94</b>	<b>123</b>

### Performance Measurement and Improvement System (PMIS)

Based on the stakeholders' feedback and the best market practices, HRD continued to inculcate effective and efficient service delivery of PMIS. As a result, FY10 witnessed a record completion time of the annual appraisal process that facilitated the disbursement of AMI's by the end of August 2010.

Pursuant to the management's policy of encouraging and differentiating the performance levels, the bell curve quota revised last year was maintained. The percentages of annual merit increase granted in 2009-10 are illustrated in Table 6.2.

The main focus during 2009-10 was on enhancing customer facilitation and system improvements in PMIS. As a result of some new initiatives, a project was completed that allowed enhanced PMS data integrity and security by creating a database of performance categories of all employees (from S-1 to OG-8) from 2002 till date within PMS Oracle. This feature allows to generate various MIS reports based on grade, department, last promotion date, etc. The utility of employee self service feature has further been extended by shifting the entire AMI letters generating procedure from manual to automated Oracle based process.

**Table 6.2: Bell Curve Distribution and AMI Rates for FY10**

(OG-2 & above)		
Performance category	Quota	AMI rates
A	15	16
B+	25	12
B	50	9
C	10	5
PER Ranges and Merit Increase Rates (OG-1 & below)		
Performance category		Merit Increase
49-50		8
47-48		7
41-46		5
11-40		3
0-10		Nil

In addition, during the fourth quarter, PMIS orientation workshops were arranged for the new employees to acquaint them with PMS guidelines, PMS Oracle, goal setting and appraisal processes. A detailed list of 'Frequently Asked Questions (FAQs)' related to PMS was developed and uploaded on ENB to further facilitate the employees.

### Compensation and Benefits Management

Pursuant to the strategic decision of the Central Board in 2006 to align Compensation and Benefits structure of SBP with the market, a salary survey was conducted through independent consultants. As a result, compensation package was revised in 2007 to motivate the existing employees and to attract and retain high caliber human resources. While deciding on the compensation package, the Central Board also directed that the salary scales for New Compensation & Benefits Structure (NCBS) be reviewed after every 2 years.

Accordingly, the second Compensation & Benefits survey was conducted in 2009 through an independent consultant firm. Based on the survey results, the Board in its meeting held on October 12, 2009 decided to revise the compensation and benefits structure of SBP effective July 1, 2009, by shifting the compensation philosophy for the first time towards Total Remuneration (TR) as it captures the true compensation value of employees and takes into account those aspects of benefits which are not captured in cash pay.

The grade wise benchmarking vis-à-vis the comparative market based compensation for officers under the New Compensation & Benefits Structure (NCBS) as decided by the Board has been placed at the following percentiles:

1. OG-2, OG-3 = 75th Percentile
2. OG-4, OG-5 and OG-8 = 60th Percentile
3. OG-6, OG-7 = 55th Percentile

The above percentiles were reached at by the combination of differential salary increase and introduction/enhancement of existing benefits at various grades, i.e., Total Remuneration. The grade wise percentage increases in monetized salary and revision in entitlement of benefits as adopted for employees under the NCBS were also equally allowed to officers under the Old Monetized Structure. With this revision, the salary scales were correspondingly revised for both NCBS and Old Monetized structures.

## Employee Relations

1. Revival of Collective Bargaining Agent (CBA). Until 2000, office wise/cadre wise Trade Unions functioned at various offices of SBP across the country. With the promulgation of the Presidential Ordinance 2001, and creation of SBP-BSC, the status of unions came under litigation, due to which, the CBA activities ceased at both SBP and SBP -BSC for 10 years. On registration of separate unions in 2009, the CBA activities were revived, and a referendum for CBA at SBP and SBP (BSC) was held. The elected CBA submitted its Charter of Demand (CoD) for negotiations to the management in September 2009. After negotiations with representatives of the CBA, an agreement was signed in November 2009, announcing revision of salary and certain other benefits for unionized staff. Measures adopted and healthy dialogues during the year have helped maintain amiable\working relations in the organization.
2. Revision of Benefits Admissible to SBP clerical/ non-clerical employees. As per agreement, a salary revision of 25 percent was granted to unionized staff immediately, while other agreed demands requiring significant financial outlay and administrative changes were implemented subsequently after obtaining management's approval. These included extension of Rest & Recreation facility to clerical/non-clerical employees, enhancement of various existing allowances for drivers, maximum revision in staff loan policy, payment of telephone & conveyance charges, enhancement of education allowance for clerical/ non clerical employees' children, and increase of TA/DA limit. Moreover, the right to appeal against adverse performance evaluation rating (PER) was also granted to clerical/non-clerical employees.
3. Re-constitution of Works Council. Along with the revival of CBA activities, the Bank fulfilled the statutory requirement of re-constituting the Works Council to promote good relations between the Bank and the unionized staff. Since its re-formation on September 12, 2009, the Works Council has met thrice for addressing day to day matters pertaining to work environment. As a result, cordial relations between unionized staff and the management have been maintained.

