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“Study and Analysis of HR Practices at Habib Bank Limited”

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## **Executive Summary**

This research thesis deals with the study and analysis of Human Resource Practices in the IT Department of Habib Bank Limited, Corporate Branch in Islamabad. The study will show that the Human Resource Practices are being re-vamped in the organization, but without a clear direction, all changes are pointless. The study will concentrate on the importance of needs analysis and the futility of change without any orientation. The study will discuss the existing HR practices in the organization and then will discuss the shortcomings of that procedure. Later on, some new procedures will be suggested followed by a few recommendations. The conclusion will show that although the practices are new, Habib Bank culture is still reflective of the pre-modern bureaucratic culture that HBL had been operating under for decades. It will show that HR practices are looked upon as more of a hindrance than a support and finally, it will show that no change is going to be effective unless and until the upper management is involved and wants to encourage a more empowered and autonomous structure.

# Chapter 1

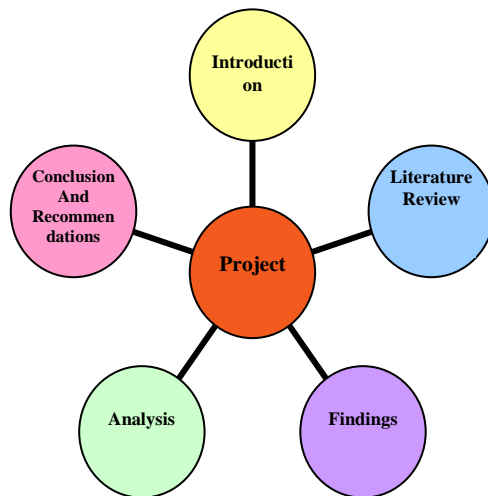
## 1 INTRODUCTION

### 1.1 Preamble

The purpose of this project is to study the human resource management system through Job Descriptions of one organization and then suggest improvements that will help in making this system more effective. The most important part of this project is to show how job descriptions can be used as an effective tool for rightsizing departments/divisions of an organization. This will be shown to ultimately result in improving overall productivity and profitability.

The organization chosen for this purpose is Habib Bank Limited. The study will be restricted to the IT Center, Islamabad, which is a part of the Information technology Group (ITG) located at the Bank's Head Office, Karachi. The sample size will be the whole workforce of this center, which comes to about 15 employees.

**Figure 1**



Every project has five basic components, as listed in the figure on the side. The introduction chapter deals with preliminary information about the project like its limitation and boundaries. The literature review discusses theoretical practices and the findings chapter discusses actual practices. Analysis contains a critical evaluation of the practices and a system which would prove to be more beneficial for the organization. The last chapter, as the name suggests, deals with the recommendations put forth due to results shown in the analysis chapter.

The whole study will be based upon the importance of Job Descriptions and how they are the foundation for all other HR practices in an organization.

This project will start off with a brief introduction of the overall organization and will discuss a little more about ITG. After that, there will be concise chapter on the various aspects of Human Resource Management including why it is important, what it entails

In the chapter titled 'Findings', a detailed description will be given of the HRM already in practice. In this case, we will give information about the performance appraisal system used, as well as the "list of duties" of each employee that constitute the Job Descriptions in their classic form, in the department as well as other practices that were being followed.

The 'Analysis' chapter will be the most comprehensive one and will give sub-chapters titled according to the various processes that are being implemented in the new HR system. These will include:

- Organizational Structure
- Job Descriptions, and how they tie in with
  1. Recruitment and hiring techniques
  2. Basics of compensation
  3. Career planning and management techniques
  4. Training and development methodology
  5. Job analysis and description
  6. Linkage of organizational goals, objectives and strategy with individual jobs
  7. Performance appraisal
  8. Linkage of performance with reward and recognition
  9. Succession planning
  10. Job termination techniques

In the light of the old practices as well as the culture and strategic viewpoint of the company, the new practices will be applied onto the organization. In the end, the conclusion and recommendations chapter will tie in all the loose ends and give further recommendations that have not already been covered during the scope of the study. These topics might not strictly be HR related, but will discuss new techniques of management, for example:

- Change Approaches
- Crisis Management
- Customer Satisfaction
- How to improve the learning and experience curve
- Leadership vs. management
- Management by objectives/ Result Oriented Management
- Benefits of team building etc.

## **1.2 Background of HBL**

### **1.2.1 Brand and History**

The Habib Bank Group is a leader in Pakistan's banking industry. An extensive network of 1425 domestic branches – the largest in Pakistan – and 55 international branches has enabled HBL to provide comprehensive services that meet customer



needs. This has ensured thriving client relationships that form the backbone of the Bank's operations.

Today, HBL plays a central role in Pakistan's financial and economic development. It has come a long way from its modest beginnings in Bombay in 1941 when it commenced operations with a fixed capital of 25,000 rupees.

Impressed by its initial performance, Quaid-e-Azam Mohammed Ali Jinnah asked the Bank to move its operations to Karachi after the creation of Pakistan. HBL established itself in the Quaid's city in 1943 and became a symbol of pride and progress for the people of Pakistan.

Habib Bank has been a pioneer in providing innovative banking services. These have included the installation of the first mainframe computer in Pakistan followed by the first ATM and more recently, internet banking facilities

The Bank's towering presence in Pakistan's financial and commercial life has remained unchanged over the decades. The strength of its brand and image is symbolized by its prominent Head Office building that has dominated Karachi's skyline for 35 years.

HBL continues to build on its track record and in its quest for excellence has strived to meet the needs of both its customers and employees. Habib Bank aims to ensure customer satisfaction by providing high quality banking services. This is made possible by the professionalism of its employees all of whom are provided with the requisite training and opportunities to enable them to realize their full potential.

### **1.2.2 Mission**

HBL's mission is to be recognized as the leading financial institution of Pakistan and a dynamic international bank in the emerging markets, providing its customers with a premium set of innovative products and services, and granting superior value to the stakeholders – shareholders, customers and employees.

### **1.2.3 Values**

After privatization, HBL is now committed to a new corporate philosophy that incorporates five solid values which each individual associated with the bank abides by.

- **Humility**

Encourage a culture of mutual respect and treat both its team members and customers with humility and care.

- **Integrity**

Integrity means a synergic approach towards abiding the core values. United with the force of shared values and integrity, they form a network of a well-integrated team.

- **Meritocracy**

At every level, from selection to advancement, they have designed a consistent system of human resource practices, based on objective criteria throughout all the layers of the organization. They are, therefore, able to achieve a specific level of performance at every layer of the organization.

- **Team Work**

The team strives to become a cohesive and unified force, to offer the customer a level of service beyond their expectations. This force is derived from participative and collective endeavors, a common set of goals and a spirit to share the glory and the strength to face failures together.

- **Culture of Innovation**

They aim to be proactively responsive to new ideas, and to respect and reward the agents, leaders and creators of change.

### 1.3 The Organization

**Table 1**

<b>Business Groups</b>	
<b>Retail Banking Group (RBG)</b>	<b>Corporate Banking Group (CBG)</b>
<b>Commercial Banking Group</b>	<b>International Banking Group (IBG)</b>
<b>Investment Banking Group</b>	<b>Global Treasury Group (GTG)</b>
<b>Support Groups</b>	
<b>Information Technology Group (ITG)</b>	<b>Global Operations Group (GOG)</b>
<b>Credit Policy Group (CPG)</b>	<b>Financial Control Group (FINCONG)</b>
<b>Assets Remedial Management Group (ARM)</b>	<b>Human Resources Group (HRG)</b>
<b>Audit, BRR and Investigations Group (ABIG)</b>	

## 1.4 Social Commitment

The Public Relation Division of HBL maintains effective rapport with the general public by communicating the policies and schemes of the bank through press and electronic media. Besides maintaining close relationship with journalists & advertising agencies, the Division also receives the visiting dignitaries and delegations from abroad.

HBL believes in serving the nation and building the country strong. They are always at the forefront to support noble causes and promote the social & cultural activities in the country. The Public Relation Division of HBL sponsors various social, cultural and sports events to generate healthy activities in the society. It also organizes religious programs to uphold the religious tradition of our people. The Division represents the bank at important forums to exchange views on national & international issues with various organizations to boost the intellectual activities.

## 1.5 Human Resources

HBL is an organization that provides opportunities for its staff to have a challenging and rewarding long-term career. To this end the Human Resource Group (HRG) encourages and motivates its employees to excel in the responsibility that they have in the organization. They believe that creativity and innovation comes from talent, knowledge and experience and it is our endeavor to provide and maintain an environment which not only nourishes these strengths but also provides opportunities for the staff to have a career which has multidimensional growth opportunities.

In doing so, HRG has been restructuring and redesigning the overall structure of the organization, which includes

- rationalization
- cutting down the decision layers
- improvement in staff training
- hiring professionals and MBAs at entry-level management

The overall direction of HRG has been towards nurturing the strengths of the human capital to its maximum with a defining principal to help create a progressive environment and sustain a thorough commitment of their staff towards focused customer service.

HRG therefore recognizes the need to proactively invest in staff training and develop courses on a regular basis. Under the umbrella of the Management and Organization Development Division (MODD), the Management Development Institute (MDI) with its three fully equipped chapters at Karachi, Lahore & Islamabad regularly conducts and outsource technical and personal development courses for all levels of staff enabling them to meet the challenges of the ever-changing business requirements and customer needs. During 2003, 529 courses, workshops, skill development clinics and seminars in the disciplines of Service & Attitude, Market Research & Selling, Management & Communication, Credit & Finance, I.T. & e-Banking, Treasury & Trade

Finance, Global/ Domestic Banking Operations and on other diverse subjects were conducted by In / Ex-House professionally skilled, qualified and certified faculty and industry experts for 10233 people of senior / middle line management & staff carving 1334 days training days. There is no budget limit for Training and Education at Habib Bank. HR Group aims to maintain and further improve the service-oriented culture and to make employment not only satisfying but also enjoyable.

# Chapter 2

## 2 LITERATURE REVIEW

### 2.1 Organizational Structure

Organizations can be regarded as people management systems. They range from simple hierarchies along traditional lines to complex networks dependent on computer systems and telecommunications. Human resource managers can encourage organizations to adopt strategies (for their structures) which foster both cost-effectiveness and employee commitment. Organizational structures can be classified into a number of types, including functional, divisional, matrix and networks.

#### 2.1.1 Functional Structure

Early organizational design divided enterprises into relatively simple parts, splitting them into defined activities such as production, marketing or personnel. Functional organizations have the advantage of being simple to understand with clear lines of command, specified tasks and responsibilities. Staff can specialize in a particular business area such as production or marketing and follow well-defined career paths. This is equally true of human resource specialists who can develop expertise in specific areas such as employee relations or reward management.

There are also major disadvantages to functional structures. People managers have to tread carefully because this form of organization is prone to interdepartmental conflict, often degenerating into 'them and us' tribal warfare. Coherence and good communication are particularly hard to achieve between virtually independent functions.

#### 2.1.2 Divisional Structure

Split into self-contained units, able to react to environmental changes as quickly as small companies, they are also described as multidivisional or 'M-form' organizations. Divisions encourage team spirit and identification with a product or region. Managers can develop broad skills as they have control of all basic functions. Each division is likely to have a devolved human resource function. But there is a risk of duplicating activities between head office and divisional human resource departments and of conflict between staff in successful and unsuccessful divisions. The divisional function may play a coordinating role, reconciling decisions taken at the corporate and business unit levels. This results in a complex picture of people management.

#### 2.1.3 Federations

One variant of the divisional form which has a particular relevance because of its human resource implications is the 'federation', a loosely connected arrangement of

businesses with a single holding company or separate firms in alliance. This form of organization has attracted criticism from stock market analysts who find difficulty in comprehending its subtle informality.

#### **2.1.4 Matrix Organizations**

Matrix forms of management can be regarded (arguably) as an early form of 'network' structure. They focus on project teams, bringing skilled individuals together from different parts of the organization. Individuals were made responsible both to their line manager and the project manager involved. Before the advent of network technology, many matrix organizations were dogged by duplication and confusion: the 'matrix muddle'.

#### **2.1.5 Networks**

'Networks' and 'networking' have a number of distinct meanings in HRM. In this context the terms are employed in an analogous fashion to their use in computing. It is not necessary and probably not a good idea for organizations to perform all their functions in-house.

Businesses can concentrate on their individual strengths and work as alliances or business partners to provide a service or manufacture a product.

### **2.2 Human Resource**

An organization cannot function without resources. It has certain assets upon which it capitalizes in order to run a profitable business. In a similar way, the employees working in an organization are a resource. They are an asset that cannot be replaced easily, and have certain qualities that are unique unto themselves. For this reason, it is very important to utilize that human resource in an effective and efficient manner so as to not waste it neither over-exhaust it. Human resource thus is considered as the most important resource in any organization. Loyalty and productivity of knowledge workers can transform small organizations into billion dollar multinational conglomerates. Therefore, all organizations now place special emphasis on Human Resource Development (HRD), its effective management (HRM) and control, i.e. Personnel Management.

