

7 Human Resource Management

The outgoing year witnessed significant changes in terms of human resource management during which the Personnel Management Department (PMD) adopted a multi-pronged strategy towards talent management; emphasize on performance management, transformation through Organizational Development (OD) i.e. change management process.

7.1 Overview

The outgoing year witnessed significant changes in terms of human resource management during which the Personnel Management Department (PMD) adopted a multi-pronged strategy towards talent management; emphasize on performance management, transformation through Organizational Development OD/ change management process and maintain healthy industrial relations to turn the organization into a dynamic and vibrant corporate entity.

The department made significant strides and continued to take a lead role in reinforcing the performance-driven culture for higher productivity across the organization. The emphasis remained on introducing, implementing and strengthening the progressive HR policies to improve service delivery standards through a consultative process with line departments and field offices. These interventions helped the HR management to build an effective tripartite partnership between PMD, line managers and individual employee.

It is now satisfying to note that the organizational development (OD)/ change management exercise initiated in Bank in 2008 has started yielding desired results as it is increasingly reflected in addressing

PMD Priorities for 2009-10

- ✚ Further strengthen the talent management strategy in line with organizational requirements.
- ✚ Promotion of performance based culture in BSC.
- ✚ Transformation through organizational development/ change management.
- ✚ Rationalization of staff by capitalizing on automation process.

Table 7.1 SBP BSC Working Strength

Grade	30 th June, 2010	30 th June, 2009
OG-6	2	4
OG-5	21	23
OG-4	78	91
OG-3	203	241
OG-2	1,146	1,213
OG-1	1,596	1,640
Below OG-1	1,267	1,288
Total	4,313	4,500

the issues like capacity building and skill enhancement of employees, business orientation of organization, attitudinal and cultural changes, technological innovation and improvement in the physical infrastructure. PMD has also been working with line departments/ field offices in ascertaining the ideal headcount for the Bank keeping in view the OD process.

During the year, the Bank further accelerated its automation process in tandem with the ongoing business processes re-engineering to strengthen the linkages and integration among various automated modules for greater efficiency. Consequently, the organizational strength reduced to 4,313 as on 30th June, 2010 as against 4,500 employees last year. The grade wise position of BSC employees is given in Table 7.1.

7.2 Talent Management

The Bank's capacity enhancement endeavors in acquiring, retaining and motivating its quality human resources have been the bedrock of the new vision of doing business. In this regard, the department aggressively pursued a talent management strategy with a focused approach on merit based recruitment and selection.

7.2.1 Young Professionals Induction Program (OG-2)

Since the establishment of BSC in 2002, there has been no regular recruitment program to induct the fresh graduates or experienced professionals so as to replace the retiring employees and bring in the talent pool that could lead the Bank in times to come. In order to acquire the fresh talent and bridge the gap created during past years, a comprehensive and well designed management trainee scheme titled 'Young Professionals Induction Program' (YPIP) has been introduced to hire talented graduates at OG-2 level. The program, duly approved by the Bank's Board, aims at capacity building of the organization through a continuous stream of talented individuals on a regular basis. The first batch of 59 trainees hired after a rigorous competitive process has commenced its 12-weeks theoretical training from August 2010 at NIBAF Islamabad.

7.2.2 Cash Officers

Few field offices experienced shortage of personnel at cash side due to which temporary transfer of officers were used to be made from their nearest BSC office for a period of one year. In order to resolve the issue on permanent basis, the Bank hired 24 fresh graduates from their respective districts as Cash Officers (on contract) through an open competition. After providing them extensive training at NIBAF Islamabad, these officers have been posted at D.I. Khan and Muzaffarabad offices. This initiative has also minimized the cost being incurred by the Bank in transferring individuals from other offices.

7.2.3 Assistant Directors (OG-3)

As the existing work force at supervisory level needed to be strengthened to meet the capacity issues, it was felt necessary to hire high caliber professionals at middle management through direct recruitment at OG-3 level. The profile of existing Bank employees, particularly in the officers cadre, suggest that its vast majority falls in the age bracket of 46 & above years and their educational qualification is mainly in non-business disciplines. Since the existing reporting structure places OG-3 at a Unit Head level position as such this layer needs to be more effective to steer the reform process. Thus the specialized posts in the

areas of banking/ currency management, development finance, financial accounting, foreign exchange and human resources/ training have been announced. These professionals, after induction through a competitive process, are expected to further accelerate the ongoing process of change management.

