

8 Human Resource Management

The Human Resource Management is backbone of organizational change management initiatives. The Personnel Management Department (PMD) facilitates the management to creating desired work environment for employees to make effective contribution to achieve the organizational objectives.

8.1 Overview

PMD remained the focal point to facilitate the implementation of the organizational strategy through a well coordinated approach emphasizing; (i) performance based culture; (ii) alignment of compensation & benefits with market; (iii) capacity building of organization; (iv) revision of major HR policies; (v) effectiveness of communication forums; and (vi) maintenance of industrial peace. In this regard, a number of initiatives were taken last year to review and revamp the existing policies to further align those with changing organizational requirements and best market practices. The measures resulted in progressing of cross-functional synergies in the working of departments and field offices for better resource utilization with continued emphasis on achieving strategic objectives.

8.2 Work Force Rationalization

During the year under review, PMD initiated various planned interventions for work force rationalization in the wake of increasing automation and growing impact of business process reengineering. The major policy measures were introduction of option for 100% pension commutation to the employees at the time of retirement from service and option for retention of medical facility in case of early retirement. The BSC's working strength was accordingly reduced by around 8% from 4,244 to 3,919. The grade-wise comparison of headcount for FY11 and FY12 is presented in **Table 8.1**.

Table 8.1: SBP-BSC Working Strength

Grade	No. of Employees	
	FY11	FY12
OG-6	5	4
OG-5	22	20
OG-4	84	77
OG-3	232	200
OG-2	1,213	1,117
OG-1	1,464	1,334
Below OG-1	1,224	1,167
Total	4,244	3,919

8.3 Strengthening of performance management system

Since introduction of PMS in 2008, PMD has made continuous efforts to enhance the effectiveness of performance appraisal mechanism. The major initiatives taken in this regard during FY12 are as under:

- The existing benchmark for performance and behavioral standards of key positions in the organization are being improved. In the first phase, the job description of Chief Managers (CM) is being reviewed while the same are being revisited for Deputy Chief Managers (DCM).
- To make appraisal process more efficient and transparent, a number of workshops and trainings for appraisers were conducted to understand the existing challenges in

appraisal and their possible redressal mechanism. Further, a dedicated brainstorming session on improving effectiveness of PMS was also arranged for HODs/CMs. Based on the results of these workshops/ brainstorming session, measures will be taken to further improve the robustness of PMS.

- c. The performance parameters for Treasury Officer (TO) and Assistant Treasury Officers (ATOs) were reviewed to align their role on cash side with the overall objective of currency management function. Major step in this regard was revision of the performance evaluation forms for TOs and ATOs.
- d. To create a competitive work environment and reward employees on the basis of their performance, the rates of annual merit increase (AMI) were also revised. A comparison of AMI rates with the preceding year is given in **Table 8.2**.

Table 8.2 : Annual Merit Increase Rates

Bell Curve Category	OG-1 & above employees under PER/ PMS		Below OG-1 employees under PER	
	FY11	FY12	FY11	FY12
A	15%	16%	10%	9.5%
B+	12%	13%	8%	8.5%
B	7%	8%	7%	7.5%
C	5%	6%	5%	5.0%
D	Nil	Nil	Nil	Nil

- e. To enhance the firmness of Performance Management System, efforts have been taken to rationalize the bell curve. Different performance categories and percentage of employees placed in each category is presented **Table 8.3**.

Table 8.3: Different Performance Categories and Percentage of Employees Placed

OG-1 & above appraised under PMS/PER		Below OG-1 employees appraised under PER (including scale promotees)	
Performance category	Percentage of Employees	Marks Range	Percentage of Employees
A (on earning basis)	10	46-50	15
B+	20	41-45	25
B	50	31-40	50
C	10	11-30	10
D (on earning basis)	10	0-10	

- f. To bring more objectivity and transparency in PMS/ PER appeals process, the Appeal Committee was constituted to review the appeals of employees. After interviews, the Committee upgraded the PER/ PMS score of 154 appellants out of 655 appeals. The process will be helpful in enhancing the motivation of employees and to identify the areas for further improvement in performance evaluation mechanism.

8.4 Alignment of compensation & benefits with market

Pursuant to the decision of Board to align the compensation and benefits structure of Bank employees with the market, a salary survey was conducted through external consultants. The survey aimed at determining the percentile positions of various grades on the basis of Total Remuneration vis-a-vis competitor organizations.

Based on the salary survey, the Board approved salary revision for officers effective from July 1, 2012 **Table 8.4**.

Grade	Percentage of Salary Adjustment
OG-6	15.0%
OG-5	14.0%
OG-4	10.0%
OG-3	10.0%
OG-2	10.0%
OG-1	10.0%

While approving the salary revision, the Board advised to achieve desired percentile in various grades in a gradual manner and enhance robustness of performance management system. The

Board also approved compensation policy to achieve the objectives of inculcating pay for performance culture, attraction and retention of talent, rationalization of terminal benefits and provision of opportunities for career growth to high performing individuals.