## Employee Engagement Survey 2009-10

To gauge the extent of engagement of SBP's workforce along with other allied factors like employee motivation and satisfaction in relation with the Bank's increasing orientation towards market based HR practices, HRD initiated a bank-wide employee engagement survey conducted during August 2010. For the purpose, the services of a well reputed professional consultancy firm M/s. Abacus Consulting were procured to achieve the essence of employee engagement at SBP while maintaining confidentiality and safeguarding transparency of the process. The survey was conducted online for the first time in the Bank, for which the consultants had orientation workshops for all OG -1 & above officers to ensure a smooth and facilitative administration. The results of the survey are expected to explain the current level of SBP employee's engagement and identify a set of drivers that increase employees' motivation towards becoming a more engaged workforce.

## 6.3 Human Resources Profile

During 2009-10, the working strength of SBP increased by 5.32 percent. Grade-wise comparison of headcount for the years 2008-2009 and 2009-2010 is shown in **Table 6.3**.

<b>Grade</b>	<b>FY09</b>	<b>FY10</b>
Governor/DG	3	2
OG-8	8	11
OG-7	32	29
OG-6	40	45
OG-5	96	101
OG-4	171	216
OG-3	408	413
OG-2	293	322
OG-1	150	147
Support Staff	174	150
Contractual Employees	70	86
<b>Total</b>	<b>1445</b>	<b>1522</b>

Representation of women in the Bank's workforce has slightly increased during the year from 9 to 10 percent. Gender-wise count of each grade is presented in **Figure 6.1**.

Over the years, there has been a significant increase in the number of female officers in the Bank. In the year 2002 the number was 57 while now it is 158, a threefold increase over the last eight years. Since 2007, this increase has been recorded as a healthy 40 percent, signifying the effectiveness of HRD initiatives such as female hostel facilities and child daycare center.

In pursuance of HRD's efforts towards maintaining defined post retirement benefits /contribution plans, **Fig 6.2** illustrates an increase of 29 percent in the number of employees under NCBS, while those under Old Monetized structure reduced from 836 in FY 08 to 780 by the end of FY 10.

### Employee Turnover

Employee Turnover rates in FY10 stood at 3.27 percent, with a total of 10 early retirements and 20 resignations during the year. The resignation rate stood at 1.42 percent, decreased from last year's rate of 1.66 percent of the workforce.

**Figure 6.3** depicts the trend of employee turnover since 2007, which shows a sharp decline in voluntary exits including resignations and early retirements, in 2009. This fall in turnover may be attributed to HRD's strategic orientation towards market based policies and compensation & benefits structure.

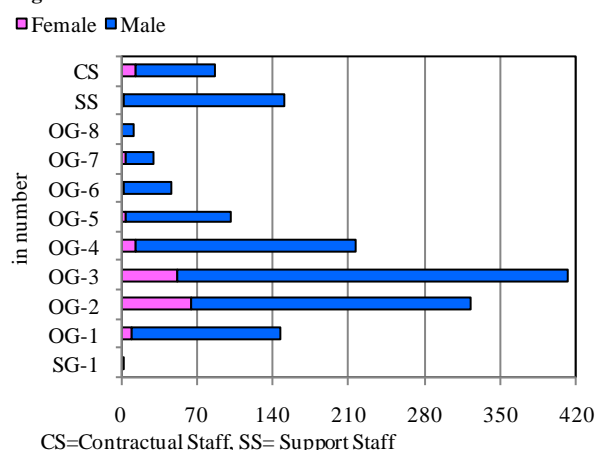
### Other Developments in HR related areas Revised Career Development Policy

Human Resources Department undertook a review of the career development policy with a view to enhance employee engagement by removing anomalies in the policy. As a result of this revision, a total of 151 officers were allowed structured promotion to the next higher grades including promotions against residual vacancies of the previous year.

