

# [Human resource management: state bank of pakistan](https://assignbuster.com/human-resource-management-state-bank-of-pakistan/)

[Finance](https://assignbuster.com/essay-subjects/finance/), [Banks](https://assignbuster.com/essay-subjects/finance/banks/)

The purpose of this report is to give an overview of the Human Resource Management of the bank , which management of the State Bank of Pakistan practice & provides to its employees to achieve his goals of high professionalism and productivity. Motivation is the willingness to exert high levels of efforts toward organizational goals, conditioned by the effort’s ability to satisfy some individual needs. The effort element is a measure of intensity. When someone is motivated, he or she tries hard. Efforts that are directed toward, and consistent with, the organization’s goal is the kind of effort that we should be seeking. Motivated employees are in a state of tension. They exert effort. The greater the tension, the higher the effort level. If this effort successfully leads to the satisfaction of the need, tension is reduced. This tension reduction effort must also be diverted toward organizational goals. Individual’s need be compatible and consistent with the organization’s goals. The State Bank of Pakistan has embarked upon a major project to renew, build and strengthen its institutional capacity. Recently, State Bank of Pakistan has adopted highly motivated policies to transform the Bank into a highly professional, efficient and modern institution, which is fully equipped to play a meaningful role in the economic development of Pakistan. This report attempts to consolidate all motivational policies and guidelines in a summarized form for the benefit of students and perspective candidates for employment in the Bank. I hope that it would prove useful as a reference guide.

## INTRODUCTION

State Bank of Pakistan is the Central Bank of the country. While its constitution, as originally lay down in the State Bank of Pakistan Order 1948, remained basically unchanged until 1st January 1974 when the Bank was nationalized, the scope of its functions was considerably enlarged. The State Bank of Pakistan Act 1956, with subsequent amendments, forms the basis of its operations today. Under the State Bank of Pakistan Order 1948, the Bank was charged with the duty to “ regulate the issue of Bank notes and keeping of reserves with a view to securing monetary stability in Pakistan and generally to operate the currency and credit system of the country to its advantage”. The scope of the Bank’s operations was considerably widened in the State Bank of Pakistan Act 1956, which required the Bank to “ regulate the monetary and credit system of Pakistan and to foster its growth in the best national interest with a view to securing monetary stability and fuller utilization of the country’s productive resources”. Under financial sector reforms, the State Bank of Pakistan was granted autonomy in February 1994. On 21st January, 1997, this autonomy was further strengthened by issuing three Amendment Ordinances (which were approved by the Parliament in May, 1997) namely, State Bank of Pakistan Act, 1956, Banking Companies Ordinance, 1962 and Banks Nationalization Act, 1974. The changes in the State Bank Act gave full and exclusive authority to the State Bank to regulate the banking sector, to conduct an independent monetary policy and to set limit on government borrowings from the State Bank of Pakistan. The amendments in Banks Nationalization Act abolished the Pakistan Banking Council (an institution established to look after the affairs of NCBs) and institutionalized the process of appointment of the Chief Executives and Boards of the nationalized commercial banks (NCBs) and development finance institutions (DFIs), with the Sate Bank having a role in their appointment and removal. The amendments also increased the autonomy and accountability of the Chief Executives and the Boards of Directors of banks and DFIs. Like a Central Bank in any developing country, State Bank of Pakistan performs both the traditional and developmental functions to achieve macro-economic goals. The traditional functions, which are generally performed by central banks almost all over the world, may be classified into two groups: (a) the primary functions including issue of notes, regulation and supervision of the financial system, bankers’ bank, lender of the last resort, banker to Government, and conduct of monetary policy, and (b) the secondary functions including the agency functions like management of public debt, management of foreign exchange, etc., and other functions like advising the government on policy matters and maintaining close relationships with international financial institutions. The non-traditional or promotional functions, performed by the State Bank include development of financial framework, institutionalization of savings and investment, provision of training facilities to bankers, and provision of credit to priority sectors. The State Bank also has been playing an active part in the process of Islamization of the banking system. The main functions and responsibilities of the State Bank can be broadly categorized as under.

