

# 8 Human Resource Management

## 8.1 Overview

The FY09 has proved to be yet another challenging and exciting year for human resource management. The BSC management has been rigorously implementing a well deliberated Organization Development and Change Management project in order to transform the organization into a modern corporate entity. A multi pronged transformation strategy is being pursued for the purpose which include; i) organizational restructuring, ii) strengthening performance based culture, (iii) improving policies through consultation; (iv) bringing cultural change through Organizational Development and Change Management Process; (v) maintaining work-family balance and (vi) provision of congenial working environment. It is heartening to report that these change initiatives have produced discernible improvements in employees' mindset, openness and courage climate, employees' performance, decline in grievances and trust in the senior management.

## 8.2 Organizational Restructuring

The organizational restructuring initiated in 2007 to improve the operational efficiency and effectiveness has started yielding the desired results in the form of cross functional synergies, improvement in the service standards and delivery and better coordination with SBP. Similarly creation of new departments viz; Currency Management, Development Finance Support, Training & Development and Quality Assurance has helped to develop close network with key stakeholders; enhance the outreach and awareness of SBP and BSC policies and programs, improve reputational capital of SBP and BSC by proactively taking remedial measures in the delivery of services in existing and new areas of operations like currency management, development finance, banking services etc.

### 8.2.1 Right sizing

As part of the strategic change management plan, the drive for rightsizing continued during the year in view of automation, business process reengineering and mechanization of currency operations. During the year under report, the working

Table 8.2.1 Working Strength of BSC							
S #	Side	As on end June					
		FY08			FY09		
		HOK	Field Offices	Total	HOK	Field Offices	Total
1	On secondment from SBP	25	11	36	30	21	51
2	On deputation to Government departments	-	7	7	-	7	7
3	General side	408	2,073	2,481	410	1,993	2,403
4	Cash side	0	1,739	1,739	-	1,694	1,694
5	Engineering side	86	90	176	82	90	172
6	Other technical/ex-cadre	98	129	227	95	129	224
Total		617	4,049	4,666	617	3,934	4,551

strength of BSC reduced from 4,666 on June 30, 2008 to 4,551 on June 30, 2009 (see **Table 8.2.1**) on account of regular retirements on superannuation, early retirement under Staff Regulation and resignation, etc.

### **8.2.2 Revamping Management Forums**

The management forums like Heads of Departments (HODs) Forum and Chief Managers' Conference were revamped and revived. The mandate of the HODs Forum was enlarged to deliberate upon policy matters and strategic issues affecting the organization. Similarly the forum of Chief Managers' Conference was also made more strategic and policy oriented besides using it as a platform for seeking first hand feedback and input on various policies. With the regular assembly of these forums, the sense of belonging and participation, the quality of input in the decision making process and implementation of policies has improved significantly.

### **8.2.3 OD/ Change Management Process**

To provide impetus to the management's efforts to transform the BSC into an effective operational arm of SBP, an Organizational Development/ Change Management process was initiated last year with the hiring of external consultants – Sidat Hyder Morshed Associates- to undertake a diagnostic study of the organization in the context of internal and external environments and suggest OD/ Change management plan to bring cultural and attitudinal changes in the organization to make a quality conscious service organization. The study has culminated into different tangible reports on existing state of affairs in the organization, future OD/ Change management action plan, monitoring and evaluation mechanism and anticipated expenditures on implementation of proposed change management plan. The outcomes of this study will be presented to the Governor/ Board soon.

### **8.2.4 Employee Perception Survey**

In July 2008, a detailed Employee Perception Survey was also carried out by the consultant *M/s. Sidat Hyder Morshed Associates (SHMA)* in all the offices and Head Office on the same day i.e. 28<sup>th</sup> July, 2008 to gather feedback of the employees. Although the participation was voluntary but still the overall participation rate was 71%. Further to win buy-in and alleviate the employees' concerns about the change process; the OD Coordinators (officers from within the departments/ field offices) delivered awareness sessions in their departments and Field Offices. The overwhelming majority of employees attended these sessions.

