

Strengthening Institutional Capacity

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6 HUMAN RESOURCE MANAGEMENT

6.1 Overview

The process of restructuring and reorganization of SBP Banking Services Corporation (SBP-BSC) commenced in the first quarter of 2007. The exercise was undertaken to transform SBP Banking Services Corporation into a dynamic and professional institution. The human resource (HR) management team was, inter-alia, entrusted the task to change its role from an administrator to a strategic partner facilitating its stakeholders in achievement of organizational goals. The functions / working of erstwhile Administration Department looking after the human resource / personnel functions has been revisited under its new name viz Personnel Management Department (PMD).

The HR team in PMD is committed on transforming its human capital into a highly skilled and motivated force through a planned process of organizational development and change management. This process of transformation has started gathering momentum as HR team has taken various initiatives through HR development, improvement in physical environment, reorganization and consolidation of functions and introduction of strategic and business planning concepts on organization wide basis.

6.2 Corporate Structure

The structure of SBP-BSC has been well defined by the SBP Banking Services Corporation Ordinance 2001. The Ordinance empowers Board of Directors to independently devise policies to effectively strengthen the operations of SBP-BSC. The separate Board of SBP-BSC consists of members of the Central Board of the SBP, the Managing Director of SBP-BSC and Governor, SBP as its chairperson. During FY07, the Board held six meetings, three at Karachi, and one each at Faisalabad, Hyderabad and Peshawar. The Board has also constituted two sub-committees for supervising the policy in the areas of Audit (including budget and expenditure) and Human Resources.

6.3 Organizational Development and Change Management Initiatives

In line with the changing role of SBP Banking Services Corporation, initiation of the Change Management process is a first step in the right direction. Work on all the key elements of Change Management process has already been started. In order to strengthen the professional capacity at SBP-BSC, some senior officers from SBP have been deputed to SBP-BSC. The services of an Organizational Development Consultant are being

engaged who will conduct a diagnostic survey of SBP-BSC to identify the organizational problems, gauge its state of preparedness for change management and suggest immediate actions for achievement of the desired minimum levels on the fast track basis. In the meantime, as a component of strategic management, the business planning process has been introduced in the SBP-BSC and all departments of HOK and field offices have already prepared their business plans for the year 2007-08 and presented those to a review committee headed by the Managing Director. In this business planning exercise, the operational goals have been formulated on the basis of SMART Principle (Specific, Measurable, Achievable, Realistic and Time-bound) while developmental projects have been identified to enhance performance and organizational image. These development projects have been compiled in a booklet form and have been disseminated on Bank wide basis. A mid-year review of the progress of Business Plan / Development Projects will be carried out in January 2008.

6.4 Creation of New Departments

To streamline the working and enhance the overall managerial capability of SBP-BSC, initially three new departments have been created. Of these, the newly created Development Finance Support Department (DFSD) has been entrusted with the work of increasing outreach of financial services to SMEs, Micro-Enterprises, Low Cost Housing, Agriculture and Rural Enterprises etc. DFSD will also work as an extended arm of SBP Development Finance Group in achieving its goals. Currency management is one of the core functions of SBP-BSC. The functions of currency management have been segregated from accounting functions by creating an independent department namely, Currency Management Department (CMD) to provide dedicated resources to exclusively focus on the work related to procedures, monitoring and management of currency and National Saving Schemes. Similarly, for capacity building and upgradation of skills of human capital of SBP-BSC, a dedicated Training and Development Department has been set up. This department is responsible for the designing, developing and arranging customized training programs to enhance professional capacity of work force at SBP-BSC. The HR team is working on few other similar proposals of creating new departments for smooth functioning of the Bank.

6.5 Employees Benefits and Compensation

An appropriate compensation and benefit plan plays a vital role to motivate the good performers and attract and retain the right talent. HR management team in PMD has already started on working and designing an appropriate benefit plan for SBP-BSC employees. In the meantime some of the important initiatives taken during FY07 are as under;

6.5.1 Increase in Salary

Management of SBP-BSC always encourages the best performers and is responsive to reward them appropriately in order to build a strong team of professionals. The Management granted Annual Merit Increase to employees of the SBP-BSC w.e.f. 1st July, 2006 on the basis of previous year's performance at progressive rates i.e. top performers

amongst OG-2 to OG-5 got 5.5 percent increase in their monetized salaries. The Board of SBP-BSC in its meeting held at Faisalabad on 7th September 2006 also allowed payment of Dearness Allowance @17 percent w.e.f. 1st September 2006 to all employees of the Bank on their monetized salaries as on 30th June 2006 as an interim relief. However, in March 2007 the Board approved a 20 percent increase in monetized salaries w.e.f. 1st June 2007 which also included 17 percent dearness allowance. In order to extend the benefits of increase in salary, the salary scales of SBP-BSC employees have been revised from the aforesaid date.