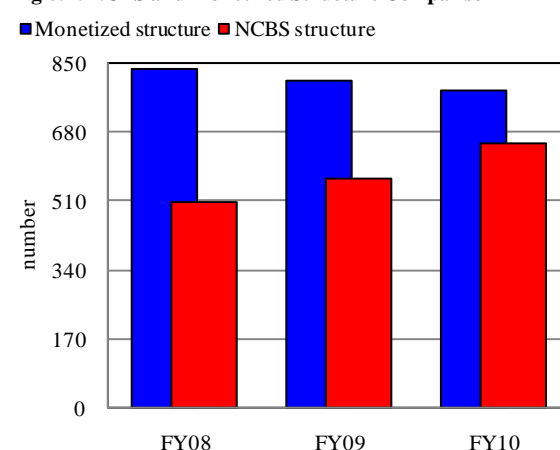
### Revisions in Post Retirement Benefits

Policy reviews were conducted in various areas related to peripheral benefits mostly of post retirement nature. These are summarized as under:

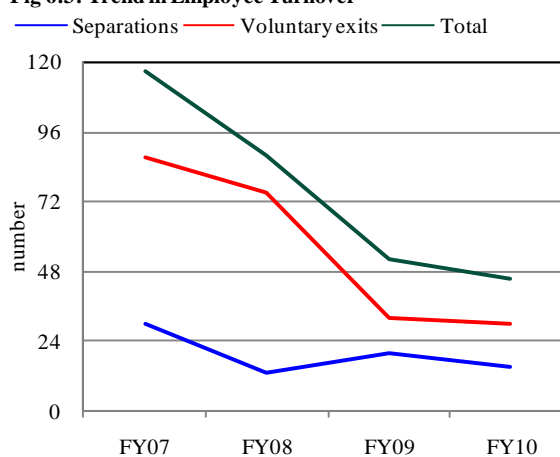
**Figure 6.1: SBP Gender-wise Workforce**



**Fig 6.2: NCBS and Monetized Structure Comparison**



**Fig 6.3: Trend in Employee Turnover**



1. Revision of pension rate. The Central Board, on recommendation of the management, approved increase in pension @15% effective July 1, 2009.
2. Gift to Retiring Employees. The policy of gift to retiring employees was reviewed after 7 years and the existing amount of gift was revised from Rs10,000 to Rs30,000.
3. Death of an Employee- Financial Relief. To provide financial relief to the family of deceased employees for defraying of immediate expenses, the policy allowed 25 percent of the amount payable to the nominee of the deceased employee under Group Term Assurance (GTA), subject to a maximum of Rs 50,000. This maximum limit was enhanced to Rs 200,000.

### Revisions in Staff Loan Policy

Certain revisions in the Staff Loan Policy were made in respect of reassessment of property for additional/difference in HBA entitlement, allowing substitution of property and procedural facilitation of loan disbursement. For clerical/non clerical staff, salary increase requirements of availing differential amount of loan under HBA were relaxed from 15 to 10 percent. Further, Computer loan was allowed thrice in entire service subject to meeting the required conditions.

### Enlistment of Aga Khan University Hospital (AKUH) on Bank's Approved Panel

To provide quality medical services to employees, the AKUH was enlisted on Bank's approved panel with effect from March 2, 2010. This facility was also extended to eligible retired employees, their eligible dependants including those of deceased employees based on their existing equivalent grades.

Table 6.4: Employee Separation

	Separations <sup>1</sup>	Voluntary exits <sup>2</sup>	Total
FY07	30	87	117
FY08	13	75	88
FY09	20	32	52
FY10	15	31	46

### SBP Hostel Facilities

Previously, the SBP hostel facilities were allowed only to newly inducted female employees at entry level positions. However, realizing the genuine accommodation difficulties being faced by the male officers hired from outside Karachi under SBOTS, ATP, SOTP, the facility of hostel has also been extended to the bachelor male employees for a period of two years. In case of non-availability of accommodation in the hostel, these officers are granted a monthly relocation allowance of Rs 10,000 for the same period.

### Restoration of Annual Membership Fee for Professional Institutions

To encourage officers to enhance their specialized skills through continuous professional learning, officers are now entitled to avail reimbursement of their annual membership fee for two relevant professional institutions whether foreign or domestic, subject to meeting the prescribed criteria.