7.2.4 Attachment Program for Business Graduates

In line with the Bank's talent hunt strategy, a 2-year Attachment Program of business graduates (BBA-Hons, BS-Accounting & Finance) has been designed to provide these students an opportunity to gain two years work experience, which is a pre-requisite to seek admission in the MBA program of the reputed universities. Under this program, around 25 graduates from the leading universities of country will be selected through a competitive process. The candidates will work on full-time basis for two years during which they will be paid an appropriate allowance and medical facility for self only. They will work at par with other employees of the Bank but will leave the organization after completion of attachment period of maximum two years.

The program will help the Bank in addressing its immediate capacity issues on a fast track basis as these graduates will be assigned jobs/ projects after short orientation. The move will also strengthen the academia-industry linkage and develop a long-lasting partnership with these institutions besides enhancing the Bank's brand image as a prospective employer of choice. The Bank's Board has approved the scheme and the first batch of intern will be selected in FY11.

7.2.5 Establishment of Brand Identity of BSC as a Prospective Employer

To attract the best talent from market, number of initiatives was taken last year. In this regard, a proper liaison and coordination with reputed universities of country has been established including participation in their job fairs, holding of lectures, sending brochures etc. Further, the Bank's internship programs also serve as major platform towards improving the image of Bank as employer of choice.

7.3 Performance Management

The Bank has made significant measures to promote merit-based environment through a performance-oriented culture. A number of initiatives have been taken for accomplishment of these objectives.

7.3.1 Strengthening of Performance Management System

The PMS is one of the focal points of HR processes and central to the overall plans of bringing a change in the work culture at BSC. It is continuously reviewed in consultation with stakeholders to make the system responsive to the evolving needs of the organization. Realizing its importance, the process of performance management system has been cascaded down to OG-2 and OG-3 (general side) through a phased implementation program to make it more effective, user-friendly and acceptable to the end-users. During FY 10, the process of bell curve rating through forced distribution mechanism was further strengthened. Similarly, to create ownership and involvement of middle management in the appraisal process, the OG-4 cadre was included as a 'Reviewer' for appraisal of OG-2 officers.

A number of significant steps were taken during the year including extensive training of appraisers and conducting of PMS workshops. To make the process more transparent and address the genuine grievance of appraisees, the process of appeal against the adverse performance rating has been cascaded down to all cadres of officers and staff. The PMS process was further improved to make it more practical by limiting the goals up to five of which at least one must be a developmental goal targeting the capacity improvement of individual/ unit/ division and finally of the relevant department/ office. These measures will greatly help in augmenting the linkages between the organizational objectives and the individual goals in the years to come.

7.3.2 Annual Merit Increase

A market-oriented approach envisaging pay-for-performance is being implemented at BSC to differentiate and reward the high performers. The annual merit increase (AMI) is one of the significant tools to inculcate the performance culture which together with bell curve rating also determines the career development of employees. Based on the appraisal results for the year 2008-09, the maximum AMI awarded to top performers was increased to 14% which has been the highest level so far in the BSC.

7.3.3 Revision in compensation and benefits

A market-aligned compensation and benefits structure plays a vital role to motivate the high performers and retain the talent. In order to bring the Bank's salary structure in line with market, a compensation survey of OG-1 & above was carried out last year. An external consulting firm was hired for the survey to maintain confidentiality of data and transparency of process. Based on their report, the concept of total remuneration (TR) was implemented for OG-2 to OG-6 after seeking approval of the Board. The TR was focused on the total value received by the employees in the light of the survey with in-built inflationary adjustment and closer inter-grade equity. Consequently, the monetized salaries of OG-1 and above employees were increased from 20% to 35% as under:

Grades	Increase (%)
OG-6	35%
OG-5	22%
OG-4	20%
OG-3	20%
OG-2	26%
OG-1	26%

The benefit structure has also been improved simultaneously to make it market-aligned. A "Road Map" has been prepared to reduce the structural imbalances in the current compensation system and to better align the HR policies with strategic objectives of the organization and employees' performance.