## MAIN FUNCTIONS AND RESPONSIBILITIES

Being the Central Bank of the country, State Bank of Pakistan has been entrusted with the responsibility to formulate and conduct monetary and credit policy in a manner consistent with the Government’s targets for growth and inflation and the recommendations of the Monetary and Fiscal Policies Co-ordination Board with respect to macro-economic policy objectives. The basic objective underlying its functions is two-fold i. e. the maintenance of monetary stability, thereby leading towards the stability in the domestic prices, as well as the promotion of economic growth. To regulate the volume and the direction of flow of credit to different uses and sectors, the Bank makes use of both direct and indirect instruments of monetary management. Until recently, the monetary and credit scenario was characterized by acute segmentation of credit markets with all the attendant distortions. A number of fundamental changes have since been made in the conduct of monetary management which essentially marked a departure from administrative controls and quantitative restrictions to market-based monetary management. A reserve money management program has been developed. In terms of the program, the intermediate target of M2 would be achieved by observing the desired path of reserve money – the operating target. While use in now being made of such indirect instruments of control as cash reserve ratio and liquidity ratio, the program’s reliance is mainly on open market operations.

## INTRODUCTION TO HRM

Human resource management plays a pivotal and expanding role in shaping the success of organizations and is done by the Human Resource department.

## PURPOSE OF HUMAN RESOURCE MANAGEMENT:

The purpose of Human resource management is to improve the productive contribution of people to the organization in ways that are strategically, ethically and socially responsible. To carry out this role managers and HR department needs to satisfy multiple objectives like societal, organizational, functional, and personal objectives. These objectives are achieved through variety of HR activities designed to obtain, maintain, utilize, evaluate and retain an effective work force. These activities are the responsibility of all managers in the organization, even though many of them may be delegated to specialists in the HR department.

## DEVELOPING HUMAN ASSETS

Alongside the development of its physical facilities, SBP is deeply conscious of the pivotal role that human resources play in the success of the organization. As the matter of fact, human resource development has been identified as an area of key importance. While strengthening the rank of is workforce with quality professionals at various levels of management, the bank also undertakes several initiatives for improving productivity and efficiency at all levels. Through computer training, various in house courses, sponsorship of staff for studies at professional institution and seminars, the bank is providing its employees ongoing opportunities for continuous self-improvement and learning.

## SWOT ANALYSIS OF SBP

## Strengths

Internal Competencies specially core competencies of SBP

## weaknesses

Inability to perform activities

## Opportunities

Positive trends in the environment for SBP

## Threads

Negative trends in the environment for SBP

## STRENGTH

SBP is sole authority to regulate monetary policy and it is also banker’s bank.

SBP departments are computerized, and with modern technological facilities.

SBP every year inducting fresh blood to increase the efficiency and effectiveness of bank.

SBP is guide to government on economical and financial affairs.

Deals with foreign exchange and bank reserve position and also with NOSTRO balance.

Computerized system of data collection and dissemination.

Security to depositor

Watch dogs for frauds and money laundering.

WEAKNESSES

Decision making system is totally centralized.

There were routine work and long working hours that effect on the efficiency of employees that causes bore.

Lower employees are not satisfied with salary and facilities.

Virus safety system.

Data is stored in single place.

Slow processing

No surety of data received from authorized dealers.

OPPORTUNITIES

Through higher educational scheme for abroad, SBP can maximize efficiency. According to modern requirement.

SBP is implementing new comprehensive software system.

SBP can increase the confidence of investor in FX market, to control on money laundering.

System is upgradeable, upgrading will improve the efficiency.

They can use create operate.

SBOTS scheme is a big opportunity in future to increase the level for State Bank.

THREATS

Instability of political government that effect on SBP performance.

Law and order situation in country; lose the confidence of foreign investor as well as local, that also effect overall performance of SBP.

High pressure of external donor agencies, that effect on the policies of SBP.

Due to dependence on computerized data different kinds of Virus can attack and damage the data.

Data can be manipulated easily.

## ROLE OF HR:

## STRATEGIC PARTNER:

The strategic partner of SBP is Hay group.