Table 6.5: Summary of SBP Participants Trained

Training area	FY 09	FY10
Central banking & function specific	620	907
Management	337	138
<b>Total</b>	<b>957</b>	<b>1045</b>

## 6.4 Training & Development

Training and Development Department (T&DD) is responsible for assessing and arranging for the training needs of SBP employees. To address the requirements, training is organized on three tracks, i.e., central banking, function specific, and management development. The department liaises with reputable domestic and international institutions for these training needs. In FY 10, 147 officers received foreign training, 2 employees were enrolled in USA, 1 in Australia while 23 availed inland

<sup>1</sup> Includes Retired, Contract expired, Dismissed and Expired Employees.

<sup>2</sup> Includes Resigned and Early Retired Employees.

post graduation higher education opportunities. A total of 267 officers benefitted from training at prestigious local training institutions. Under the SBP internship program, 219 interns from within the country and three interns from foreign institutions were facilitated.

T&DD arranged central banking trainings on important subjects like ‘Operational Risk Management, Financial Crisis Management-Lessons Learnt, How to Inspect Quality of Bank Assets, Assessment of Banking Sector Stability, Islamic Housing Finance, Agricultural Lending Documents, and Risk Management. A Foundation Training Program for promoted officers Grade-1 was arranged at SBP LRC. In function specific area, three courses ‘Audit Command Language Intermediate to Advance Level’ were delivered at SBP LRC by M/s. Komtas Turkey an ACL channel partner. Two courses on MS Office 2007 were also held at SBP LRC. A summary position of the total participation in trainings is given in **Table 6.5**.

#### 6.4.1 In-House

In-house trainings are designed to lower travel cost, minimize displacement from work stations, and attract maximum participation. The Department coordinated with NIBAF to deliver 16 courses for 282 participants, including 4 specially tailored management development soft skill courses facilitated at SBP LRC. Similarly, courses for Lateral Entrant Officers recruited during 2007-09 in Grade 2-4 and Promoted

Officers in Grade 2 during 2008-2010 were conducted at NIBAF Islamabad. **Table 6.6** has the details of venue and participation.

**Table 6.6 : In-House Training**

S. No.	Venue	Participation in central banking & function specific training	Participation in management training	Programs
1	T&DD-LRC	349	0	14
2	NIBAF	211	71	16
	<b>Total</b>	<b>560</b>	<b>71</b>	<b>30</b>

#### 6.4.2 In-House Attachment

To enhance SBP networking and build institutional relations, a one week attachment program was arranged for a group of 7 officers from Nepal Rastra Bank.

#### 6.4.3 Higher Education

To develop its human resource for future challenges, scholarships were granted for higher studies pursued domestically and abroad. Three employees were enrolled in foreign universities, i.e., 2 at Williams College, USA and one at Australian National University, Australia while 23 officers were enrolled in domestic universities in the evening MBA/MS programs during 2009-10.

#### 6.4.4 Domestic Training

For the professional development of its employees and to further enrich their knowledge base in function specific and management development areas, SBP facilitates its employees’ participation in domestic institutional trainings at IBA, IBP, LUMS, PMI, PIM, and others. During FY10, 267 employees attended 121 training programs in such local institutions.

#### 6.4.5 Foreign Training

To participate in training programs on central banking offered by foreign training institutions, SBP encourages its employees and provide them opportunities. During FY10, 146 officers attended various training courses, workshops, seminars, pertaining to core & support functions of the SBP. These programs were offered by the IMF, Federal Reserve Bank of New York, ADB, IDB, BNM, FSA, MAS, Bundesbank, Boulder Institute of Microfinance, AUSTRAC, APRACA, BNM, Toronto Centre, and other prominent institutions.



#### 6.4.6 Internship Programs

Performing its corporate and social responsibilities, State Bank of Pakistan offers three internship programs to top students of reputable universities throughout Pakistan every year: Summer Internship Program, Winter Internship Program, and Business Schools Internships (see **Table 6.7**).

#### 6.4.7 International Internship Program

The objective of the program is to offer internship to students from foreign universities, providing them opportunity to do empirical research on economic and financial matters, with special reference to Pakistan using their contemporary knowledge on the subject. While selecting the topics for research, the interns' own preferences and competencies are considered. The duration of the program is flexible and depends upon the capabilities of interns to complete their projects. Two students joined the program during 2009-2010 (see **Table 6.8**).