7.3.4 Promotion Policy for OG-1 & above

In pursuit of the management's goal of addressing the employee career development needs, a merit-based competency driven promotion policy in respect of OG-1 & above (general side) was formulated during FY 2009-10. The new promotion policy aims at improving the selection process of future managers by giving adequate weightage to their leadership and managerial potential vis-à-vis the past performance and seniority. Under the policy, a merit

list of officers is prepared based on their last three-to-five performance evaluations reports, improvement in educational qualification in current grade, marks obtained in training/seniority. The employees short-listed on the basis of this initial merit list are further assessed by the promotion committee through competency-based interviews for their suitability to perform in higher positions.

Thus the revised policy encourages higher performers with an incentive for continuous professional development besides evaluating their potential and suitability for performing higher level jobs.

7.4 Industrial Relations

A referendum for determination of Collective Bargaining Agent (CBA) under Industrial Relations Act-2008 (IRA) was held in SBP BSC in August, 2009 in a smooth and congenial environment. After being elected, the CBA submitted a Charter of Demand (CoD) for negotiation as a result of which an agreement was signed with them. A Work Council was also constituted comprising representatives from CBA and management to promote measures for securing and preserving cordial relations between the employer and workmen. The Bank has since taken a number of steps for the betterment of clerical/ non-clerical staff including a uniform raise of 25% in their salaries w.e.f. 1st July 2009. The other significant benefits allowed to them are given as under:

- a. The promotion increment has been increased from 7% to 7.5%.
- b. The staff loan limit has been enhanced from 60 monetized salaries to 66 monetized salaries.
- c. The severe winter allowance for clerical/ non-clerical employees of Quetta Office has been increased from existing limit of Rs.1000/- to Rs.2.000/- per month for a period of six months (November to April).
- d. The existing rate of education allowance has been enhanced from Rs.500/- to Rs.1,500/- per month.
- e. Utility charges amounting to Rs.431/- per month on account of telephone charges will be paid to clerical/ non-clerical staff.
- f. The existing maximum overtime allowance admissible to the drivers has been enhanced from Rs.7,000/- to Rs.10,000/- per month.
- g. The drivers performing duties on Eid-ul-Fitr/ Eid-ul-Azha (1st day) and Independence day will be entitled to special duty allowance at a flat rate of Rs.1,000/- for each occasion.
- h. The clerical/ non-clerical employees will have the chance of appeal against adverse performance evaluation rating (PER).

The above revision in the benefits formed the part of agreement signed with CBA against their Charter of Demand. Further, the salaries of contractual security guards were also increased by 25% w.e.f. 1st June, 2010.

7.5 Future Direction

The above measures augur well for the strategic reorientation of organization in line with the changing business requirements. Based on the recommendations of consultants on organizational development/ change management, a three-pronged strategy is being worked out i.e., rationalization and capacity building of human resources to achieve greater efficiencies and excellence in work culture, launching of a formal communication program to accelerate the change process and business process reengineering to get optimum benefit from technological investment. At the departmental level, PMD is building its own capacity to enhance its strategic role in achieving the objectives of Bank.

A Strategic Management Conference is also planned soon to realign the vision and mission statement of the Bank given the dynamism of business environment and to build a new set of values over which the organizational performance culture can emerge. The outcome of conference will also entail a comprehensive Strategic Plan for next five years. To institute and create a widespread ownership of the process, a Strategic Planning Working Group has been established to sensitize the organization and act as a collective think tank for successful implementation of change reforms agenda.

To achieve excellence in work culture, a number of employee friendly policies are under preparation like grievance handling, sexual harassment policy, employee recognition, study leave etc. PMD also plans to issue a monthly newsletter to institute a multi-directional communication amongst the employees. By taking these measures, we aim at bringing in change and transformation in the organization in the years to come.

PMD Priorities for 2010-11

- Improve capacity to access and retain HR
- Expand the leadership development program for management
- Develop recruitment and compensation strategies that address changing business needs, and job market conditions
- Review of HR policies in light of OD consultant report
- Maintain clear and open internal communication to tackle staff grievances