The HRM function and HRD profession have undergone tremendous change over the past 20-30 years. Many years ago, large organizations looked to the "Personnel Department," mostly to manage the paperwork around hiring and paying people. More recently, organizations consider the "HR Department" as playing a major role in staffing, training and helping to manage people so that people and the organization are performing at maximum capability in a highly fulfilling manner.

The Human Resource Group in large organizations normally consists of two departments. These are:

- Human Resource Management and Development
- Personnel Management
- Human Resource Policies and Procedure

The main tasks of the **Human Resource Management and Development**, as we will be discussing in this topic, are:

- Job Description
- Reward and Recognition
- Job Analysis
- Job Specification
- Recruitment
- Induction and Orientation
- Training and Development (T&D)
- Performance Management
- Career Planning and Management
- Development

In the pre-80s approach to management, and even until the late 90s in some parts of Pakistan, there only existed a personnel department, and no concept was present of an integrated Human Resource Department that could look after the needs and responsibilities of human resource and efficiently and effectively utilize them to their maximum potential. At that time, the **personnel department** only fulfilled the following tasks:

- Data Collection and storing of employee workforce
- Overlooking the pay structure of the different levels of employees
- Disciplinary actions whenever required

Now, obviously, the story has changed completely, as we are trying to show in the following segments. The HR department has a lot of functions. The main ones are discussed below

### 2.2.1 Human Resource Management and Development

The Human Resources Management (HRM) function includes a variety of activities, and key among them is deciding what staffing needs you have and whether to use independent contractors or hire employees to fill these needs, recruiting and training the best employees, ensuring they are high performers, dealing with performance issues, and ensuring that the business groups' human resource requirements to achieve their targets are effectively met.

Personnel management is about making sure organizations get the best from the people who work for them. Professionals in this role are involved in selecting the right sort of staff and promoting practices which ensure they are managed effectively.

The terms 'personnel' and 'human resources' are largely interchangeable, although the latter does imply more of a strategic approach. There are a range of specialists but those starting out often take generalist roles assisting with all aspects and may move into specialist areas after a promotion.

The main tasks that are carried out by the Human Resource Department in both a management and development capacity are discussed in the following sections.

### **2.2.1.1 Job Analysis**

Job analysis is the process of examining jobs in order to identify the key requirements of each job. A number of important questions need to be explored.

- The title of the job.
- To whom the employee is responsible.
- For whom the employee is responsible.
- A simple description of the role and duties of the employee within the organization..

Job analysis is used in order to:

- choose employees either from the ranks of your existing staff or from the recruitment of new staff;
- set out the training requirements of a particular job;
- provide information which will help in decision making about the type of equipment and materials to be employed with the job;
- identify and profile the experiences of employees in their work tasks (information which can be used as evidence for staff development and promotion);
- identify areas of risk and danger at work;
- help in setting rates of pay for job tasks.

Job analysis can be carried out by direct observation of employees at work, by finding out information from interviewing job holders, or by referring to documents such as training manuals. Information can be gleaned directly from the person carrying out a task and/or from their supervisory staff. Some large organizations specifically employ 'job analysts'. In most companies, however, job analysis is expected to be part of the general skills of a training or personnel officer.

Job analysis, description, and specification can provide useful information to a business in addition to serving as recruitment instruments. For example, staff appraisal is a means of monitoring staff performance and is a feature of promotion in modern companies. In some companies, for example, employees and their immediate line managers discuss personal goals and targets for the coming time period (e.g. the next six months). The appraisal will then involve a review of performance during the previous six months, and setting new targets. Job details can serve as a useful basis for establishing dialogue and targets. Job descriptions can be used as reference points for arbitrating in disputes as to 'who does what' in a business. Selection involves procedures to identify the most appropriate candidates to fill posts.



An effective selection procedure will therefore take into consideration the following points.

- Keeping the costs of selection down.
- Making sure that the skills and qualities being sought have been identified.
- Developing a process for identifying them in candidates.
- Making sure that the candidates selected, will want the job, and will stay with the company.

Keeping the costs of selection down will involve such factors as holding the interviews in a location, which is accessible to the interviewing panel, and to those being interviewed. The interviewing panel must have available to them all the necessary documentations, such as application forms available to study before the interviews take place. A short list must be made up of suitable candidates, so that the interviews do not have to take place a second time, with new job advertisements being placed.

The skills required should have been identified through the process of job analysis, description and specification. It is important then to identify ways of testing whether candidates meet these requirements. Testing this out may involve:

- interviewing candidates;
- asking them to get involved in simulated work scenarios;
- asking them to provide samples of previous work;
- getting them to fill in personality and intelligence tests;
- giving them real work simulations to test their abilities.

#### **2.2.1.2 Job Description**

A job description will set out how a particular employee will fit into the organization. It will therefore need to set out:

- the title of the job;
- to whom the employee is responsible;
- for whom the employee is responsible;
- a simple description of the role and duties of the employee within the organization

A job description could be used as a job indicator for applicants for a job. Alternatively, it could be used as a guideline for an employee and/or his or her line manager as to his or her role and responsibility within the organization.

#### **2.2.1.3 Job Specification**

A job specification goes beyond a mere description - in addition, it highlights the mental and physical attributes required of the job holder. For example, a job specification for a trainee manager's post in a retail store included the following:

'Managers at all levels would be expected to show responsibility. The company is looking for people who are tough and talented. They should have a flair for business; know how to sell, and to work in a team.'

#### **2.2.1.4 Recruitment**

In free market countries, the personnel profession has adopted a 'best practice' model which fits the prevailing business ideology. This model prescribes a quest for the 'right (best) person for the job'. To achieve this goal, criteria are used to rate prospective applicants by means of selection techniques, including biographical data, interviews, psychometric tests, group exercises, simulated work samples and even handwriting analysis. The most definitive form of selection is likely to take place within the context of assessment centers, which involve several assessors and a variety of selection techniques. The 'best-person' or psychometric model has achieved the status of orthodoxy in free market countries. Elsewhere different models of resourcing apply. For example, in Japan there is a greater concern with personality and background than presumed ability. Recruits are sought who will 'fit in' with the culture of the corporation; who will be content to build a career within the organization; who will absorb the goals of the organization.

Recruitment is the process of identifying that the organization needs to employ someone up to the point at which application forms for the post have arrived at the organization. Selection then consists of the processes involved in choosing from applicants a suitable candidate to fill a post. Training consists of a range of processes involved in making sure that job holders have the right skills, knowledge and attitudes required to help the organization to achieve its objectives. Recruiting individuals to fill particular posts within a business can be done either internally by recruitment within the firm, or externally by recruiting people from outside.

The advantages of internal recruitment are that:

- Considerable savings can be made. Individuals with inside knowledge of how a business operates will need shorter periods of training and time for 'fitting in'.
- The organization is unlikely to be greatly 'disrupted' by someone who is used to working with others in the organization.
- Internal promotion acts as an incentive to all staff to work harder within the organization.
- From the firm's point of view, the strengths and weaknesses of an insider will have been assessed. There is always a risk attached to employing an outsider who may only be a success 'on paper'.

The disadvantages of recruiting from within are that:

- You will have to replace the person who has been promoted
- An insider may be less likely to make the essential criticisms required to get the company working more effectively.
- Promotion of one person in a company may upset someone else.

External recruitment makes it possible to draw upon a wider range of talent, and provides the opportunity to bring new experience and ideas in to the business. Disadvantages are that it is more costly and the company may end up with someone who proves to be less effective in practice than they did on paper and in the interview situation.

There are a number of stages, which can be used to define and set out the nature of particular jobs for recruitment purposes:

#### **2.2.1.5 Induction and Orientation**

New workers in a firm are usually given an induction program in which they meet other workers and are shown the skills they must learn. Generally, the first few days at work will simply involve observation, with an experienced worker showing the 'new hand' the ropes. Many large firms will have a detailed training scheme, which is done on an 'in-house' basis. This is particularly true of larger public companies such as banks and insurance companies. In conjunction with this, staff may be encouraged to attend college courses to learn new skills and get new qualifications. Training thus takes place in the following ways:

- On the job - learning skills through experience at work
- Off the job - learning through attending courses.

#### **2.2.1.6 Training and Development (T&D)**

A very important aspect of T&D that most organizations fail to keep in mind is that T&D should never be done unless there is an absolutely visible need for it. Unless needs analysis is conducted for T&D, all one accomplishes through T&D is a waste of money and gains a team of under-utilized and over-qualified human resource. For this reason, T&D must be aligned with the specifications and requirements of a job, as is determined by job descriptions. Also, for this reason, it is important to keep the following points in mind:

- **Make sure the need is a training opportunity.** Do thorough needs and skills analysis to determine the real need for training. Make sure the opportunity you are pursuing or the problem you are solving is a training issue. If the employee is failing in some aspect of her job, determine whether you have provided the employee with the time and tools needed to perform the job. Does the employee clearly understand what is expected from her on the job? Ask yourself whether the employee has the temperament and talent necessary for her current position; is the job a good skill, ability, and interest fit?
- **Create a context for the training.** Provide information for the employee about why the new skills, skill enhancement, or information is necessary. Make certain the employee understands the link between the training and his job. You can enhance the impact of the training even further if the employee sees the link between the training and his ability to contribute to the accomplishment of the organization's business plan and goals. It's also important to provide rewards and recognition as a result of successful completion and application of the

training. (People like completion certificates, for instance. One company I know lists employee names and completed training sessions in the company newsletter.) This contextual information will help create an attitude of motivation as the employee attends the training. It will assist the employee to want to look for relevant information to apply after the session.

- **Provide training that is really relevant** to the skill you want the employee to attain or the information he needs to expand his work horizons. You may need to design a session internally if nothing from training providers exactly meets your needs. Or, seek out providers who are willing to customize their offerings to match your specific needs. It is ineffective to ask an employee to attend a session on general communication when his immediate need is to learn how to provide feedback in a way that minimizes defensive behavior. The employee will regard the session as mostly a waste of time or too basic; his complaints will invalidate potential learning. Whenever possible, connect the training to the employee's job and work objectives. If you work in an organization that invests in a self-development component in the appraisal process, make sure the connection to the plan is clear.
- **Favor training that has measurable objectives and specified outcomes.** Design or obtain training that has clearly stated objectives with measurable outcomes. Ascertain that the content leads the employee to attaining the skill or information promised in the objectives. With this information in hand, the employee knows exactly what he can expect from the training session and is less likely to be disappointed. He will also have ways to apply the training to the accomplishment of real workplace objectives.
- **Provide information for the employee about exactly what the training session will involve.** Explain what is expected of the employee at the training session. This will help reduce the person's normal anxiety about trying something new. If she knows what to expect, she can focus on the learning rather than her potential discomfort with the unknown. (When I offer a team building session, as an example, people invariably ask me if they will have to touch each other or "do group hugs." They don't, but this really drives home the point for me about letting people know what to expect prior to attending the session.)
- **Make clear to the employee that the training is her responsibility and she needs to take the training seriously.** She is expected to apply herself to the training process before, during, and after the session. This includes completing pre-training assignments, actively participating in the session, and applying new ideas and skills upon returning to work.
- **Make sure that internal or external training providers supply pre-training assignments.** Reading or thought-provoking exercises in advance of the session promote thoughtful consideration of the training content. Exercises or self-assessments, provided and scored in advance of the session, save precious training time for interaction and new information. These ideas will engage the employee in thinking about the subject of the session prior to the training day. This supplies important paybacks in terms of his interest, commitment, and involvement.
- **Train supervisors and managers either first or simultaneously** so they know and understand the skills and information provided in the training session. This

will allow the supervisor to: model the appropriate behavior and learning, provide an environment in which the employee can apply the training, and create the clear expectation that she expects to see different behavior or thinking as a result of the training. An executive, who has participated in the same training as the rest of the organization, is a powerful role model when he is observed applying the training.

- **Train managers and supervisors in their role in the training process.** The average supervisor has rarely experienced effective training during his career. Even rarer is the supervisor who has worked in an environment that maximized transfer of training to the actual workplace. Thus it is a mistake to believe that supervisors automatically know what must happen for effective training to take place. The HR professional can coach supervisors about their role. Provide a handy tip sheet that explains in detail the organization's expectations of the supervisor in support of effective training. At one General Motors location, the education and training staff provided a three-hour class called, "The Organization and the Training Process." The session was most effective in communicating roles and responsibilities to supervisory staff.
- **Ask supervisors to meet with employees prior to the training session** to accomplish all I have recommended in this article. Discuss with the individual what he hopes to learn in the session. Discuss any concerns he may have about applying the training in the work environment. Determine if key learning points are important for the organization in return for the investment of his time in the training. Identify any obstacles the employee may expect to experience as he applies the training.