## CHANGE AGENT:

They have special teams from each department who is responsible to face the environmental challenges and bring any necessary change regarding such changes in organization. For this HR works closely with these teams to implement theses changes successfully.

## HUMAN RESOURCE PLANNING:

In state bank of bank there is a key role of HR in developing the strategic management process of the company with the consultation of top management. The key role of HR in the planning process involves Compensation, Manpower requisition, Business growth, Evaluation and reduction of the costs of benefits given to employees etc.

It is important to recall here that HR department has the influence only on the non-unionized staff, means any HR function related to non-unionized staff, like hiring, firing, Compensation, Perks and benefits etc, would be set by the HR department, while issues related to unionized staff would be handled by the Admin Department.

Some of the major planning functions of Human resource department in state bank of Pakistan are discussed below:

## Reducing the Costs of Benefits:

Here the department determines the costs that incurs to the company due to the benefits given to its employees and find ways how to reduce them. These human and financial costs include salaries and the perks and benefits given to employees. For example state bank gives Cars to its employees at managerial level positions and above.

## To Ensure the best use of Financial Resources:

Here, the HR department monitors the ratio of manpower to other costs in order to assist decisions regarding the best use of financial resources.

## Succession Planning:

In order to better meet the needs of business and to avoid external hiring, the HR department develops succession plans. In this process, they create a chart of succession plans, which lists down the acting head, and his particulars like age, qualifications, traits, etc and his alternative available options, this chart assists in the situation when the incumbent leaves the job due to any reason, then what are the best options, age wise, experience wise, qualification wise, etc.

## Salient Features of Human Resource Planning:

To help in determining appropriate recruitment levels to avoid expensive and unsatisfactory panic measures, in case of staff shortage, or frustration of losing business through lack of trained staff.

To anticipate redundancies and find ways of preventing them and their attendant human and financial costs.

To monitor the ratio of manpower to other costs in order to assist decisions regarding the best use of financial resources.

To provide the basis for training and development programs in order to meet the needs of business and related succession plans.

To identify future accommodation requirements in the form of working space, lunchroom, library, conference room and prayers area, etc.

To help in making cost of living and other compensation estimates.

To have appropriate control over capital expenditures.

## HUMAN RESOURCE INFORMATION SYSTEM

There is a centralized HR information system from which employees can access information. It consists of a website where employees can gain access to information about the company background, financial, careers/job opportunities and newsroom.

## JOB ANALYSIS

In SBP job analysis is done through individual interview questionnaire and intermediate supervisor.

## JOB DESCRIPTION

Job description: job description is design by HR joint director, immediate supervisor of that specific department . they has divided this job to their respective department, head. They have to design the job description of their respective department.

## RECRUITMENT & SELECTION

The quality of an organization’s human resources depends on the quality of its recruits. Recruitment is the process of finding and attracting capable applicants for employment and Selection is a series of steps through which the applicants pass. It heavily depends on inputs such as job analysis, HR plans, and recruitment. Although operating managers are often involved, much of the recruitment process is the responsibility of professionals in the HR department. These professionals are called recruiters. Recruiters should be aware of constraints and challenges surrounding the requirement process before they attempt to find suitable applicants. SBP is very responsive organization and is always in a process of finding capable applicants for employment. This responsibility primarily belongs to personnel department and all the recruiters are trained for this purpose.

## METHOD OF RECRUITMENT

## INTERNAL HIRING:

SBP is done through internal advertisement and mail to their respective department.

It is done through notice board.

## EXTERNAL HIRING

Giving an add in the leading newspapers does the job announcement.

As per criteria of SBP, on receipt of the applications from candidates holding masters degree in any one of the following disciplines.

Business Management.

Economics.

Math’s/ statistics &

Computer Sciences.

Are entered in the database and are sorted out w. r. t. Pre-requisites.

The applicants are then called for a written test through a letter.

The tests along with the result are handled by an independent institution (IBA)(IBP) and SBP

The results are then submitted to SBP for further processing.

The successful candidates are called for an interview.

The short listed candidates from the first interview are then called for the second and then third interview.