#### 6.4.8 Visit Programs

Visit programs were arranged for delegates from schools, colleges, universities, and government officials and they were briefed about the Bank's operations. They were taken to different departments to practically observe working at SBP (see **Table 6.9**).

#### 6.5 Business Support Services Department's Achievements

Business Support Services Department has completed over three years of its operations and had meaningful contributions during the year to achieve the strategic objectives of the Bank. The department has been able to further improve its service delivery timelines to enhance efficiency and effectiveness. The Procurement Division functioned effectively as centralized procurement hub. The working of procurement division at SBP is recognized not only locally but international donor agencies, such as DFID and USAID have also preferred Bank's rule for their planned financing to Bank.

Business critical procurements of Pakistan Remittance Initiative and Financial Monitoring Unit viz 360° Media Services and Analytical Toolset, Workflow and Case Management System were completed during the year. To ensure business continuity during crisis, disaster or emergency situations, adequate facilities were made available and accessible to house critical staff of any department required to continue SBP activities / business. These facilities are routinely catering to BCP situations in the city marked by a volatile law and order situation.

The Employees Benefits Division (EBD) facilitated all internal and external stakeholders in making swift and prompt payments in the areas of payroll, staff loans, travel services, corporate services, & employee education facilities and maintaining other accounts pertaining to employees' benefits. EBD strategically supported HRD in resolving the long standing issue of Income Tax on HBA. In pursuance of High Court's ruling, this Division also ensured timely payment of performance bonus

**Table 6.7: Internship Programs**

S. No.	Particulars	Duration	Participants
1	Summer Internship Program	6 Weeks	111
2	Winter Internship Program	6 Weeks	55
3	Business School Internship Program	6 Weeks	47
4	Others	3 Months	2
		6 Weeks	4
Total			219

**Table 6.8: International Internship Programs**

S. No.	University	Program
1	Utrecht University, Netherlands	Economic Research
2	University of St. Andrews, UK	Economic Research.

**Table 6.9 : Category & Participation wise Attachment Programs**

S. No.	Category	Programs	Participants
1	Government officials	3	182
2	Students	6	437
Total			619

relating to 2004–05 to retired and active employees. This is in addition to timely payments to all employees under revised compensation and benefits package announced during the year.

Internal Monitoring & Compliance Division performs the critical pre-audit function for entire Bank as BSSD is the single largest hub of all payments. Adequate and dependable control mechanisms have been put in place to further watertight the disbursements.

Leasing and insurance of SBP properties, together with development and implementation of relevant guidelines, in line with the decision of building subcommittee of SBP Central Board, remained the major pursuits of Property Management Division. This Division facilitated the purchase of plot for construction of office premises at Gujranwala, which is currently under consideration by Board.

Property portfolio of Bank has time and again remained exposed to risks of being taken over by various government entities. During the year an overriding focus was to formalize disposal arrangements where such properties are no more required and cause vacation where they can be optimally utilized.

Facilities Support Division is managing housekeeping & upkeep services of main building under dedicated and specialized controls to provide congenial work environment. Further, it is also managing daily affairs & maintenance of the main building, Bank's accommodations, bungalows, hostels, daycare centre and huts. This division has also been tasked to manage prompt delivery of benefits regarding club membership and BlackBerry to Bank Executives as per entitlement under revised compensation and benefits of SBP employees.

Services and Coordination Division of BSSD is committed to provide a broad range of support services to its stakeholders. Supporting a healthy office ambience caused disposal of 22 tons old record, condemned IT equipment through auction as per rules. For optimizing use and safeguarding SBP assets the division led a tagging exercise for all EDP equipments, office equipments, office furniture and Bank's vehicles purchased during the year. Moreover support services, i.e., transport management for internal/external stakeholders; Bank wide mail (outgoing/incoming) management and management of complete leave portfolio for Bank's employees are also managed by the division.

The Learning Resource Centre (LRC) continued to support teaching, learning and information needs of the Bank's community. The centre remained true to its mission and effectively played its role in providing an appropriate range of quality, well managed services, and resources required for holding world class conferences, seminars, and training sessions. Nearly 700 events were arranged in LRC during FY10 which included one day 'Islamic Economic and Finance Conference' and several seminars on 'Pakistan and World Economy' series to name a few. Scholars from both Pakistan and abroad presented their research papers and shared their ideas with SBP officials.