The management has proactively started actions on the findings of Employee Perception Survey, for example, skills up-gradation programs, management development programs, increasing communication across the organization at all levels etc.

## **8.3. Career Development**

Providing adequate career development opportunities to the employees is also an important component of the change management strategy being pursued by the BSC management. The key career development initiatives taken during the year included creation of new position in the salary scale of OG-6 and formulation and implementation of policy for transfer of Treasury Officers (TOs) to general side. The following paragraphs discuss objectives and expected impact of the initiatives:

### **8.3.1 Creation of new position in the salary scale of OG-6**

In order to enhance career development opportunities particularly for the BSC Officers in Grade 5 (OG-5), a new position in the salary scale of Officer Grade-6 was created during the year. It has not only opened windows of opportunities for middle level managers but will

also help the management to build a pool of talented managers for filling the senior management positions including Chief Managers and Departmental Directors in future.

Also as a part of the career development and succession planning agenda, training programs, both function specific and management focused, were designed and delivered during the year for target group of officers in OG-5, OG-4 and OG-3 cadres. The programs covered strategic management, conflict resolution, values and shared behaviors, customer services and the core operational activities of BSC to sharpen the participants' leadership and analytical skills as well as their decision making capabilities.

Likewise a formal job rotation policy is being rigorously followed to groom future managers in different capacities and assignments. Depending on performance, job enrichment and enlargement is tailored to suit high performing managers.

Further, to encourage the employees to acquire professional qualification, the cash reward scheme was launched during the year; under the scheme the employees acquiring higher professional qualifications from HEC recognized universities would be granted a cash reward of Rs.20,000/.

### **8.3.2 Opportunities for Treasury Officers**

The Treasury Officers (TOs-OG-2 Cash side) and Assistant Treasury Officers (ATOs-OG-1 Cash side), constitute a bulk (more than 30%) of BSC workforce. The TOs under the existing policy has no career progression opportunity, which was a source of de-motivation amongst the TOs, particularly those having skills and qualification similar to their counterparts (OG-2) in General Side. The policy for transfer of services of TOs to General Side was thus revisited during the year and a revised policy was approved to make the transfers through a transparent and competitive process, based on merit and suitability. The revised policy requires written test to be conducted through external institution and interview for the officers passing the written test. Under the revised policy, six TOs were transferred to General Side as Officer Grade-2 during the year. This would allow them to compete with the OG-2 in General Side for promotions etc in the next grade.

## **8.4 Strengthening Performance Culture**

Promoting and strengthening performance based culture is critically important for bringing a turnaround in BSC. A number of initiatives were taken during the year for the purpose, which include the following:

### **8.4.1 New Performance Management System**

As a part of ongoing drive for performance improvement and redefining HR policies on the basis of employees' performance, a competency based performance management system (PMS) was implemented in BSC in a phased manner. Effective from FY08, it was implemented for middle managers (OG-4 & above); from FY 09, the coverage of PMS was extended to all OG-2 and above officers of BSC.

The introduction of new PMS for OG-2 & above was a key challenge during the year, which required building ownership and understanding of the system amongst the employees, the value it would create for the employees and the organization and explaining its implementation process and procedures. The PMD in collaboration with T&DD conducted

orientation sessions, issued necessary circulars/ instructions and responded to a large number of queries from appraisers/ appraisees at the time of planning and appraisal stages.

During the year, a total of 37 performance planning and 42 performance appraisal workshops were conducted by a team of in-house trainers and facilitators across the country. The focus of the workshops was alignment of performance goals with the overall strategic objectives of the organization, and enabling the officers to effectively plan and manages their performance. The workshops conducted as full day sessions, imparted hands-on training on documenting goals, competencies and actual achievements/ behavioral examples at the time of planning and appraisal respectively. Further on-spot facilitation was provided at field offices through a dedicated team of PMS facilitators. At each phase of PMS planning and appraisal, comprehensive guidelines were also issued for timely implementation of the system. As a result of these efforts and management support, the appraisal process for FY09 was completed successfully across the organization.