The successful candidates are then informed through a letter and called to give a joining date.

The candidates confirm the joining dates to the Personnel department.

The selected candidates are then given brief orientation about different department and functions of the bank.

After orientation they are placed in to different departments according to their qualifications and department needs

## APPRAISAL SYSTEM CONDUCT IN SBP

The Appraisal process commence with the performance standards in accordance with strategy set by the State bank of Pakistan.

The policy of the State bank of Pakistan in respect of job measurement is skip & span. The employees are asked to write a daily report on the work done by them. These reports are submitted to the subordinators on the daily bases , on the other hand the subordinators personally observe every employee and mach them with marks according to the work accomplished by the employee. The subordinator then submit the daily report after every four weeks to the managers along with the letter of recommendation written by the subordinators after evaluating employee performance.

These reports are then send to the HRM department where these reports are discussed in the meeting and then all decisions take place according to the merit.

## TRAINING AND DEVELOPMENT

Training and development is a continuous process and is designed to bring about a change in the attitude of employees with respect to the job they are doing, the people around them, the new procedures, techniques and skills which they can use. It is also to make them more conscious of their responsibilities and how to perform them will. Therefore, all training is planned and coordinated in a systematic manner by the bank in terms of the needs and the talents required in the bank. The training and development efforts are not confined to a few formal class room courses but extended in all directions to remove employees’ weaknesses and making the most of their strengths.

## TYPES OF TRAINING

## 1. ORIENTATION TRAINING

Every new employee will be given an orientation to familiarize him with the bank organization, functions, activities, policies, procedures and programs. This type of training would be an individual basis or group classroom training, depending on the number of participants available. The duration and content of the course will be determined to meet the needs of individuals concerned in consultation with respective Department Heads / General Managers. Depending upon the type of job and the expense needed, newly hired employees as well as the promotes assigned to new fields of activities, will be given on the job training for a period ranging from one week to twenty-four weeks as may be deemed necessary.

## 2. TECHNICAL AND SPECIALIZED TRAINING

Job knowledge is an essential part of ones responsibility in any position. Since technology, methods, processes are changing at a fast rate, it is imperative that employees should learn new skills and techniques through specialized and technical courses organized within the bank, or by outside agencies. It is through these courses that the employee will be able to reach a high level of proficiency.

## 3. SUPERVISION/MANAGEMENT DEVELOPMENT THROUGH IN-HOUSE TRAINING COURSES & COURSES CONDUCTED BY OUTSIDE ORGANIZATIONS IN PAKISTAN

In order to have a balanced approach to n all-round development of our management employees, appropriate emphasis will also be laid on the development of supervisory and management skills employees. To this end, selected employees will participate in formal classroom course workshops, which may be either bank organized or conducted/sponsored by outside organizations such as Pakistan Institute of Management, Pakistan Management Association or other similar organizations. Standard basic management training programs, which may be considered for participation, are as follows:

Effective Supervision

Practice of Supervision

Problems of Management Seminar

Advance Management Course

Management Course for Junior Executives

Problem Analysis and Decision Making

Conference Leadership

Job Instructions Methods etc.

The employee will be exposed to these development courses in a systematic manner. The supervisor of the participants will be responsible for follow up on the training and for ensuring that the techniques and methods learnt by their subordinates are applied to on-the-job performance. Nomination of an employee to attend such courses will be at the discretion of the Management.

## 4. ON-THE-JOB TRAINING

It is well regarded that the best place for effective learning to occur is on-the-job i. e. the employee learning the job by doing it under skillful instruction and coaching by his superior. Since many Supervisors/Managers are not trained instructors, the Department will provide training the Job Instruction Methods through practice of Supervision Course.

## 5. SELF-DEVELOPMENT

Recognizing that self-development is the primary responsibility of the individual, bank would provide opportunities for development through making available professional literature, job rotation, counseling and discussions and seminars relating to the job of the individual.

## 6. TRAINING OUTSIDE PAKISTAN

For acquiring specialized skills, the bank may nominate management employees for training abroad with international training institutions of repute of such organizations that may be having commercial affiliation of technical collaborationAlso nominations may be made to suitable courses and seminars abroad if foreign governments or international institutions offer such opportunities to Pakistan through the Ministry.