#### i) **Typical Reasons for Employee Training and Development**

- Training and development can be initiated for a variety of reasons for an employee or group of employees, e.g.,:
- When a performance appraisal indicates performance improvement is needed
- To "benchmark" the status of improvement so far in a performance improvement effort
- As part of an overall professional development program
- As part of succession planning to help an employee be eligible for a planned change in role in the organization
- To "pilot", or test, the operation of a new performance management system
- To train about a specific topic (see below)

#### ii) **Typical Topics of Employee Training**

- **Communications:** The increasing diversity of today's workforce brings a wide variety of languages and customs.
- **Computer skills:** Computer skills are becoming a necessity for conducting administrative and office tasks.
- **Customer service:** Increased competition in today's global marketplace makes it critical that employees understand and meet the needs of customers.
- **Diversity:** Diversity training usually includes explanation about how people have different perspectives and views, and includes techniques to value diversity

- **Ethics:** Today's society has increasing expectations about corporate social responsibility. Also, today's diverse workforce brings a wide variety of values and morals to the workplace.
- **Human relations:** The increased stresses of today's workplace can include misunderstandings and conflict. Training can help people to get along in the workplace.
- **Quality initiatives:** Initiatives such as Total Quality Management, Quality Circles, benchmarking, etc., require basic training about quality concepts, guidelines and standards for quality, etc.
- **Safety:** Safety training is critical where working with heavy equipment, hazardous chemicals, repetitive activities, etc., but can also be useful with practical advice for avoiding assaults, etc.

### iii) **General Benefits from Employee Training and Development**

There are numerous sources of on-line information about training and development. Several of these sites (they're listed later on in this library) suggest reasons for supervisors to conduct training among employees. These reasons include:

- Increased job satisfaction and morale among employees
- Increased employee motivation
- Increased efficiencies in processes, resulting in financial gain
- Increased capacity to adopt new technologies and methods
- Increased innovation in strategies and products
- Reduced employee turnover
- Enhanced company image, e.g., conducting ethics training (not a good reason for ethics training!)
- Risk management, e.g., training about sexual harassment, diversity training

#### 2.2.1.7 **Performance Management**

HRM is associated with sophisticated performance assessment, typically involving performance-related pay. The assessment of performance can be beneficial to personal development. We considered performance management as an integrated system. Theoretical descriptions of such systems emphasize their value to the link between individual employee performance and the achievement of strategic goals. However, there are philosophical issues of what precisely represents 'good' performance, and further technical problems of measurement. This has led to an unhappy marriage of uncertain appraisal techniques with an ideological enthusiasm for performance pay. Free market organizations are particularly concerned with performance-related pay as a motivating factor, but this trend appears to be ideological rather than rational. Current evidence shows that performance-related pay de-motivates more people than it motivates. We completed the chapter with a critique of appraisal methods and a discussion of recent attempts to objectify their use.

### 2.2.1.8 Career Planning and Management

Competitiveness demands a diverse workforce and up-to-date skills. The free market belief in 'buying in' skill has proven to be inadequate, even in times of high unemployment. HRD allows people managers to be proactive, focusing on employees as investments for the organization. One of the great strategic contributions of HRM lies in the planning of skill availability in advance of need. Development programs involve more than training. They begin with the induction and integration of new employees. They require constant accurate assessment, counseling and personal challenge.

Development also involves the socialization of employees to fit the cultural requirements of the company. A much-publicized modern approach places development within the learning organization. HRD focuses strongly on management development. Career plans, performance objective-setting and training programs are more often directed at managers than lower-level employees. With the integration of training activities into human resource development programs, trainers are particularly concerned with the merits of formal as opposed to experiential training, cost-effectiveness and quality.

### 2.2.1.9 Development

A learning organization is one which lives and breathes knowledge acquisition and skill development - the ultimate extension of 'learning on the job'.

#### Characteristics of a learning organization

- *Learning approaches to strategy.* Organizational policy and strategy and their implementation, evaluation and improvement, are consciously structured as a learning process.
- *Participative policy making.* Participation and identification are encouraged in debating policy and strategy. Differences are accepted, disagreements aired, conflicts tolerated and worked with in order to reach decisions.
- *Informating.* Information systems 'informate' as well as automate. Systems allow staff to question operating assumptions and seek information in order to learn about the organization's goals, norms and processes.
- *Formative accounting and control.* Management systems for accounting, budgeting and reporting are organized in such a way that they assist learning from the consequences of decisions.
- *Internal exchange.* All departments and internal units view themselves as customers and suppliers, constantly in dialogue with each other.
- *Reward flexibility.* Assumptions which underlie reward systems should be made public and alternatives investigated.
- *Enabling structures.* The organization needs to give space and headroom to meet present needs and respond to future changes.
- *Boundary workers as environmental scanners.* Employees with external contacts - for example, sales representatives and delivery agents - function as

environmental scanners, collecting negative and positive to pass on to other staff.

- *Inter-company working.* Information is deliberately shared so as to learn jointly with significant others outside the organization, such as key customers and suppliers.
- *Learning climate.* Organizational culture and management style encourages experimentation, in order to learn from successes and failures.
- *Self-development for all.* Resources and facilities are accessible to everyone in order to encourage self-development.

## 2.2.2 Personnel Management

As mentioned before, up until the last decade, there was no concept of Human Resource Management in corporate sector of this country. At the most, the companies would have a division or center for Personnel Management, which would look after three basic tasks: keeping an employee database with information concerning the employees, maintaining a disciplinary file on each employee containing any problems concerning their discipline, and taking care of the pay structure of each level of the employees.

Activities also include managing your approach to employee benefits and compensation, employee records and personnel policies. Usually small businesses (for-profit or nonprofit) have to carry out these activities themselves because they can't yet afford part- or full-time help. However, they should always ensure that employees have -- and are aware of -- personnel policies which conform to current regulations. These policies are often in the form of employee manuals, which all employees must be given.

### 2.2.2.1 Employee Database

This section deals with the storing and regular updating, of all kinds of information relating to the employees working in an organization. This includes:

- Name
- Address
- Phone Numbers
- Educational Qualifications
- Previous Experience
- Grade and Employee Rank
- Pay Scale
- Previous and Current Evaluation Ratings
- Reprimands and Probations (if any)
- Promotional Information

This information was used to make decisions regarding:

- Pay Increments
- Promotions



- Demotions
- Terminations
- Awards
- Etc.

Nowadays, on the other hand, a lot more is involved regarding HR decision making, as has been discussed in the previous sections.

#### 2.2.2.2 Disciplinary Actions

This task was one of the main ones carried out by the personnel department. It still is being done under the HRM system, but is more linked to appraisals and employee evaluation concerning their job and responsibility. Previously, on the other hand, mostly disciplinary action had to be taken if an employee broke a confidentiality agreement or went against some clause in the employment agreement. Especially since most Pakistani organization were nationalized at a point in the past, the government employment rules are very strict about certain things. For example, a government employee cannot have second job or business. Breaking of these agreements were cause for a disciplinary hearing and since this involved a lot of legalities and paperwork, it was a huge undertaking for the personnel division.

Nowadays, these issues are still important, but they are implemented on a more voluntary basis on the part of the employee and less of an imposition upon them.

#### 2.2.2.3 Basics of Compensation

This task was traditionally fulfilled by the personnel department. Now, it too comes under the umbrella of the Human Resource Department. We are discussing it separately here to emphasize the fact that compensation packages today are very different from the pay structures of the past. No only are a lot more things involved in compensation, but also, compensation is linked to all other aspects of HR like promotions, performance, and job description. No more is pay structure based on a person's grade level. It is now based on skill level, performance level and potential. Basic elements of a typical compensation package are as follows:

**Base pay** is the foundation of most compensation packages. It represents the "fixed" portion of a salary an employee receives for consistently and effectively performing his or her job. Base pay is typically adjusted annually through performance reviews and corresponding wage increases. In a competitive market, businesses may review salaries more often.

**Performance-based pay** is used by companies as a motivational tool to reward an individual's contributions toward the achievement of corporate goals. This serves a two-fold purpose; it motivates employees to do their best work and gives firms a way to recognize exceptional performance without raising fixed costs.

**Equity-based compensation**, which includes the granting of stock options, has gained widespread popularity as an added incentive to attract accounting and finance

professionals. Employees are given the option of purchasing a specified number of shares at a future date - generally one year from the date of employment - at a set price. A typical vesting schedule might allow the purchase of 25 percent of granted options after one year, with smaller percentages available over subsequent months. To remain competitive, a growing number of firms are now accelerating stock vesting schedules, which allows employees greater control over their potential assets and quicker access to profits.

**Benefits packages** have evolved in recent years to meet the demands of a changing workforce. In addition to standard health and dental plans, many organizations now offer employees a more flexible work environment to help them achieve work/life balance. Flex-time schedules and telecommuting are popular options, allowing individuals more choices about when and where they work. New programs such as "pooled" vacation and sick time, employee concierge services, and access to financial planning are also becoming more common, as are employee assistance programs which may include child and elder care referrals, legal services, confidential in-person counseling and support group referrals.

## 2.3 HR Policies and Procedures<sup>§§§</sup>

A policy is a guiding principle used to set direction in an organization. It can be a course of action to guide and influence decisions. It should be used as a guide to decision making under a given set of circumstances within the framework of objectives, goals and management philosophies as determined by senior management.

There are really two types of policies. The first are rules frequently used as employee policies. The second are mini-mission statements frequently associated with procedures. Think rules versus missions.

An employee policy is a business rule you put in your Employee Handbook. This includes things like no smoking, no drinking, and other business practices like dress codes, vacation policy, or your company's codes of conduct. Clearly, employee policies are human resource policies about your office rules used to support your management philosophies.

Employee policies are used to set a standard for projecting your company image or to communicate regulations that apply to all personnel. What kind of image are you projecting as a company? They typically come from top management as a result of interpreting the company mission and vision statements, laws and regulations, or industry standards and practices.

Think of your procedure policy as a mini-mission statement. A mission statement contains the target user, the stated purpose, and some type of effectiveness measure to communicate how users know the procedure is working.

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<sup>§§§</sup> [http://www.bizmanualz.com/articles/04-26-05\\_policies\\_procedures\\_difference.html](http://www.bizmanualz.com/articles/04-26-05_policies_procedures_difference.html)

A procedure is a particular way of accomplishing something. It should be designed as a series of steps to be followed as a consistent and repetitive approach or cycle to accomplish an end result. Once complete, you will have a set of established methods for conducting the affairs of your organization, which will come in handy for training, process auditing, process improvement, or compliance initiatives.

Procedures provide a platform for implementing the consistency needed to decrease process variation, which increases procedure control. Decreasing process variation is how we eliminate waste and increase performance.

A policy is a guiding principle used to set direction in an organization. A procedure is a series of steps to be followed as a consistent and repetitive approach to accomplish an end result. Together they are used to empower a process with the direction and consistency necessary for successful process improvement.

Examples of policies and procedures can be the job description framework a company has for defining who does what, how, when and where. It also includes policies defining the appraisal framework and how it is linked to the reward and recognition decisions, and also when making decisions regarding training and development needs. These are the tasks that are vital while managing the human resource in an organization, and thus have to be discussed during the course of this study.

### **2.3.1 Importance\*\*\*\***

Policies and procedures play a strategic role in a company environment in which employees make decisions. Through a well conceived policy and procedure system, the company's vision becomes an integral part of a company's operations. These operations are the day-to-day planning and decision making which guide the processes of development, manufacturing, distribution, marketing, sales and servicing of an organization's products or services.

Policies and procedures provide decision-makers with limits, alternatives and general guidelines. They help to make instructions definite, provide a common understanding of a policy interpretation, and provide a quick settlement of misunderstandings. Policies set boundary conditions and allow management to operate without constant intervention as well as allowing others to work within a constant framework.

Policies and procedures often reflect vision in action and aid the integration of a company's strategic goals into day-to-day management decisions. A vision is formulated, business processes are analyzed, and the policy and procedure system to support the vision, is born. As policies and procedures are written, approved, published and implemented, the company's vision is articulated. As the vision is communicated, managers have more control over the future direction of the company and workers have more confidence in job growth and stability. Now, as the company grows, so does its vision, and thus the process continues.

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\*\*\*\*Books by Stephen B. Page

An organizational structure provides the framework within which decisions are made. Qualified and reliable employees help create an appropriate internal control environment. Coordination between the two is needed so that all the company's goals and objectives are met. The framework for coordination is provided through the policies and procedures of the company. Policies and procedures are considered a company's internal controls. On the other hand, it is very important to remember that while a shaky foundation of anything leads to a weak overall organization, a rigid foundation may succumb to the first earthquake that occurs. So, flexibility in any framework of policies and procedures is vital to prepare the company for any contingency situations as well as to enable it to cope with changing circumstances and corporate environment.

### **2.3.2 Documentation<sup>†††</sup>**

Using a weak starting point can hurt employee usability, introduce confusion and user-error, and may not assist in your compliance and control objectives. The result could set your project back further and cost you even more time to fix it later. But it doesn't have to.