#### 8.4.2 Performance Based Promotions

The due recognition and reward of high performance is also critically important for strengthening and promoting the performance based culture in the organization. Promotions based on transparent and objective criteria is one of the best instruments for recognizing high performance as well as motivating other employees to improve their performance – hence is a strong booster for inculcating performance based culture.

Table 8.4.2 Promotions made during FY 2008-09		
S #	Cadre/ Grade	No. of Promotion
1	From OG-5 to OG-6	4
2	From OG-4 to OG-5	5
3	From OG-3 to OG-4	23
4	From OG-2 to OG-3	30
5	From OG-1 to OG-2	70
6	From Sr. Assistant to OG-1	8
7	Non Clerical Staff (Scale Promotion)	5
Total		145

During the year, a total of 132 officers were promoted including 4 from OG-5 to OG-6, 5 from OG-4 to OG-5, 23 from OG-3 to OG-4, 30 from OG-2 to OG-3, and 70 from OG-1-OG-2 through a transparent process (Table 8.4.2). The ‘bench strength’ for promotions was defined on the basis of last 3 years performance score and shortlisted candidates were interviewed by the senior management on defined criteria.

Likewise eight Senior Assistants were also promoted to OG-1 and five Non Clerical Staff were given scale promotion during the year.

#### 8.4.3 Improvement in Annual Merit Increase

To further strengthen the performance based culture, the Annual Merit Increase (AMI) rates were increased by up to 75% over the last year’s rates for OG-2 and above and more than 100% for OG-1 and below<sup>1</sup>. The top performers (A rated employees in OG-2 and above) were given 14% rise in salaries as compared to 8% last year; the next best performers were given 11% rise compared to 6.5% in the preceding year (see Table 8.4.3(a) for details). The top performers of employees in OG-1 and below cadre were allowed 8% AMI compared to 4%

Table 8.4.3 (a) Employees OG-2 & above		
Performance Categories	AMI Rates (%)	
	2007-08	2008-09
A	8	14
B+	6.5	11
B	4.5	7
C	2	3
D	Nil	Nil

<sup>1</sup> The OG-1 and below employees, which constitute 64% of the BSC workforce were given AMI at the rate allowed to such officers and employees of the same group in SBP, the parent organization of the BSC.

last year; **Table 8.4.3(b)** gives the AMI rates for this group of employees. The difference in AMI rates of OG-2 and above and OG-1 and below employees is attributed to substantial difference in the skill mix and nature of jobs of the two employee cadres.

<b>Table 8.4.3 (b) Employees up to OG-1</b>		
<b>PER Marks</b>	<b>AMI Rates (%)</b>	
	<b>2007-08</b>	<b>2008-09</b>
<b>46-50</b>	4	8
<b>41-45</b>	3	7
<b>31-40</b>	2	5
<b>11-30</b>	1	3
<b>0-10</b>	Nil	Nil

The Forced Distribution Mechanism (FDM) was used to rate the employees in Grade 2 & above (other than cash officers) whereas the Cash Officers and employees in OG-1 and below grades were rated under existing Performance Evaluation System. The **Table 8.4.3(c)** gives the performance categories and % age of employees placed in each category.

<b>Table 8.4.3 (c) Rates of Annual Merit Increase</b>			
<b>OG-2 &amp; above (other than cash side) appraised under PMS</b>		<b>Cash Officers and OG-1 &amp; below grade employees appraised under PER</b>	
<b>Performance category</b>	<b>% age of Employees</b>	<b>Marks Range</b>	<b>% age of Employees</b>
A	15	46-50	20
B+	25	41-45	20
B	50	31-40	60
C	8	11-30	
D (optional)	2	0-10	

#### **8.4.4 Increase in Hardship Allowance**

Considering the difficulties being faced by the BSC employees posted at Muzaffarabad Office after the October 2005 earthquake, the BSC Board during the year, approved the management's proposal for enhancing the hardship allowance to Rs. 4000 per month from Rs.2000 per month across the board for all employees working in Muzaffarabad Office.