## COMPENSATION AND BENEFITS

Steps have been taken to improve the motivation and morale of the employees with focus on employee training and development and performance appraisals. Computer training courses, workshops and seminars have been conducted to equip the employees with modern techniques. Relationships with all the employees have remained cordial.

Management Division:

All policy matters and planning for new initiatives is carried out in Compensation Benefits & Performance Management Division. In this division some operational elements are running simultaneously. The Competency based Performance Management System is managed by this Division. This Division also handles Manpower Planning and Job evaluation process, which is another new area.

## IMPROVEMENT IN SERVICE CONDITIONS

State Bank is the central bank of Pakistan. It provides matchless intrinsic as well as extrinsic motivations for development of the professionalism. The following is a brief of motivations provided to its employees by the State Bank of Pakistan:-

## SALARY STRUCTURE

## FRINGE BENEFITS

STAFF LOAN POLICY

FACILITY OF OUTSTANDING DUTY

FACILITY OF BANK’S CAR & PETROL CEILING

MEDICAL FACILITIES

TELEPHONE CHARGES AT RESIDENCE

FACILITY OF NEWSPAPERWS & JOURNAL

GROUP TERM ASSUARANCE

CASH AWARDS FOR ACQUIRING

RETIREMENT POLICIES PROFESSIONAL/ACADEMIC

QUALIFICATION

FAMILY PENSION

GRATUITY

BENEVOLANT FUND SCHEME

GRANT FROM THE FUND GIFT TO RETIRING

EMPLOYEES

## General Salary Structure

## (Officer Cadre)

## Salary Grade

## Minimum (PKR)

## Maximum (PKR)

OG – 7

58, 500

135, 300

OG – 6

43, 400

109, 300

OG – 5

40, 200

103, 000

OG – 4

36, 500

95, 000

OG – 3

30, 000

83, 000

OG – 2

25, 000

67, 500

OG – 1

16, 481

47, 850

## (Support Staff Cadre)

## Salary Grade

## Minimum (PKR)

## Maximum (PKR)

S- 7

14, 400

37, 400

S- 6

13, 838

34, 500

S- 5

11, 903

31, 600

S- 4

10, 733

29, 000

S- 3

9, 675

24, 500

S- 2

8, 573

20, 300

S- 1

8, 100

18, 700

## (Specialized Salary Structure)

## Level

## Minimum (PKR)

## Maximum (PKR)

Entry

40, 000

80, 000

Middle

60, 000

120, 000

Higher

80, 000

150, 000

Managerial

M-1or M-2

## Core Benefits (applicable across salary structure)

## Medical

## Full medical facilities for self, spouse, children and dependent parents as per bank rules.

## Also, applicable to retired employees

## Rest & Recreation Leave & Allowance

## 15 days leave with 50% of monetized salary as Rest & Recreation Allowance each year for Officers.

## Leaves

## All officer-grade employees earn leaves for every 6 working day.

## All support-grade employees earn leaves for every 5 working days.

## Leaves earned can be accumulated up to 40 per year for Officer-grade employees.

## Leaves earned can be accumulated up to 72 per year for Support-grade employees.

## Upon accumulation of leave balance, the employee can proceed to perform Hajj once in the entire service

## 90 days maternity leaves (exclusive of regular leaves) are allowed to all female employees subject to maximum of three times.

## Staff Loans

## Personal loan (Interest free) to meet emergencies up to 03 monetized salaries payable in a maximum period of 2 years

## House Building Loan / Car Loan up to 60 monetized salaries payable in the entire remaining service (up to 60th birthday of employee). The bank on behalf of the employees free of cost also insures this loan with out charging of premium from employees.