If your policies and procedures are incomplete, outdated or inconsistent, then you are probably not driving the performance improvement you intended. And by improving your business, you can save money and help increase customer satisfaction.

To be confident you're buying a procedure template that gets the job done quickly and correctly, it's important to examine its basic elements. Take a moment to view the following features that you should be using, and also learn how to benefit with such crucial time-saving features as:

- An ISO 9001 compliant layout for easier readability
- A clear and concise header block to ensure a procedure communicates the purpose and scope
- Clear department responsibilities that identify who does what
- Key term definitions to reduce confusion
- Measures of effectiveness to quantify outcomes
- References to related documents to improve usability
- Listing of applicable laws or regulations to communicate compliance
- Detailed list of revisions to track edit history
- Forms to ensure proper control and record keeping

Procedures should be action oriented, grammatically correct, and written in a consistent style and format to encourage maximum usability. This will result in an increase in both effectiveness and efficiency.

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<sup>†††</sup> [http://www.bizmanualz.com/articles/12-21-04\\_procedures\\_writing.html](http://www.bizmanualz.com/articles/12-21-04_procedures_writing.html)

With more effective and efficient features, you can finish your policies and procedures project sooner. A core set of “best practices” policies, procedures and forms will begin to save you time right away.

### 2.3.2.1 Profit from Process Experience<sup>###</sup>

To be effective, procedures must be action oriented, grammatically correct, and written in a consistent style and format to ensure usability. These guidelines, along with industry "best practices" that are documented in auditable criteria, can be used to improve your procedures:

- **Context.** Actions must properly describe the activity to be performed.
- **Consistency.** All references and terms are used the same way every time, and the procedure must ensure consistent results.
- **Completeness.** There must be no information, logic, or design gaps.
- **Control.** The document and its described actions demonstrate feedback and control.
- **Compliance.** All actions are sufficient for their intended compliance.
- **Correctness.** The document must be grammatically correct without spelling errors.
- **Clarity.** Documents must be easy to read and understandable.

### 2.3.2.2 Eight Reasons for Documenting Policies and Procedures<sup>####</sup>

Besides the technical reasons for policies and procedures, there are many other reasons for documenting policies and procedures. These include, but are not limited to:

- i. Every job has constraints surrounding it. Without written policies and procedures, people would be on their own to discover them by trial and error. The organization would become disorganized and its managers wouldn't have the means to direct and harmonize their staff's activities.
- ii. Policies and procedures enable managers and their subordinates to clearly understand the individual and group responsibilities including the boundaries within which they have to work and the demands upon them to which they can expect to respond.
- iii. Policies and procedures set clear boundaries for people's jobs so that everyone knows in advance what response they will get from others when making decision.
- iv. Policies and procedures create a baseline to which subsequent change can be referred and enable changes in the way things are done.
- v. Policies and procedures enable managers to decide whether a subordinate's action or decision was simply poor judgment or an infringement of the rules. If

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<sup>###</sup> [http://www.bizmanualz.com/articles/11-04-04\\_procedure\\_writing.html](http://www.bizmanualz.com/articles/11-04-04_procedure_writing.html)

<sup>####</sup> Stephen B. Page Books

no rules existed, the subordinate can't be criticized for using his judgment, however poorly he used it. If a rule exists, management has to establish whether it was accidentally or deliberately broken, for the latter is a disciplinary offense. Without written policies and procedures, employees wouldn't know where they stand and any decision may create an unwanted precedent.

- vi. Policies and procedures provide freedom to individuals in the execution of their duties to make decisions within defined boundaries and avoid over-control by managers. If people are uncertain about the limits of their job, they can't feel free to act.
- vii. Policies and procedures enable management to exercise control by exception rather than every action and decision of their subordinates.
- viii. Policies and procedures enable managers to control events in advance. Before the auction begins, people know the rules and are more likely to produce the right result the first time. Without policies and procedures, management is forced to control events after they happen and they result may cause dissatisfaction. Alternatively, one has to be on the scene of the event to respond when the situation approaches the limits. This is a costly use of a manager's time.

### 2.3.3 Implementation

In MBA courses, students come across a lot of buzzwords and the theories behind them. And in the textbook, the terms look and sound great. But after they finish with their classes, they think to themselves: so now what I can I do with all of these terms like process mapping and control? How can I use these tools in my job, and why is it important for my business – in the real world?

Even though these business men and women are feeling a little discouraged, they still know the importance of attaining this knowledge. So, for their jobs, they look to take further courses out there like "How to Create Well-Defined Processes to Build Effective Management Systems." They are a little skeptical going in, thinking that they will get just more of the same quick and simple definitions. But, surprisingly, they are happy to say that such a course shows them something quite different.

These courses fill in the missing context that they need. It thoroughly shows them the *how*, and thoughtfully explains the *why*. They receive a fresh outlook, and many highly recommend it to anyone who wishes to improve their business.

Fortunately, because of such a course's open classroom environment, the instructors can answer both general and specific questions. The setting welcomes participation and discussion to develop solutions, which on-the-go business professionals very much appreciate. And so did Otis Jones, PMO Manager at Sara Lee Baking Group, who attended such a course. He was especially impressed with the user friendliness of the course content.

"Process mapping, process variability and the various process diagnostic tools were all excellent lessons to learn," Jones said. "The detail that they gave me in these areas

was exactly what I was hoping for.” Jones also said that he would push for other Sara Lee managers to take such a course so that they can better prepare for their business discovery phase. Next Jones will implement the information he learned into his company’s internal training documents.

And many others too are encouraged. Such courses prove to them that a business does not have to just hope for the best of luck. Business owners and executives can clearly define processes and then monitor and improve them to keep the system consistent, efficient and effective. With Plan-Do-Check-Act, this can let one see if there is any waste in the system, and also how to reduce this waste and save money.

Individuals can walk away energized with a sense of empowerment. They can walk away with the profound knowledge that they can make tangible improvements in everyday processes. Everyone desires to feel better about their jobs and businesses, and through this type of course they can take the first steps to learn how.

### 2.3.3.1 Six Decisions for Policies and Procedures Department<sup>\*\*\*\*\*</sup>

If the policies and procedures system is being initiated, or if major changes are needed to an existing system, there are at least six important decisions that need to be addressed.

- i. What will be the number of distinctly named manuals (policy, procedure or departmental) that will be allowed in this policy or procedure system?
- ii. What are the vision, mission and strategic objectives for the company, and more specifically, for the policies and procedures department?
- iii. What is the format that will be used for writing and collecting information for the manuals?
- iv. What will be the roles of forms management?
- v. What types of persons will be hired as procedures analysts?
- vi. What is the content for these manuals?

### 2.3.4 Monitoring and Compliance<sup>††††</sup>

Procedures analysts often take for granted that users will follow these policies and procedures because they believe they have done everything necessary to write, publish and train effective policies and procedures. Unfortunately, they do not know whether their policies and procedures are being accepted, understood and applied or not. Thus, making these policies and procedures is not enough. An effort has to be put to meet with the users and verify the use and the extent of usage of the policies and procedures. A verification process is needed to determine the extent of compliance and to show the management and the users that the published policies and procedures are effective.

Measurements are key to improvement. *Data is only an opinion until measured*<sup>#####</sup>. Without measurement, monitoring is useless, and compliance cannot be judged.

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\*\*\*\*\* Stephen B. Page books

†††† Stephen B. Page books

Measuring is the foundation of decision making. An educated decision is a good decision. Numbers help to answer three basic questions about every decision.

- ❖ Am I getting the results I want?
- ❖ Is there too much variation in the result I get?
- ❖ Are the results I get stable over time?

If the monitoring of results show consistency, then we know that the compliance is being carried out in an efficient manner. A well executed compliance plan helps an organization stay ahead of its competitors. It consists of guidelines to help the procedures analyst distinguish fact from opinion. Published policies and procedures are statements of opinion until measured using standard compliance methods. The goals of a compliance plan are:

- Distinguishing fact from opinion for business processes, policies and procedures.
- Achieving 100% compliance (i.e. total acceptance of a business process, policy or procedure by each individual within the target audiences) of business processes, policies or procedures, establishing a business process, policy or procedure that is in statistical control, or establishing a “comfort level” acceptable by the management of an organization.
- Showing how results of this compliance can be used to support streamlining efforts and improvement strategies for business processes, policies and procedures.
- Repeating the steps in the “Policies and Procedures Improvement Cycle” to ensure continual changes and improvements occur during any effort to develop new or revised policies and procedures.



# Chapter 3

## 3 FINDINGS

HBL is Pakistan's largest commercial bank, in terms of customer deposits and branch network, and its premier Banking Brand. Extensive reengineering and restructuring over the past five years has restored HBL to a competitive, sound and profitable institution. Substantial opportunities exist to enhance the franchise by cross sell of additional consumer financial products and increasing international banking.

### Habib Bank Limited Group Profile

- Most extensive domestic network of 1425 branches
- Market share in Pakistan of approximately 20%
- Largest customer base ( circa 5 million)
- Well defined customer focused business model
- Professional and well trained staff
- A large international network of 56 branches in 25 countries spread over UK, Europe, the Middle East, Far East Asia, Africa and the United states
- 2 joint ventures namely Habib Nigeria Bank Ltd. (40%) and Himalayan Bank (Nepal) Ltd (20%)
- Operates in UK as Habib Allied International Bank Pc, a locally incorporated entity

### 3.1 HBL The Organization<sup>§§§§§</sup>

#### Overview

Ever since its inception in 1941, Habib Bank followed modest staff related policies. These included regular induction of suitably qualified staff, their in-house training through the bank's training division and offering the good performers the required financial incentives to keep them motivated. There was, however, a gradual deterioration of all these HR practices after the bank as nationalized in 1974. Recruitment on merit was replaced with government recommendations and influence. Similarly, the system of reward, recognition and career progression also suffered. This deterioration continued and peaked from 1986 to 1997, during which, no recruitment was done and junior staff was promoted to officer grade level due to outside pressure as well as interference in HR matters from the staff union.

In 1997, Habib Bank had almost reached a level of insolvency, when the government decided to implement a change management technique and the entire senior management was replaced. The new management quickly introduced significant

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<sup>§§§§§</sup> Source: HBL Annual Report 2002, 2003, 2004 and HBL Website [www.habibbankltd.com](http://www.habibbankltd.com)

changes in the HR policies and practices which eventually put the bank back on the track in terms of profitability and productivity.

Habib Bank was finally privatized in the year 2004 when it was sold to the Agha Khan Foundation for Economic Development (AKFED), and is continuing with its change management in all respects. It is part of this change management strategy to implement a new HR system, which is why the bank recently hired an HR consultant and also made new recruitments in the HR department. The Job Description form that is discussed in the following sections is part of the new HR system, but still a lot of work remains. This remaining work will be the focus of the analysis in this study.

Under the head of the bank are the various groups of the bank, which essentially are the vital functions of the bank. These six banking groups (shown in a pea green color), which have already been discussed in the previous section, are:

- Retail Banking
- Commercial Banking
- Corporate Banking
- International Banking
- Investment Banking
- Global Treasury

Apart from that, there are also six service groups which are as follows:

- Information Technology Group
- Assets Remedial Management Group
- Credit Policy Group
- Global Operations Group
- Financial Control Group
- Human Resources Group

