

6 Human Resource Developments

6.1 Overview

The year under review witnessed significant developments in the HR function at SBP. Major areas of improvement and activity include:

- Performance Measurement and Improvement System (PMIS)
- Compensation & Benefits Management
- Employee Relations (CBA Affairs)
- Training and Development

6.2 HR Profile

During the year, a slight decline was observed in the working strength of SBP due to early retirements and increase in the number of resignations tendered mostly by OG-2 and OG-3 officers. Grade-wise comparison of headcount for FY11 and FY12 is given in **Table 6.1**. Employee turnover rate in FY12 is 4.3 percent. The trend is mainly due to the voluntary separations in respect of early retirement and resignations. The representation of women in the Bank remained the same as last year i.e. 10 percent.

Table 6.1 SBP Human Resources Profile and Reason

Grade	FY11	FY12	Reason	No. of Employees
Governor/DG	3	2	Involuntary	-60
OG-8	12	11	Compulsorily retired	-2
OG-7	27	27	Contract expired	-7
OG-6	45	43	Contract terminated	-1
OG-5	96	91	Dismissed	-2
OG-4	216	211	Expired	-2
OG-3	392	371	Retirement	-10
OG-2	326	324	Permanently transferred to BSC	-36
OG-1	146	144	Voluntary	-41
Support staff	147	144	Early retirement	-17
Contractual employees	70	27	Resigned	-24
			Appointments	16
Total	1480	1395	Total	-85

6.3 Performance Measurement and Improvement System (PMIS)

Improvements were brought about in PMIS in order to improve robustness and rigor of the system in view of the management's philosophy. The concerted efforts were made in the shape of conduction of 39 refresher workshops for appraisees and appraisers, meetings with Executive Directors and system based modifications to increase ownership, develop understanding and facilitation on PMIS and reinforce the role and responsibilities of appraisees, appraiser and reviewers. 9.93 percent rigor achieved for FY12 vs. FY11. Other substantial developments were:

- Implementation of revised Bell Curve quota
- Justifications on extreme ratings
- Focus on numerical ratings/score rather than on Alpha ratings

- Performance based Exit policy (PIP), identification of non-performers
- Development of Compendium of Circulars on PMIS
- Bell Curve on PAs (OG-1 to OG4)
- Distribution of AMI in the month of July, 2012
- Significant level of submission of PMS forms
- Orientation sessions for OG-1 officers on PMIS & Career Development.

6.4 Compensation & Benefits Management

State Bank of Pakistan (SBP) has been striving to promote performance culture by rewarding performance through differentiated annual merit increases and aligning compensation and benefits of officers with the market. Further, it is also the stated policy of SBP that the salary scales under New Compensation & Benefits Structure (NC&BS) will be reviewed every two years according to the market salary survey data and, if deemed necessary, changes in the salary scales and in the formula adopted for the salary fixation in the new scales will be recommended to the Central Board for approval.

Table 6.2: Bell Curve Distribution and AMI Rates for FY12

AMI and quota in percent

Performance category	OG-1 and above		Unionized staff	
	AMI	Quota	AMI	Quota
A (on earning basis only genuine cases)	17	10	9.5	15
B+	13	20	8.5	25
B	10	50	7.5	50
C	6	10	5	
D (on earning basis only genuine cases)	0	10	0	10

In the same vein, SBP conducted the compensation and benefits survey 2011 on the concept of Total Remuneration (TR) by an external consultant, to determine the current market positioning of SBP officers' remuneration in the approved comparator group. Based on the outcome of the compensation and benefits survey, a salary adjustment for OG-1 and above officers was approved w.e.f. 1st July, 2011 with the aim to gradually achieve market positioning at the targeted percentiles (see **Table 6.2**).

In order to reduce the future liability of the Bank and to facilitate ex-employees, the eligible employees who seek early retirement have been given the option of encashment of post retirement medical facility or continue to avail the existing medical facility after retirement as admissible under the rules.

6.5 Employee Relations (CBA Affairs)

Consequent upon successful negotiations on the Charter of Demands of CBA and Management, an Agreement was signed with CBA for the period of two years. Based on the negotiations, an across the board salary increase @ 16.5 percent was allowed to regular Clerical/Non-Clerical staff w.e.f. 1st July, 2011. Besides the salary increase, certain benefits like cash award on improvement of qualification, Marriage and Funeral Grant, Overtime and Conveyance Allowance, Reimbursement of Educational Expenses, Daily Allowance, leave were also revised. Further, the entitlement/rates of uniform have also been revised.

6.6 Training and Development

Training and Development Function remained focused towards enhancing employees' knowledge and skills mix by offering them up-to-the-mark training opportunities within Pakistan and abroad. Besides, some employees were also allowed for higher studies under the (new) Higher Studies policy (2011).

To scientifically gauge training needs of the organization, bank-wide PMS-based Training Need Assessment (TNA) was exercised as done annually. In the light of this exercise, many training arrangements were made during FY12 (see **Table 6.3**).

Table: 6.3. Participation Domestic/Foreign Training

(participants and courses in number)

<u>In-house/ Domestic Training</u>		
Category	Participants	Courses
NIBAF	336	18
Institutional	59	28
Total	395	46
<u>Foreign Training</u>		
Institutes	Participants	
International Monetary Fund (IMF)	51	
European Central Bank	2	
Asian Development Bank (ADB)	1	
Islamic Development Bank (IDB)	2	
Boulder Institute of Microfinance	1	
AUSTRAC	8	
APRACA	1	
Others	25	
Total	91	

In an effort to network and to impart knowledge on the functioning of the central bank, various visit programs were arranged for the students, government dignitaries and Nepal Rastra Bank. Internship Program was also conducted, where students of HEC recognized universities benefited (see **Table 6.4**).

6.7 Recruitment

As part of strategic direction of the Bank to meet resourcing needs at entry-level positions, a batch of 11 Officers was recruited under State Bank Officials' Training Scheme, whereas 3 employees were appointed on contract and 22 employment contracts were renewed during FY12.

Table 6.4: SBP Awareness/Visits and Internship Programs

Particulars/category	No of Participants
Government officials	187
College /University students	194
International delegations *	12
Summer internship program (six weeks duration)	195

*=A delegation of 12 employees from Nepal Rastra Bank under SAARCFINANCE