## Computer loan of PKR 70, 000 (maximum) payable in the entire remaining service

## Group Term Assurance (GTA)

## Group term assurance covers the employee as under:

## Salary Ranges (PKR)

## Sum Assured (PKR)

## Life Insurance Premium (PKR)

## 55, 001 and Above

## 1, 500, 000

## 312. 50

## 37, 501 to 55, 000

## 1, 000, 000

## 208. 33

## 18, 001 to 37, 500

## 800, 000

## 166. 67

## Up to 18, 000

## 600, 000

## 125. 00

## Deputation Allowance

## Employees are entitled to additional 20% of their monetized salary as a Deputation Allowance along with comprehensive medical facilities for self and dependent family members.

## Annual Merit Increases

## Annual Merit Increase (AMI) for the year 2005 is paid as per following schedule:

## For Employees in Grade OG-1 and Below:

AMI for employees in grades OG-1 and below has been determined on the basis of their average marks awarded by the reporting and finalizing officers as per following grid:

## Range of Marks AMI

49 – 50 4. 5%

47 – 48 4%

41 – 46 3%

11 – 40 2%

0 – 10 Nil

## For Employees in Grades OG-2 to OG-5:

AMI for employees in grades OG 2 to OG 5 has been determined on the basis of placing the absolute performance ratings of employees as reported by their respective appraisers in appropriate clusters and thereafter categorizing these ratings in accordance with Bell Curve principles into four appraisal categories as follows:

## Appraisal Category AMI %

A = Outstanding Performers 9 %

B+ = Above Average 7 %

B = Fully Satisfactory 5 %

C = Below Average 1. 5%

## For OG – 7 employees:

AMI for OG- 7 employees at a uniform rate of 6 %.

## For employees in Separate Salary Structure for Specialized Professionals:

AMI for employees in cluster of Separate Salary Structure for Specialized Professionals has been determined at a uniform rate of 5%.

## Performance Bonus

## Top 10% of performers in the Bank are paid a one time Performance Bonus @ 3% of annualized monetized pay

## Bank Provided Car

## Entitlement (Pakistan assembled)

OG-5 800 cc car (AC) without petrol ceiling and driver salary

OG-6 1000 cc car (AC) without petrol ceiling and driver salary

OG-6 (HOD) 1000 cc car (AC) with petrol ceiling (200 Liters) and driver salary

OG-7 1300 cc car (AC) of their choice with petrol ceiling (340 Liters) on optional Bank’s driver or driver salary

## Transfer of Ownership

Cars are provided to the employees on the basis of a loan depreciation scheme. On completion of 5 years deprecation life of the cars the assignee becomes the owner of vehicles.

## 10. Telephone Facility

. OG. 7 (900 calls) OG. 6 (600 calls)

OG. 5&4 (400 calls) OG 3&2. (200 calls)

## 11. Post Retirement Benefits

Officers Grade 4 and above on their retirement or their family members in the events of employee’s death are entitled for the following additional benefits for a period of six months:

a) 40% Monetised pay in lieu of House Rent Ceiling

b) Electricity, Gas and water charges as per entitlement at the time of

Retirement/Death

c) 50% of telephone charges as per entitlement at the time of

Retirement/Death

d) Cost of 50% Petrol Ceiling as per entitlement at the time of

Retirement/Death

## Pension Policy

Prior to 1997 Federal Government rules as contained in “ Compendium of Pension Rules and Order” were applicable in State Bank of Pakistan. After monetisation, the concept of pay has been abolished and 50% of monetised salary is taken into account for the purpose of calculation of retirement benefits.

## 13. Education Allowance

Rs. 500/- per month is allowed to Clerical/Non-Clerical employees.

## 14. Traveling & Transportation Charges

a. Officers on their retirement are entitled to reimbursement of economy class airfare for self and eligible family members from the airports nearest to their place of posting and their hometown as per bank record or they can claim payment of ACC sleeper train fare.

b. All officers and staff of the bank either on transfer or retirement are entitled to actual cost of transportation of household effects to their place of new posting/domicile outside Karachi against production of proper receipts subject to a maximum amount of one month’s monetised salary.

## Travel & Daily Allowance

(a) The rates of gross Daily Allowance for different categories of employees are as under:

Category of Employees Positions

## Gross DA (Rs)

S-1 to S-3

Non-clerical Staff

800

S-4 to S-7

Clerical Staff <