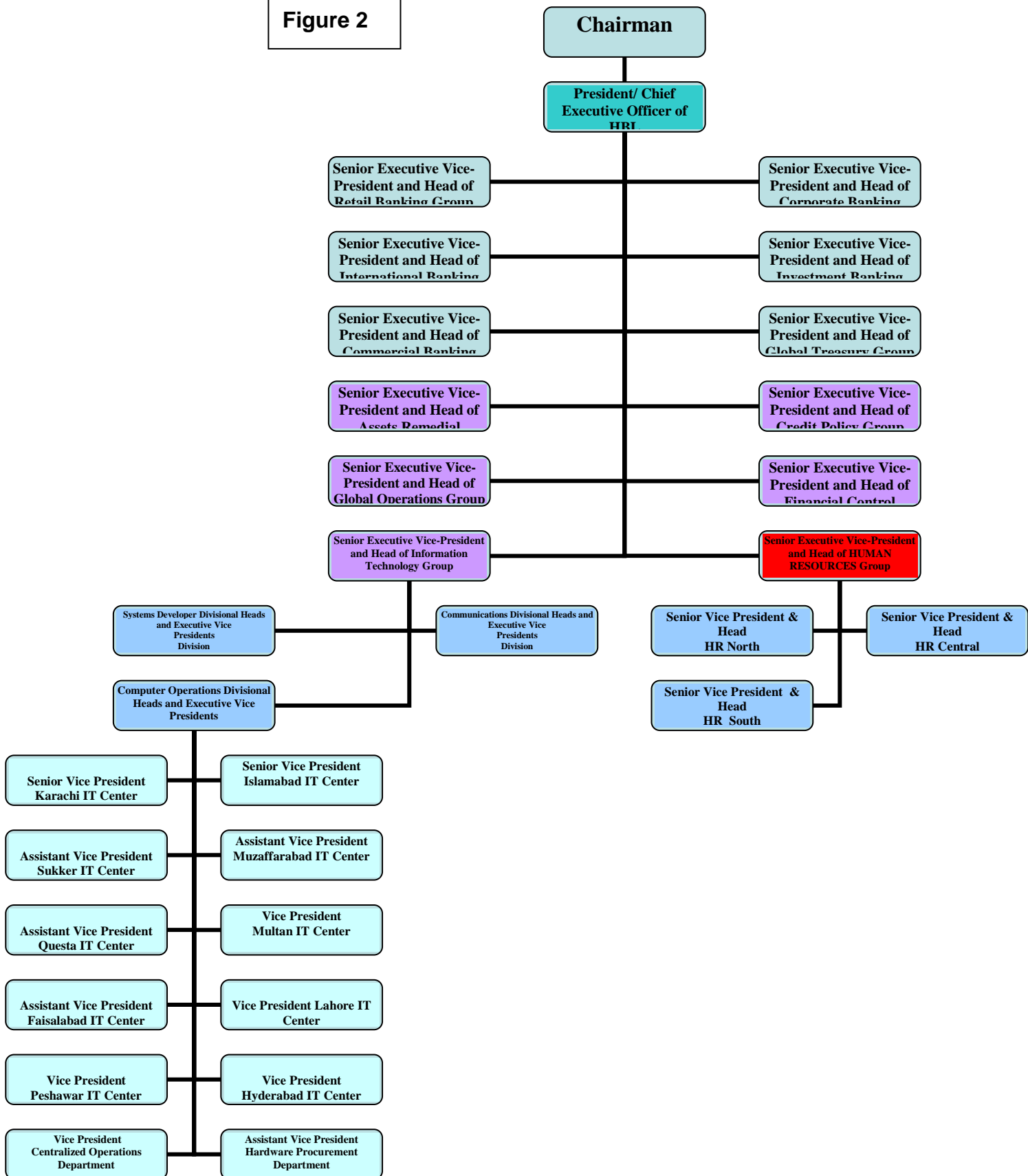
These six services groups are entire entities in their own right and actually take up as much man power, costs and time as the main functional groups of the bank do, and this seems like a big waste of resources, not the least of which are human resources. They are each headed by a Senior Executive Vice President who is a Member Management Committee (MMC) as it is called. Many of the functions performed by these groups can be outsourced. All this is true for all groups besides the Human Resources Group, since this is a very essential part of any organization as is being discussed throughout this study. Since we are taking the example of the IT Group, let us take a closer look at one of its centres i.e. IT Centre, Islamabad.

The IT Centre Islamabad is headed by a Senior Vice President which is an executive level position. Under him is a staff of 15, including a Vice President, an Assistant Vice President and several officers of varying grades. The point being made here that many of the support and services provided by this centre can easily be outsourced with good economic sense and efficiency e.g. Hardware Maintenance and PC Support.

There are ten such IT centers throughout the country, and the cost of running these centers, along with paying the wages of the high ranking officials in each center, is high enough to cause serious concerns, which is why Habib Bank is one of the few banks in Pakistan with very high overhead costs. The Human resource Group, like all other groups, is headed by a senior executive vice president.

### 3.1.1 Organizational Structure of HBL

**Figure 2**



The basic organizational structure of the Bank is shown above. As can be seen, there are two heads of the bank, the Chairman and the CEO. It is as yet unclear what role each head plays since apparently, they are both playing the role of President which can give rise to confusions.

## **3.2 Support and Services Groups**

### **3.2.1 Human Resources Group**

HBL is an organization that provides opportunities for its staff to have a challenging and rewarding long-term career. To this end, the Human Resource Group (HRG) encourages and motivates its employees to excel in the job they have in the organization. It is their belief that creativity and innovation comes from talent, knowledge and experience, and it is their endeavor to provide and maintain an environment which not only nourishes these strengths but also provides opportunities for the staff to have a career which has multidimensional growth opportunities.

In doing so, HRG has been restructuring and redesigning the overall structure of the organization, which includes rationalizing, cutting down the decision layers, improvement in staff training, and hiring of professionals and MBAs at entry level management.

The overall direction of HRG has been towards nurturing the strengths of the human capital to its maximum with a defining principal to help create a progressive environment and sustain a thorough commitment of our staff towards focused customer service.

HRG, therefore, recognizes the need to proactively invest in staff training and development courses on a regular basis. Their Management Development Institute (MDI) is a unit which regularly conducts technical and personal development courses for the staff, enabling them to meet the challenges of the ever changing business requirements and customer needs.

During a typical year, it is common for HBL to hold over a hundred seminars and courses on diverse subjects for all levels of employees of the bank. HR Group aims to maintain and further improve the service-oriented culture and to make employment at HBL not only satisfying but enjoyable.

HBL recently hired an HR consultant from Karachi to help the organization define a clear and precise set of job descriptions so that it can form the foundation upon which the rest of the HR System can be built.

Now, since an autonomous HRG has been made, it has been divided into three regions. The North region includes branches in cities from Jhelum to Kashmir, the central region includes the rest of Punjab and the southern region has Karachi, Hyderabad and other regional cities. Each region is headed by a Senior Vice President who has the formidable task of reorganizing and restructuring as well as applying a brand new Human Resource Management and Development System.

Traditionally, the Human Resource Group had the following divisions. Although now three Svp head the workings of the Human Resource Management and Development of the whole country, previously each separate group had its own SVP, and its own team of high ranking executives and middle level managers.

### **3.2.1.1 Management and Organizational Development Division (MDI)**

This division basically consists of two Management Development Institutes that are headed by Senior Vice Presidents that also act as the Principals. The headquarters is in Karachi, but the institutes are present only in Lahore and Islamabad. The main purpose of these institutes is to train and develop the employees of HBL as and when needed. Now, on the other hand, after the HRG has been divided geographically, this division still continues to work independently and reports to the SEVP, and not the SVP HR.

### **3.2.1.2 Industrial Relations and Disciplinary Action**

This department, though not an actual department, had to deal with labor laws and union problems. Although it is headed by a simple Vice President, it too directly reports to the SEVP and not the SVP. This shows a lot of discrepancies in the line of command at HBL, and no structure is followed as such, which may lead to confusion.

### **3.2.1.3 Policy Planning and Implementation**

As the name suggests, this group, headed by an SVP, was basically Incharge of implementing the policy and procedures regarding HRM. As is obvious, most of these tasks of these different groups seem to be overlapping with each other, and a lot of repetition seems to be going on. Broadly, however, this group dealt with the main tasks of HRM that include:

- Human Resource Management
- Recruitment
- HR Policy
- Career Development
- Compensation and Benefits
- Salary and MIS

### **3.2.1.4 Personnel Division**

Although not in practice anymore, this division had all the main tasks that are now carried out by the Human Resource group. It was headed by an SVP and his team consisted of a number of high ranking executives, and the main areas being overlooked were:

- Salary, Income Tax and Staff Finance
- Employee Relations and Pension Settlement
- Provident and Benevolent Fund
- Insurance and Filing

- Medical Benefits
- Management Information Systems
- Centralized Payroll
- Man Power Cash Security and Power of Attorney

### **3.2.2 Financial Control Group (FCG), Global Operations Group (GOG) and Information Technology Group (ITG)**

Creation of synergy was the primary objective behind aligning the strengths of Financial Control Group (FCG), Global Operations Group (GOG) and the Information Technology Group (ITG).

These three groups together are the driving force behind the continuing improved operational, financial and technical efforts. They are responsible for reviewing the efficiencies of processes, establishing operational and financial controls and implementation of cutting edge technology.

Alignment of the resources of these three groups has allowed identification of mutual strengths, financial and operational controls.

The goal is simple; to create an environment to develop and improve, on a continuing basis, products and services and their delivery capabilities so that the growing needs of clients are met satisfactorily. In many respects, 2002 was a year of major accomplishments in information technology and operations, emanating from the direction set earlier to achieve competitive advantage by transforming our product delivery capability.

In April 2002, the bank signed an agreement to acquire state-of-the-art integrated banking software from Misys plc of United Kingdom, the largest and best known supplier of banking technology solutions. The process spanning a period of two years involved rigorous requirement and functional analysis along with operational, technical and economic feasibility. This application will significantly enhance the ability to deliver superior products and customer service as well as introduce new products in a competitive time frame. It will also enhance straight through processing and the benefits to the business will be greater efficiency, faster processing and reduced operational risk.

While an expert team is working on the implementation of the new integrated banking package in all areas of the Bank, they continue to make the improvements in the current systems and procedures.

Several operational processes have been re-engineered as well. To ensure establishment of quality operations, Central Processing Unit (CPU) became fully functional in Karachi. It soon started handling import business from branches, which originate 70% of the volumes. The entire import business has now been centralized. Besides the import businesses, export letters of credit advising and foreign currency clean collections were also centralized at CPU. Now, as the plan was, all the

processing of foreign trade related services has been centralized under a new, automated environment to ensure optimal service to the clients.

Centralization has led to other benefits for the Bank. For example, risk reduction, as the processing is handled by staff having specialist knowledge in the area and will minimize delays and enable transactions to be settled more efficiently and in a cost effective manner. The number of automated branches has now increased to over 300, and is still increasing.

Expansion in the telecommunication network and automated branches has enabled the bank to introduce Online Banking and E-Banking to the clients. The Bank has also installed a large number of ATMs which are spread in 14 cities, providing 7/24 hours cash withdrawal facilities to the customers, and the network is constantly growing. HBL is also joint owners of an ATM SWITCH, which is shared by a large number of banks, thus facilitating customers to use any ATM of Switch Member Banks. The Bank has also implemented a central monitoring system to continuously check the status of each ATM in order to ensure uninterrupted service to customers.

Habib bank continues using SWIFT extensively for international financial messages and has the distinction of introducing/pioneering this service in the country. HBL is its largest user in the country with 70 domestic branches and 18 overseas locations on SWIFT Network. SWIFT services are being used for fund transfer, remittances and trade related transactions. Through this network, HBL is connected with 7500 financial institutions in 190 countries.

The Bank prides its use of technology for speeding up home remittances and its credit to the beneficiary on the same day.

Operational risk management is another key area which continued to receive focus.

### **3.2.3 Assets Remedial Management Group (ARM)**

The ARM Group is a dedicated unit focused on working out the legacy of Non-Performing Loan (NPL) portfolio. ARM has adopted a pro-active approach to resolving NPLs with the primary focus to provide constructive long term restructuring, wherever feasible, to help both the customer and ensure repayment of the Bank's loans. Given the size and complexity of the NPL portfolio, a specialized approach is necessary. ARM has four segments: Retail, which manages small and medium size customers; Corporate, which manages the large and more complex part of the NPL portfolio; Agriculture; and Litigation.

The pro-active approach and industry expertise has meant that considerable progress has been made in the resolution of our NPL portfolio issues. ARM has also offered innovative schemes to quicken the recovery process. The Bank recovered Rs. 3 billion in cash payments on its NPL portfolio in 2002, and Rs. 11 billion in the last three years. A further Rs. 10 billion of accounts have been restructured, most of these are multi-year restructuring. HBL reports that a large part of structured accounts have been successful with underlying businesses becoming viable. Once these accounts



reach a high level of stability and performance, they are transferred out to the regular lines of business in CIBG and RBG.

### **3.2.4 Credit Policy Group (CPG)**

Since 1997 significant changes in HBL were not only visible from structural point of view but also resulted in improved credit culture within the Bank.

Credit Policy Group (CPG) supports and aligns the business strategies with the objectives to achieve the Bank's earning with minimum volatility, based on sound credit portfolio.

These objectives were achieved by defining sets of credit framework, application of analytical and financial intelligence and evolving policies and procedures towards a more standardized and efficient mode. This approach had a positive impact on credit risk exposure limit package, credit pricing, credit approvals, credit administration, credit monitoring, management of deteriorating credit and provisioning policies.

All of this was to provide a sound base of knowledge and relationship for secure credit framework. As at Habib Bank, credit is not only a word used in financial term, it stands for trust.

### **3.2.5 Audit, BRR and Investigations Group (ABIG)**

At any financial institution, the function of Audit is oversight. At HBL, audit is not merely a department full of dull warning sheets. Here, ABIG strives to improve the quality of its performance and that of the organization as a whole on a continuing basis.

ABIG observes the business principles, cultural values and financial intelligence with attention to the minutest details. The group allows the Bank to keep abreast of developments all around and thus helps it to maintain a dominant position among the leaders in the market place, where it constantly faces new challenges arising out of industry dynamics.

In the past years, the Group has evolved its audit approach from being transaction based to process risk oriented. It also pro-actively plays an advisory and consulting role on new processes as well as control issues by identifying weaknesses and recommending steps to overcome the same. In 2002, with a view to enhancing the expertise of the ABIG, a mix of in-house and out-sourced seminars and programs were conducted on a broad range of subjects, from modern audit approach, fraud prevention, detection and investigation to information technology audit.