6.5.2 Increase in Pension

SBP-BSC management is also conscious of welfare of the retired employees and has taken various initiatives to improve their living standard. The Board of the Bank in its meeting held on 7th September 2006 decided to raise the current minimum pension limit of all pensioners from Rs.3,000 to Rs.4,000 per month with effect from 1st September 2006. Further increase in pension was also allowed with effect from 1st September, 2006 for all pensioners (including family pensioners) of SBP-BSC at the rates given in Table 6.5.2.

Table 6.5.2 Increase in Pension		
S.#	Group of Pensioners	Increase in Pension (%)
1	Retired up to 30-06-1991	15
2	Retired between 01-07-1991 to 31-08-2000	11
3	Retired between 01-09-2000 to 31-08-2006	8

6.5.3 Reimbursement of Educational Expenses for Children of deceased employees from SBP Employees' Welfare Trust

SBP Employees' Welfare Trust has launched a scheme for reimbursement of educational expenses incurred in Pakistan to the dependents of the deceased employees up to OG-5 who expired during service on or after 1st July 2003 subject to a maximum of two children up to Graduation / Post Graduation studies. It was notified in December 2006 that the eligible children of deceased employees would get the facility of reimbursement of educational expenses through the Trust.

6.5.4 Relief for SBP-BSC Employees affected by Earthquake-2005

The Board of Directors of the Bank in its meeting held on 8th January, 2007 approved the relief package for employees affected by the Earthquake-2005. Accordingly, the loss to the tune of Rs.16.8 million caused to the properties built with the facility of staff house building loan by 39 employees was jointly shared in equal proportion by the SBP-BSC and the affected employees. The liability equivalent to 50 percent of the aforesaid loss amounting to Rs.8.4 million was written off and the affected employees of earthquake areas were also allowed to draw fresh house loan as per their entitlement for reconstruction of their houses.

6.5.5 Revision of Staff Loan Policy

The Board of the Bank has approved some changes in Bank's staff loan policy in view of substantial increase in the price / value of property in the past year. Accordingly, the limit of loan against property has been increased from 80% to 90% of the market value of property. Further, the formula for calculation of debt servicing capacity was also changed in employee's favour resulting in further enhancement of utilization of the entitled loan amount.

6.6 Introduction of Voluntary Separation Scheme

In order to rationalize the existing manpower of the SBP-BSC and pave the way for induction of different professionals with required qualifications, experience and skill sets in various areas of SBP-BSC operation in line with the international best practices, the Board of Directors in its meeting held on 20th March 2007 felt a need to offer the option of Voluntary Separation Scheme (VSS-2007) for all OG-1 and below employees. Accordingly, the scheme was launched on 2nd April 2007 and employees were given a right to exercise their option latest by 2nd May 2007. Consequently, 409 employees availed voluntary separation as on 5th June 2007. Table 6.6 presents a snap-shot of cadre wise position of OG-1 and below employees in SBP-BSC before and after implementation of VSS-2007: -

Table 6.6 Cadre-wise Position of Employees up to OG-1 before and after VSS			
Cadre	Number of Optees	Before VSS-2007	After VSS-2007
OG-1	87	1,052	965
ATO	116	895	779
Clerical	24	313	289
Non-clerical	182	1,256	1,074
Total	409	3,516	3,107

6.7 Training and Skill Development

During FY07, a total number of 1,090 employees from Head Office and sixteen field offices participated in different training programs as compared to 843 employees in the previous year. Detailed statistics are presented in Table 6.7 (a) for Head office and Table 6.7 (b) for field offices.