#### **8.4.5 Initiatives for Lower Cadre Employees**

Some special initiatives were taken during the year to improve the compensation and allowances etc of lower cadre employees including the following:

##### **8.4.5.1 Increase in salaries of Contractual Security Guards**

During the FY09, the salary structure of Bank's contractual security guards was revised to bring their salaries at par with market rates and to motivate them for improving their performance. The monthly salary of contractual security guards was increased by 30% after merging the 17% Dearness Allowance with a maximum cap on monthly salary @ Rs. 16,000/-. The total increase in the salaries of the contractual security guards was thus up to about 50% including the dearness allowance. Further, the coverage of Group Terms Assurance (GTA) was also extended to the Contractual Security Guards as admissible to regular security guards.

##### **8.4.5.2 Rest & Recreation Facility for Clerical/ Non Clerical Employees**

The leave encashment policy for Clerical/ Non-clerical employees was also revised during the year and the facility of Rest & Recreation was extended to Clerical/Non-clerical employees as well. Earlier these employees were allowed only the leave encashment facility against their leave. Under the revised policy the Clerical/ Non-clerical employees are now entitled to avail 15 days mandatory R&R leave with allowance @ 50% of monetized salary.

##### **8.4.5.3 Increase in Overtime Allowance and Tuition Fees**

The overtime allowance for Clerical/ Non-clerical employees and drivers was also enhanced to adjust for the inflationary impact since the last revision. Similarly, the reimbursement rates

of educational expenses of the children of Non-clerical employees, Drivers and Gestetner Operators were revised with effect from academic session 2009-2010 to enhance educational opportunities for the children of the Non-clerical employees etc. Further, the amount of merit scholarship for the children of employees up to OG-2 level was also increased for each course of study.

These measures would not only provide cushion to the low grade employees against the inflationary trends being experienced by the country since last couple of years but would also be instrumental in improving their work performance.

#### **8.4.6 Leave Encashment of Deceased Employees**

The leave encashment policy was also reviewed during the year and the family members of the deceased employees, duly nominated by the deceased employee, were allowed encashment of unutilized leave balance of deceased employee for up to a maximum of 180 days.

#### **8.4.7 Day Care Centers and Gymnasium**

Day Care Centers have been set up at Head Office, Lahore and Islamabad offices. Day care is typically an ongoing service during specific hours, such as the parent's time at work. Presently dozens of parents of SBP & BSC are availing the facilities of Day care whereas many kids are looked after by Montessori trained staff employed over there. Employees are getting day care facilities on very nominal rates and work with more satisfaction.

The BSC is facilitating the employees of both SBP & BSC by providing services of Health club and Gymnasium. A large number of employees are enrolled and using variety of latest equipments for physical fitness under the guidance of well trained instructors along with the facility of Sauna and Jacuzzi on very nominal rates. The Health club and Gym is open to all members from 7.00 am to 7.00 pm (Monday to Friday) and 7.00 am to 4.30 pm on Saturday.

#### **8.4.8 Congenial Working Environment**

Congenial work environment is crucial in retaining a motivated and high performing workforce. The renovation of first floor of BSC Head Office building at Karachi was completed during the year, while the renovation of 4<sup>th</sup> Floor was initiated which is likely to be completed by the first half of FY09.

Further, efforts are being made to provide quality food at affordable prices to SBP and BSC employees at two centrally air-conditioned cafeterias with excellent seating arrangements. Drivers have also been provided a dedicated air conditioned room to relax and take breaks.