The Group has taken major initiatives to improve coverage of the bank's activities by reemphasizing and reinvigorating the already existing disciplines i.e. business risk review, information technology, audit and management audit.

In line with the best practice on corporate governance, HBL's ABIG reports directly to the Audit Committee of the Board of Directors which is made up entirely of non-executive directors.

### **3.3 Business Groups**

#### **3.3.1 Retail Banking Group**

The Retail Banking network, with 1425 branches, is the core strength of Habib Bank. Its extensive reach in all geographic locations – urban and rural – throughout the country provides access to over 5 Million customers across all sectors of the economy. The network provides HBL with the largest diversified low cost deposit base of any bank in Pakistan, and forms the basis for many of our other business lines: corporate and investment banking and treasury activities.

Retail Banking Group (RBG) has two principal areas of activity; the retail network for deposit mobilization and the consumer-banking group. Deposits mobilization, the traditional strength, continued to perform strongly in 2002 with deposits growing by 12%.

HBL is the only major bank to have a very dedicated group to serve the Small & Medium Enterprises (SME) sector. We believe the SME sector can be an engine of growth for the economy and represents an area of opportunity for the Bank.

CBG was therefore established in late 2000 to provide banking services and credit on a structured and systemized basis. It now covers 25 branches in the six major industrial cities of Pakistan. The Group now works closely with its customers, which cover all segments of the economy including the textile sector, vendors and suppliers to structure the finances and improve their capabilities. We have been very encouraged by the outcome that reaffirms our belief in the potential of this sector.

There is a growing propensity for consumer spending to uplift living standards. Recognizing that consumer demand can be a major driver of investment and economic growth, the Government has also moved towards an enabling regulatory framework and has also taken initiatives to create an appropriate legal regulatory framework to enable the development of a housing finance market.

With its extensive branch network and large customer base, we believe HBL has an important role to play in the development of this sector of the economy in which we expect substantial growth in the next five years. HBL has moved aggressively and has already introduced three major products; Personal Loans, Car Financing and Consumer Durable Financing, in association with major suppliers of consumer products. These have been well received and volumes have been building up steadily. It is our intention to be a leader in consumer financing. Plans are also underway to develop mortgage financing for the housing sector.

Agriculture is the most important contributor to Pakistan's economy. HBL, which has been a leader in agriculture financing, plans to increase further its credit to this sector

with a particular focus on providing a wider range of products to small and medium size farmers. In this regard, to provide flexibility, the Haryali scheme for farmers was introduced which is a 3-year revolving facility rather than the traditional short term seasonal financing. Our specialized agricultural finance department helps farmers in modernizing their farming techniques. The Government has also provided a regulatory framework to encourage corporate farming and as this develops our participation in this sector will grow even further.

While we continue to develop our products, we recognize that quality of customer service will become an even greater differentiating factor in the market. We have taken a number of initiatives in this area; investing in technology, training and upgrading of our branches. Extended banking hours and better facilities for utility bill payments have been made available.

### **3.3.2 Commercial Banking**

Enterprises operating in the middle market contribute significantly to the economy of a country. Traditionally, this sector was the stronghold of HBL's business. During the early 90s, with the liberalization of the financial sector in Pakistan, competition in the industry stiffened due to the emergence of new banks in the private sector. The senior management at most of these banks comprised personnel from HBL. They not only knew the market but were also familiar with the shortcomings of HBL. Under the new set-up, they were able to address these shortcomings and began to target HBL's customer base. With the inception of an alternative, HBL customers started migrating to the newly established banks this causing the erosion of HBL's market share.

During FY-2000 HBL's management decided to address this issue. Hence forth, Commercial Banking was created to focus on the business needs of the middle market customers. On November 1, 2000 Commercial Banking came into being, it is headed by Mirza Saleem Baig. At present, 18 Commercial Centers and Sub-Centers functioning, located at Karachi, Lahore, Faisalabad, Sialkot and Gujranwala.

The objective of setting-up Commercial Banking was two-fold; first to stop the erosion of market share in the middle market and second, to regain the lost market share.

The strategy adopted to achieve the above objective was to position Commercial Banking segment as the "Trade Finance Bank" for its customers. The rationale behind this strategic decision was to capitalize on the existing marketing knowledge & strong contacts with the middle market customers, who were loyal to the HBL brand.

#### **3.3.2.1 Impact of the steps:**

The decision to setup Commercial Banking has been fruitful. This is evident from the following results:

Enhanced customer interaction by the branch management has now become possible after segregation of marketing and operations at the branch level.

Decentralization of Credit Authority and streamlining of the processes have resulted in reduced turn around time. Currently decision making in this area is perhaps most efficient in the market place.

Our strategy has allowed us to achieve our first objective; the trend of erosion in our market share has been reversed. We now would be looking at regaining our market share.

Commercial Banking is making headway with improvement not only in terms of the business figures but also in its ambiance. Renovation of is being carried out in order to give a professional look to all the Commercial Banking Centers.

With a view to develop a better understanding of the issues faced by the SMEs, Commercial Banking organized a one-day seminar on “Small & Medium Enterprises – Challenges & Potential”.. Further details of this seminar are available here.

### **3.3.3 Corporate Banking**

Corporate Banking Group serves large institutional and corporate customers in Pakistan through 10 dedicated corporate banking centers in all major cities. The CIBG portfolio consists of most of the largest names in the market and represents all major industry groups, including textiles, large scale manufacturing, telecommunications, petrochemicals, fertilizer, airlines, transportation and services. It offers its clients a comprehensive range of banking services via a one-window interface through designated relationship managers.

Corporate Banking is recognized as a market leader due to its unique ability to meet the entire spectrum of a customer’s banking requirements. Our large equity base allows us to meet the financing needs of the largest corporates and our large network and specialized teams are able to deliver and provide customized solutions. The Group has increasingly focused on providing value addition services to our customers, e.g. payroll and cash management services. The Bank has become a leader in cash management services by leveraging its large domestic branch network and now provides such services to a range of large and medium sized corporations, including the Pakistani units of some Fortune 500 companies.

The Group also strives to stay ahead of the market by anticipating customer requirements. We strongly believe in relationship banking, which is essential for us to remain responsive to our customers. We also remain focused on improving productivity and ensuring the quality of our risk management.

Since formation, Corporate Banking Group continued to expand the scale of its activities, with a substantial increase in new customers, revenue and profitability.

### **3.3.4 Investment Banking**

Investment Banking Division at HBL was established in 2003 in order to provide our clients with a solution for their investment banking needs. HBL has been able to

gradually penetrate the investment banking arena, thereby positioning the bank to take on a lead role. The bank plans to further strengthen its position and will build business on the back of a strong corporate banking outfit. The range of products offered by the Investment Banking Division includes Mergers & Acquisitions, Debt Capital Markets, Equity Capital Markets, Private Placements and Leverage Finance

### **3.3.5 International Banking Group**

HBL's international network is amongst the most extensive of emerging market banks with a presence in 26 countries through 120 offices of the Group and its affiliates. The network spans the principal financial centers of USA and Europe, and the developed and emerging markets in Asia, the Middle East and Africa. The Bank's 50-year history in the international market provides it a well-established network of both commercial customers and correspondent banking relationships.

International Banking Group's (IBG) principal line of business is trade finance. HBL's strong presence in all areas of the domestic market combined with the extensive international network has provided the Bank a unique ability to capture a large volume of trade flows relating to Pakistan. In our international units we are also active in financing local third country trade in niche segments, particularly by leveraging our network. IBG units have a well-established customer franchise in the South Asian origin communities. Activity with other customer segments has also been growing particularly in emerging markets and now forms an important part of our business.

An additional strength of IBG is that all international units are entirely self funded through stable well diversified local customer deposits or capital which enables us to develop local commercial and, in specific markets, consumer businesses while minimizing the inherent cross border exposures.

The year 2002 was the first full year of operations of Habib Allied International Bank - HBL's UK based subsidiary - which has greatly enhanced our capabilities to serve our UK and international customers.

African operations remained buoyant largely due to HBL's established franchise, utilization of extensive branch network of Habib Bank Limited and Habib Nigeria Bank (HNB), which is one of the most successful banks in Nigeria with a country wide retail network of 55 branches and a growing presence in the corporate sector. HBL has a sizable market share in the region, which has resulted from focused marketing efforts.

Gulf region generated improved earnings, due to participation in large syndications, enabling utilization of liquidity in viable business transactions. The turnaround efforts in the past few years have now been completed with balance sheet clean up and cost structure rationalization.

In summary, IBG will continue to grow by focusing on its core strengths and further developing synergies with our domestic businesses and within the international network.

Identifying opportunities, while keeping a balance in acknowledging and acceptance of diverse foreign cultures is a task that will continue to guide and control IBG in the future.

**Figure 3**



### **3.3.6 Global Treasury Group (GTG)**

The role of our Treasury is reviewing, streamlining and controlling the Bank's domestic and international money and foreign exchange markets related operations for optimization of risk adjusted returns.

#### **Treasury Group consists of Six Units:**

- Foreign Exchange Desk
- Money Market Desk
- Treasury Marketing Unit
- International Treasury
- Derivatives Desk
- Middle Office

The Treasury Group focuses on strengthening and cultivating an in-depth understanding of customers' needs in order to provide them with innovative advice on risk management. This includes advising them on hedging of their foreign exchange and interest rate exposure, transacting foreign exchange or interest rate deals, or exploring investment opportunities in currency and interest-rate-linked products. An extension of this strategy resulted in the creation of dedicated treasury group's website [www.hblgtr.com.pk](http://www.hblgtr.com.pk) providing up to date rates and product information.

Our Derivatives Desk is fully geared to structure, price and trade the most complex of instruments be they on the FX Option side or the Interest Rate Derivatives side to provide our clients with the most comprehensive of hedging strategies tailor made to their specific requirements.

Risk management and control at HBL is built on the platform of transparency and accountability. In fact these two precepts are an integral part of HBL's culture and the basis of the fundamentals of all our businesses. To achieve better risk management and processing, Treasury Operations activities and dealing rooms are strictly segregated. HBL's commitment to risk management and control is emphasized by its decision to establish a Middle Office in order to improve risk management and control of treasury related activities. HBL has hired market professionals with international experience in risk management. A new system "Treasury Power Pack" has been acquired and implemented providing an integrated system for back office and front operations, online monitoring, risk management, audit controls, automated deal transfer to back office, MIS reports and input controls.

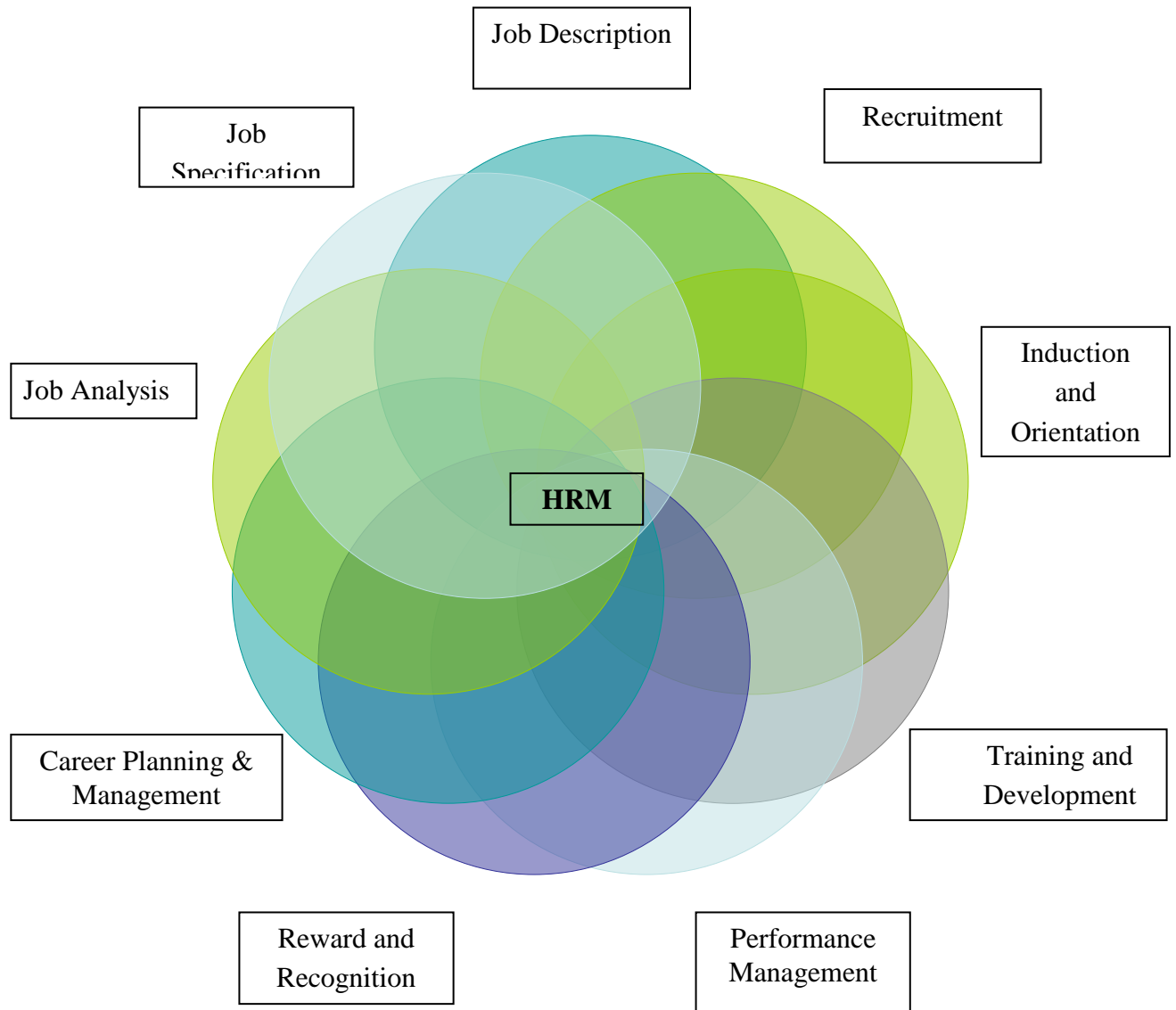
HBL believes in offering innovative services and treasury products with streamlined processes. Our treasury professionals, with international experience in the largest financial institutions of the world, are well placed to deliver the same.