Table 6.7 (a) Officials of SBP-BSC Head Office imparted Training and participated in Skill Development Programs

S #	Department	Number of Trainees					
		NIBAF		Others		Total	
		2005-06	2006-07	2005-06	2006-07	2005-06	2006-07
1	Accounts	33	58	10	12	43	70
2	Personnel Management	13	17	8	5	21	22
3	Engineering	14	24	3	1	17	25
4	F. E. Adjudication	10	4	3	3	13	7
5	F. E. Operation	33	15	2	9	35	24
6	Internal Audit	16	31	11	10	27	41
7	Internal Bank Security	1	1	-	1	1	2
8	Medical Services Division	12	18	-	-	12	18
9	M. D. Office	-	-	2	2	2	2
10	Printing Press	1	2	-	-	1	2
11	Strategic Planning Division	3	7	1	2	4	9
Total		136	177	40	45	176	222

Table 6.7 (b) Officials of SBP-BSC Field Offices imparted Training and participated in Skill Development Programs

S #	Department	Number of Trainees					
		NIBAF		Others		Total	
		2005-06	2006-07	2005-06	2006-07	2005-06	2006-07
1	Bahawalpur	18	25	3	-	21	25
2	D. I. Khan	17	9	-	-	17	9
3	Faisalabad	55	57	4	-	59	57
4	Gujranwala	14	19	4	2	18	21
5	Hyderabad	36	27	2	-	38	27
6	Islamabad	36	49	1	2	37	51
7	Karachi	77	186	-	8	77	194
8	Lahore	85	120	11	3	96	123
9	Multan	32	45	2	-	34	45
10	Muzaffarabad	18	24	2	-	20	24
11	N. N. Karachi	22	35	4	-	26	35
12	Peshawar	55	78	2	-	57	78
13	Quetta	36	38	1	-	37	38
14	Rawalpindi	54	48	-	-	54	48
15	Sialkot	34	51	5	-	39	51
16	Sukkur	36	42	1	-	37	42
Total		625	853	42	15	667	868

Table 6.7 (c) Total Number of Officials of SBP-BSC HOK and Field Offices imparted Training and participated in Skill Development Programs

BSC Offices	2005-06	2006-07
Head Office	176	222
Field Offices	667	868
Total	843	1,090

6.7.1 Training on Business Planning

A two-day training session on business planning was conducted at NIBAF Islamabad for Chief Managers of all field offices and the heads of departments of HOK. This was followed by one day workshop on business planning arranged for second tier of officers of all the field offices and departments at Learning Resource Centre in order to provide them a further opportunity to improve and polish the draft business plans prepared by them after the first training session.

6.8 Other Events & Developments

- Mr. Muhammad Kamran Shehzad appointed as a new Managing Director of SBP Banking Services Corporation by the Governor State Bank of Pakistan and has taken over the charge of the office with effect from the 1st March 2007.
- A new Director for the Accounts Department, SBP Banking Services Corporation has been appointed by the State Bank of Pakistan with effect from 7th May 2007.
- The services of two Directors of State Bank of Pakistan namely, Mr. Amjad Manzoor and Mr. Saleem Ullah have been placed on deputation / secondment basis for a period of three years with SBP-BSC during the year under review. On having been relieved from the SBP they have taken over the charge of Director, Personnel Management Department and newly created Development Finance Support Department of SBP-BSC Head Office, Karachi respectively.
- The name of Administration Department has been changed to Personnel Management Department with effect from 12th June 2007.
- SBP cricket team played the final of SBP Governor's Inter Bank Cricket Tournament. Dr. Shamshad Akhtar, Governor SBP, graced the occasion with her presence.
- Dr. Shamshad Akhtar, Governor, SBP participated on the occasion of Christmas party held at SBP, Karachi on 13th January 2007.
- Managing Director, SBP-BSC inaugurated a Cricket Tournament in July 2006 at UBL Sports Complex, Karachi.
- Annual dinner cum variety show of Bankers Club, Islamabad was arranged in November 2006.
- An expert lady instructor has been engaged for SBP Gym. who provides necessary coaching to female staff using the gym facility of the Bank. Further new equipments such as elliptic cross trainer machine and two new treadmill machines have also been added in the gym.
- Employees' main canteen hall and Executive Buffet Lunch Hall have been completely renovated to provide a pleasant environment to the employees to enjoy their lunch. This includes improvements in air-conditioning by installation of additional air-conditioning units.