During the year, the salaries of contractual staff, i.e., Doctors, Security Officers and Security Guards were also revised. Furthermore, an increase in pension @ 13% effective from July 1, 2012 was also allowed to the retired employees. At the same time, the Board also approved the policy for future pension increase which is based on market trends, financial resources of the Bank and/or any other factor deemed appropriate by the Board.

8.5 Capacity Building

The recruitment process in BSC remained held up due to internal restructuring at SBP. It is, however worth noting that the Bank has introduced a transparent recruitment plan for induction of candidates in various grades after approval of Board. As per features of plan, the eligible candidates will be required to register themselves with the testing agency to appear in the written test. After announcement of test result by testing agency, the candidates would apply to the Bank along with their test result. The revised plan will help the Bank to save time and financial resources involved in short listing/ testing a large number of candidates. Further, to tap a large pool of talent, the subject restriction for recruitment of OG-2s under the management trainee scheme, i.e., YPIP has also been removed. Accordingly, the candidates possessing 16 years of education in any discipline with 60% marks or equivalent CGPA along with those having CA, ACCA, and ACMA qualification can apply against the advertised post under YPIP.

The management also initiated a 2-year Attachment Program for Business Graduates of the leading universities of country. The objective of program is to strengthen the relationship of industry and academia by providing hands on experience to the talented youth desirous of seeking admission in quality programs in business administration. This initiative will also be beneficial to the Bank in shape of availability of fresh qualified resources which will augment the existing capacity and act as brand ambassadors of SBP-BSC.

8.6 Improvement in HR Policies

PMD continued to review the policies that aim to provide congenial working environment to the employees.

- The policy for Professional Development Incentive Program has been revised with renewed emphasis to provide incentive to the officers to upgrade their professional skills in the areas of banking & finance through national and international certifications.

- To provide career enhancement and equal opportunities for diversification of skills, a deputation policy was announced for OG-1 and above employees. The policy encourages Bank employees to get an opportunity of deputation to work in SBP & its subsidiaries.
- For further improvement in the policies related to benefits at the time of retirement, the policy related to medical facility option on early retirement was revised. Additionally, the retiring employees have also been allowed an option of 100% commutation of pension option as full and final settlement of their pensionary benefits at the time of retirement.

8.7 Revamping Communication Forums

To improve the frequency and content of formal and informal communication between Head Office and Field Offices, the following initiatives were taken during the year:

- A 2-day Chief Managers' Conference was arranged at Karachi where a number of proposals related to strategic and operational areas were discussed. The forum largely served as a platform to strengthen the environment for open discussion and bringing up new ideas and challenges in the knowledge of senior management. The highlights of conference include proposal of revised job description for Chief Managers, review of training policy, HR utilization measures keeping in view the impact of automation, BPR & attrition factors.
- Focused brainstorming session was arranged for HODs/ CMs on transformation challenges of SBP-BSC and effectiveness of PMS.
- To create awareness about strategic vision of management compensation policy and designing future course of action, Town Hall meetings were conducted by Director PMD at major field offices.

8.8 Industrial Relations

PMD considers industrial peace and harmony in the best interest of the organization. To maintain healthy industrial relation environment, PMD issued detailed guidelines for conduct of referendum to determine the Collective Bargaining Agent (CBA). National Industrial Relations Commission (NIRC) was extended full support in holding free and fair referendum in the organization.

After intensive negotiations with the CBA on the Charters of Demand, an agreement was signed between the management and the CBA, which resulted in maintenance of industrial peace for the next two to four years. Across the board salary increase of 16.5 percent was allowed. Apart from the salary increase, some other benefits of clerical/non clerical employees were revised like cash incentive for acquiring higher qualification, marriage/ funeral grant, conveyance allowance/ charges, uniform allowance, overtime/ daily allowance, children educational allowance etc.

8.9 Future Outlook

In line with the management goal of making BSC a progressive subsidiary of SBP, PMD has devised few initiatives for FY13. They are:

- i) Induction of batches comprising OG-2s under Young Professional Induction Program (YPIP-2nd batch) and Assistant Directors at OG-3 level is currently underway;
- ii) To reinforce the cash management function at field offices, a batch of Junior Officers (on contract) is being recruited;
- iii) Few specialized professionals at middle management level will also be hired in the areas of business analysis, procurement and HR/IR.;
- iv) PMS reinforcement sessions at all field offices and HOK have been arranged to create an ownership of process amongst all stakeholders;
- v) A TNA survey will soon be launched to assess the specific training requirements of organization.