### **3.4 Human Resource Management at HBL**

#### **3.4.1 Policies and Procedures**

Although the policies and procedures in practice at HBL are being discussed separately here, the fact is that all the practices being discussed in the following segments come under the heading of policies and procedures. The system of recruitment and job descriptions and even the performance evaluation process all are following a strict set of rules that cannot be strayed from. All this is discussed in further detail below.

**Figure 4**



### 3.4.2 Recruitment

The recruitment policy of HBL has undergone a lot of changes in the past, with it being initially nationalized then privatized once again. Unfortunately, these changes are not as vast as they should be. Mostly, the hiring policy is the same as was being followed during the time when HBL was under the control of the government. The hiring done is usually for life and the employee is more or less secure of his/her job until he/she retires as per policy of the government. This presents the problem of the aging factor, which means the majority of the work force, both blue collar as well as white collar, is of a higher average age. The problem, especially in the case of blue collar workers, is that they are unable to perform their jobs efficiently as they get older, and since they



have been working for years, their average wage is higher than their counterparts who are younger, and usually better workers than them.

In case of new, younger recruits, there is a whole new set of problems, as can be expected, the Bank wants to hire the best human resource, and the young [professionals recruited into the bank have a very high turnover rate simply because of the fact that as soon as a better offer from a multinational company comes along, these employees prefer to move on. Usually, the employees are recruited from top universities like LUMS and IBA, but the compensation package offered at Habib Bank is, although good, not among the best in the country, so young professionals prefer to move on after a year or two. This problem also needs to be addressed on an urgent basis.

### **3.4.3 Performance Appraisal Systems**

This section discusses the performance appraisal system that is already in practice in HBL. It is a very basic system in which the employees are compensated according to their rank, which can be either Officer grade I, II or III unless the employee is an executive or a lower level worker. In all cases, however, the pay scale is fixed according to the level of the employee, which is in turn determined by the number of years the employee has been actually working in the bank. In the same way, these same rigid rules govern who will be getting rewarded or punished.

Needless to say that the present system is highly dissatisfactory and needs a change. (See Appendix 4) To summarize, the policy regarding promotions in 2005 is as follows:

There is a minimum educational criterion for promotion which is that the employee should be at least a graduate. It is unclear what level or grade of employee is the criterion applicable upon, or is it one rule for all, which seems to be unfair. Apart from that, in order to be considered for a promotion, it is essential that the employee have gotten at least a 'D' rating in the appraisal for three years prior to this date. Also, there is a minimum appraisal value requirement of 120 in order to qualify for the promotion interview. It is important to mention here that the new promotion criteria do nothing to challenge or improve the old appraisal system upon which it is based. So, how can one expect a new policy to work if its basis is still the shaky, weak, old policy?

The promotional policy 2005 also gives a minimum length required of service period for each employee grade as well as the AVP, but again any details of these are not given, neither is there any room for flexibility in case of special circumstances.

In the next section, there are different marks, or weights, that have been assigned to the different criteria defined previously, and the level of skill/ proficiency in each criteria, the more the marks allocated to it. The only problem is that the weights allocated are baseless, and again have over generalized the process and haven't taken into concern any special circumstances. It seems as if the promotional policy is present on the paper only, and promotions are actually done on the basis of whom you know and how long you have been working in the bank.

In the end, as with any other appraisal system, the weights are added and/or an average is taken to get your total score. There is a problem always when a numeric value is attached to a subjective observation.. Marks are given to having experience depending upon its length. Then, after that, marks are also allotted for interview, which is very difficult to do, and causes a lot of concern since there is a lot of room for bias and favoritism to enter here. Also, weights have been given for qualification according to what level of degree one holds, but there is no flexibility for any diplomas or courses one may have done, and also, there is no mention of what kind of institute one has studied from, which is very important in today's world.

In the end, to tie everything together, the mean appraisal rating of the previous three years has also been taken into account, since promotion depends upon previous performance as well as current performance. My only problem with that is that since previously, a more subjective rating was given (i.e. excellent, very good, satisfactory, unsatisfactory) these ratings have been assigned numeric values which does not make any sense since a subjective rating cannot be turned into a numeric rating without any bias entering into it, not to mention the fact that there is again no room left for any contingency situation or unusual circumstances.

Since a lot of times, it has been mentioned in this report that there was no allowance given for 'special/unusual circumstances', then it is important to mention here that in the end of this document, there is a shortlist of special circumstances mentioned under which a candidate may be considered for a promotional interview. The circumstances, however, need to be documented and a lot of paperwork is required for them, as is typical in a former- government organization.

There are two basic types of performance appraisal forms. They can be either subjective or objective. The ratings of the subjective forms depend a lot on the appraiser's opinion about, and image of the appraisee. The objective form, although harder to formulate, gives a more unbiased review of an employee's performance level as well as his/her potential for improvement. The performance appraisal forms (see *appendix 5*) used at Habib Bank on an organizational level, are basically more subjective than objective. To add to the problem, these forms are required to be filled-in only by the supervisor of an employee as well as the appraisee, which adds to the element of bias creeping in. To be fair, an objective section has been added to the forms, but the problem is that even for an objective rating to be given, subjective reasoning has to be relied upon.

All the above mentioned policies are based upon the annual appraisal process that takes place when all employees are required to appraise themselves and their subordinates (see *appendix 5*).

The first form (Form A) starts off by requiring the appraiser to fill in details about the appraisee including professional as well as limited personal information. The two things of importance here are the details of the job held and the training received during the assessment period. The thing that stands out here is that the training is only relevant to this appraisal form if it was held during the assessment period, which gives the impression that the training is only being done for the sake of getting a better

rating in the performance appraisal process and not for actual performance improvement purposes. The thing to remember here is that the outdated system being followed by the Bank does not seek to catch the under performers, rather hide them since the goal is to make your specific bank branch look good on paper.

The next thing that the appraisal form requires is the list of key responsibilities of the appraisee which were given to him/her at the beginning of the year. The important point here is that the column for key responsibilities gives no guidelines for boundaries or what are the major areas for which the appraisee is responsible. It is very hard to rate an employee's performance level when the standards for measurement are vague. Apart from that, this is a column that is to be filled in by the appraiser, so bias might creep in not to mention the fact that the appraiser may not have full knowledge of the responsibilities of the appraisee.

One thing that should be pointed out here is that these forms are basically applicable to all employees in all offices, except some sections are restricted to some specific jobs. For example, the first sub-section of Form A deals with staff in Controlling/Regional Offices. This form is a little more objective, and apart from employee information, this section also gives rating categories ranging from A (Outstanding/Excellent) to D (Poor) and N/A (not applicable).

The appraisee has to be rated against several traits and characteristic values, and the rating will range from A to N/A according to level of achievement. Each rating has been assigned a numeric value that is written on the form. The employee is being rated here for level of productivity in specific areas like typing speed and quality of work. Here, a notable factor is the diverse range of competencies against which the employee is being judged. Whilst typing speed is a measurable trait, it is much harder to measure something as subjective and diverse like 'quality of work'. Then the category of 'individual attributes' comes up, and again, the list for these contains both subjective and objective values, like exercising judgment and initiative/drive, etc. After that, the technological abilities of the employee are rated, and these again contain competencies like 'knowledge of computer, internet and e-mail' which is too vague and diverse to assign a rating to. In the same way, the employees are then judged on their behavior with customers, and other personal traits like health and energy. Although the main competency headings are relevant, their attributes are too vague. Instead of measuring customer service by number of complaints or time to respond to customer, the attributes are subjective like 'communicating with people'. It seems that even in an attempt to be objective, the subjectivity factor is prevalent. After the supervisor's comments and recommendations concerning the appraisee, the overall grade is given according to the rating already specified, and the appraiser signs and dates it no less than three times, and the appraisee reads and signs it too. The benefits of anonymity are not being exploited, whereas they could be done so very successfully.

Form 'B' is simply titled 'Appraisal by Objective' (ABO). After the necessary preliminary information, there is a list of SMART objectives and targets, in the same pattern as MBO (Management by Objective). 'SMART' stands for Specific, Measurable, Achievable, Realistic and Timely targets. There are two columns, both for

targets and results. The problem here, again, is that the targets themselves are not specified, and the column is left blank for the appraiser to fill. There are a few problems with this form. Firstly, the appraiser is usually a busy manager who does not have time or energy to research the targets of his/her employee. These targets should already be present on the form as per the job descriptions that are made for every job—this is where coordination between HR tasks comes in. Most of the time the appraiser will over-generalize everything and fill in more or less the same information for the appraisal of all his employees. That is, if he can get the time to do it himself, since most appraisers get their assistants to do this work for them. Also, this is a prime target for prejudice and bias to affect the result of the appraisal. Also, even if targets are written down at the time of the appraisal, they will rarely be SMART.

After this, rating is done by a Point Rating Adjustment Table (PRA).

#### **3.4.4 Compensation**

Basic pay scales are determined by rule number 46 in the staff service rules policy 1981, which is still followed to date. The details of these pay scales are given in appendix 6. Obviously, as is apparent, these pay scales are on the low end, but according to policy, HBL employees receive more benefits and allowances than usual, so the low wage structure is compensated for in this way.

For example, the employees receive a traveling allowance depending upon which grade level employee they are. There are also the following allowances.

- Special duty allowances
- House Rent Allowance
- Extra Payment for Extra Work
- Entertainment Expense
- Conveyance Allowance and Special Conveyance Allowance
- Severe Winter Allowance
- Local Compensatory Allowance
- Teaching Allowance
- Evening Banking Allowance
- Unattractive Area Allowance
- Recreation Allowance
- Washing Allowance
- Education Allowance
- Technical Allowance for stenographers
- Special Allowance for Stenographers\*\*\*\*\*.

#### **3.4.5 Training and Development**

Habib Bank has a separate division for training and development called the Management Development Institute, or MDI. This is where any or all employees who

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\*\*\*\*\* Appendix 1: Staff Service Rules 1981, Page 28 to 40

need training are sent. Need of training is not formally identified through a needs analysis. The official way of identifying need of training consists of simply recommendations by the supervisor, and more often than not, the supervisor bases these recommendations more upon his/her own feeling or bias rather than any substantial fact or study. Also, as the performance appraisal form indicates (discussed in section 3.3.3), show that training is usually conducted only at the time of appraisal of the employee, and that too is done only to get a good performance rating and not to get a better performance.

As we have seen in section 3.2.1.1, these institutes are not under the control of Human Resource Group North, as would be expected. Rather, they are headed by their own SVPs and report directly to the group head. This results in not only communication issues, but also wastage issues in the form of wastage of money and human resource. Also, these institutes are not specialists in the area, and it seems that their presence has not got as many uses as it had costs.

#### **3.4.6 Staff Service Rules of HBL†††††**

Habib Bank Limited Staff Service Rules 1981 is a manual that is required to be read and signed by any contractual employee of the company. It contains each and every detail of the rules that are followed with concern to the employees of the company and their rights as well as obligations. The manual itself is given in the appendix, and the contents of this manual are as follows:

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††††† See Appendix 1

**RULES GOVERNING THE SERVICE OF EMPLOYEES-  
OF HABIB BANK LIMITED**

(Made by the Executive Board vide resolution passed  
in the meeting held on 14-1-1981).

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### **3.4.6.1 Summary of Staff Service Rules**

The staff service rules were made under the Executive Board vides resolution passed in the meeting held on 14-1-1981. as discussed before, during this time, the bank was under government control so most decisions concerning human resource, or staff as it was then called, were made not on merit but on reference personal relations first and seniority second. These rules are made in a legal language that was obviously hard for the layman to understand, and all employees were not only required to read it but also sign the contract in the end. Needless to say that hardly anyone ever read the whole manual.

The language and phrases used are very rigid and not susceptible to any kind of change. A small example can be given through the fact that in the employment contract, the space where the year is written starts off with "19\_\_". Obviously this contract became void as soon as the new millennium started. This and many other things make these rules seem old and not applicable in the business environment of today.

The table of contents provided above, as well as the whole manual provided in the appendix is enough to give a pretty clear idea of what the existing HR structure is like. Still, since this document is obviously the backbone of the HR structure, let us discuss it a little more thoroughly.

The document basically discusses the following things:

- When are the rules applicable
- Where are the rules applicable
- On whom are the rules applicable
- How are the rules applicable
- Definitions of certain word and phrases

It is worth mentioning here that the definitions are rigid and strict and there is no room for any sort of flexibility, so and improvements or changes seem impossible.

Another thing discussed in great detail is the Grade system of the employees of the organization. There are basically three categories of grades I II III and apart from that, there are Officer grades, Senior grades and Executive grades. These all come in the first category, and after that there are two more categories for the lower staff.

Another thing discussed here are the limits or standards below which the performance level will not be tolerated, or above which the employee will be rewarded. Again, these standards not based on merit, but on seniority.

Apart from everything else, this manual also contains a form required to be filled in by the employee for the information database. It has standard questions regarding personal life, educational qualification and experience. It has no questions concerning what talent the employee possesses, what his/her I.Q is and what kind of learning capability he/she has. These questions are every important if an effective career plan

has to be made for the employee, which is one of the prime purposes of this questionnaire.

One more thing HBL is very strict about is its discipline. Since these rules were made when HBL was a government organization, there are several rules concerning what the employees can do and say and what they cannot join, etc. Along with the rules, there are obviously punishments for breaking the rules, the worst of which is dismissal from Bank along with no chance of employment in the Bank again. A system of appeal is also outlined here.

Obviously there is a whole section concerning allowances and concessions. The one advantage of being a government servant is the plethora of allowances offered to them. This, on the other hand, may have a negative effect since the employees get used to doing nothing and still being rewarded for it. This section is long and detailed and has several subsections under it for allowances regarding different types of employees, allowances for their families, and even the retired ones.

In the end, certain appendices are given which give, along with other things, different levels of employees and the level of power they have. There are also copies of contractual agreements given which the employees have to sign. There is also a table showing which area is budgeted for how much salary- some areas have less attractive salary packages than others, which is highly biased and unfair.

### **3.4.7 Duty Lists**

In the classic HR system that still exists at HBL, each employee has a list of duties that he/she must fulfill. These duties are formed individually for each center and each department. There is no centralized Job Description Manual that defines what the responsibilities of a certain position are. The duty lists are written by name, thus obviously have to be revised whenever the position is taken over by another employee. In the same way, in case of the same position being held by a number of different employees, different duty lists are made for each individual rather than all the employees following the same duty list.

This section, therefore, gives the details of the duty lists of the employees of our target sample which consists of the employees in the IT Center in Islamabad. The details of the duty lists of employees in the branch can be seen in Appendix 1.

**Table 2**

**Habib Bank Limited**  
**I.T. Centre, Islamabad:**

**Duty List as on 01.07.2005:**

**M.Khurshid S.V.P Incharge Computer Centre:**

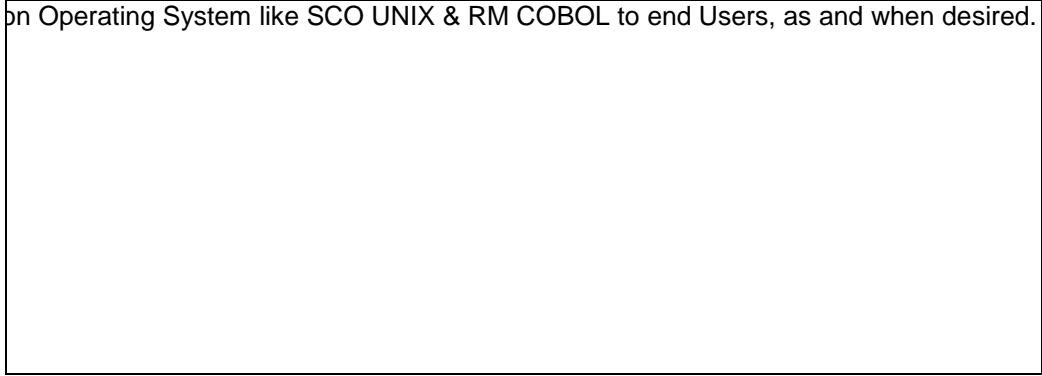
1. Ms. Shahida Ahmad, PA to the SVP.

Implementation for COBIT.  
Resolution in coordination with IT Audit Department, HOK.  
Comprehensive disaster recovery plan is in place, which includes off-site storage of backups, backup room has an adequate fire protection system and has adequate security measures in place.  
Backups are being backed up and stored securely by reviewing the off-site data back register.  
Records are being compiled with at Centers, Regions and HOK Offices.  
Expenditures remain within budget by reviewing the income/expenditures on a monthly basis.  
Coordination for SVS / IBTS selected branches as per HOK policies. Implementation of MOBS  
Installation of application systems at Centres, branches and Regional / Zonal offices, as and when required.  
Support to MOBS Branches so as not to cause any unnecessary disruption to banking operations.  
Coordination for the installation and maintenance of ATM machines as and when required.  
Support for data processing services customer jobs whenever required.  
Technical support through field engineering staff to the IT users group i.e. branches and Regional Offices.  
Directives and directives are implemented in a timely manner.  
Support provided to the staff as and when required in accordance with the requirement of the center.  
Staffing levels are maintained by avoiding over staffing and eliminating redundant staff.  
Performance based on objectives with his/her subordinates and conduct quarterly reviews of those objectives.  
Performance appraisal at years end.  
Maintaining working relationships with all members of the staff and other Divisions, Departments, Regional Offices.  
Attendance rate of 99%.

**Syed Muhammad Khaleeque, VP/Manager Projects:**

Implementation of centralized collection and Refund System of Hajj Cell, CDA Civic Centre, Branch, Islamabad.  
Implementation of Hajj Foreign Exchange Disbursement System (FEDS) in Database on Windows and Database.  
Coordination with Hajj Cell and Ministry of Religious Affairs Islamabad with regard to branch wise collection of Hajj applications funds.  
Coordination with Ministry of Religious Affairs, Islamabad in connection with Hajj Policy meetings, directives, processing of Hajj applications from the start of Hajj operations.  
Coordination with all Hajj booths and Hajj Deptt. HOK for smooth functioning of Hajj Operations during Hajj season.  
Coordination with Hajj Cell and Ministry of Religious Affairs Islamabad for facilitation process with Religious Ministry and M/S. American Express.  
Coordination with Hajj Cell and Ministry of Religious Affairs Islamabad as and when desired by the SDD, HOK for their support e.g. MOBS Conversion System, Hajj Cell Profit Programs & BAI2 Format statements of a/c for NADRA A/C at Foreign Affairs.  
Coordination with Hajj Cell and Ministry of Religious Affairs Islamabad regarding to implementation / processing of application systems/projects to down the line departments.

on Operating System like SCO UNIX & RM COBOL to end Users, as and when desired.



Cont'd...p/2

-2-

**Masood Iqbal Malik AVP/Manager Field Engineering**

1.

Mr. Najib Ullah Niazi

DEO

padding and retrieval of batch reports at SIMEX Print Centres in the jurisdiction.  
Equipment is working adequately at MOBS and Batch Environment. Also that sufficient technical support is  
providing proper log register and follow-up.  
Regions and COD/SDD, HOK, regarding running of application in different environments like Batch, MO  
Submission of I.T reports to HOK on Monthly basis.  
Coordination with suppliers regarding supply of consignment of PCs, Printers, servers and power control equipments to MO  
Review of various requests/applications for upgrades of equipment in individual manner.  
Provide solution to various MOBS/SIMEX branches and Regional Offices/ and trouble shooting in the field  
of Drives, monitors and power/ communication wiring & running Software.  
Act as a Regional Coordinator/Field Supervisor and RGM (OPSS) for solution of troubles and upgradation of SIMEX.  
Procurement of different approved vendors from Maintenance Division HOK for new and upgradation of cabling at branch  
arrangements at Computer Centre for internal working.  
Provide technical support to branches and downloading through guidance.  
Supervision of cabling/ comm. cabling like STP, civil work and furniture etc according to standards set by EMD/ HOK in ne  
Procurement of consumable items like toner ribbons etc for Batch/MOBS branches on receipt of demand in cost effective man  
Submission of bills/invoices.  
Takeable measures for usage of telephone within monthly budget and exercises a control to himself and staff for  
Supervision of Print Centres, Muzaffarabad and Peshawar in connection with implementation of various systems likes SVS  
Procurement of computer/power control Hardware.  
Supervision of office like up gradation/Renovation of Office premises and replacement of Hardware items, of PCs, Printers  
Supervision of Provision. The work is initiated after conducting survey in the local market, preparation of memorandum, and  
Completion.  
Supervision of Engineering & Maintenance Cell, Resident Engineer, Islamabad.  
Supervision of Hardware inventory in adequate manner.  
Supervision of relationships with all members of staff.

**M.Sharif Bhatti OG-II Manager Administration & Accounts**

matters, and assignment of duties to lower staff.  
approval, Expenditure Statements and keeping it within Budget.  
s, Reordering of stationery, ribbons, office stationery by maintaining a minimum required level.  
relationships with all members of the Staff.  
familiar with the Operation of the PC MS Word, MS Excel, MS Windows and the preparation of relevant statements.  
Roll at month end in a timely manner.  
accuracy rate of 100% is maintained in the preparation of all reports.  
records are updated in the database and forwarded to Personnel by the 10<sup>th</sup> of the following month.  
statements received are verified against the receipts and forwarded to their respective departments within 3 days of receipt.  
supplier bills are verified by their respective departments and payment is made to the courier after every fifteen days.  
statements are properly inspected bi-weekly.  
records are maintained in a legible manner, with 100% accuracy, and kept up to date on a daily basis or as required.

Cont'd...p/3

-3-

**Jamiluddin, OG-I/Manager MOBS:**

- |    |                      |        |
|----|----------------------|--------|
| 1. | Hamid Rashid         | OG-II  |
| 2. | Muhammad Aslam Khan  | OG-III |
| 3. | Muhammad Aslam Sajid | OG-III |
| 4. | Tanvir Aftab         | DEO    |

knowledge of MOBS operation and UNIX O/S, and working knowledge of branch banking.  
COBOL, & MOBS are properly loaded on each branch server is required and in accordance with an approved procedure.  
peripherals devices are configured according to the user's environment and in accordance with any procedures established.  
operation is done efficiently and in a timely manner according to the standards & procedures set forth by the bank.  
data is maintained throughout the data migration process by virtue of verification through parallel runs of batch jobs.  
adequate back of support is given to branch staff after implementation of the MOBS package, and provide operational assistance as required.  
consumable items such as paper, toner, ribbon, tape cartridges, etc.  
adhere to the budgetable measures for usage of telephone within monthly budget by himself and staff.

**Mahmood Ahmed OG-I, ATM Support Manager:**

- |    |                                    |
|----|------------------------------------|
| 1. | Mr. Muhammad Hussain Abbasi, OG-II |
| 2. | Mr. Anwar Latif, Assistant         |



ATM Controllers, ATM Software, PCs, Printers, ATM Operations and procedures.  
Operations to ensure proper maintenance coverage, timely troubleshooting, proper installation and support  
S.  
Divisions, Departments, Regional Zonal Offices, Computer Centres, etc. to ensure the smooth running  
ments is adequately covered by Vendor Maintenance Agreements.  
els of ATM Stationery and Supplies are maintained at all times so as not to cause any delays to Bank's cust  
eed upon objectives with his/her subordinates and conduct quarterly reviews of those objectives, and to co  
year's end.

**Officers on Deputation:**

1. Mr. M. A. Haleem Farooqi, OG-I, Ministry of Finance, Islamabad.

**NCS:**

Mr. Zulfiqar Hussain	NCS.
Mr. Shabbir	Tea Boy. (Temp. Staff)
Mr. Zahoor	Driver. -do-
Mr. Shaukat	Farash. -do-

**S. M. KHURSHID**

**SVP/INCHARGE**

Duty Function

## Chapter 4

### 4 Analysis

#### 4.1 Organization

Let us take a closer look at the organogram of the organization. This is another way of looking at the organogram, and to make the problem here clearer, I have clearly shown the ten cities IT centers, and thus the problem becomes obvious. The structure is a very tall as well as a very wide one.

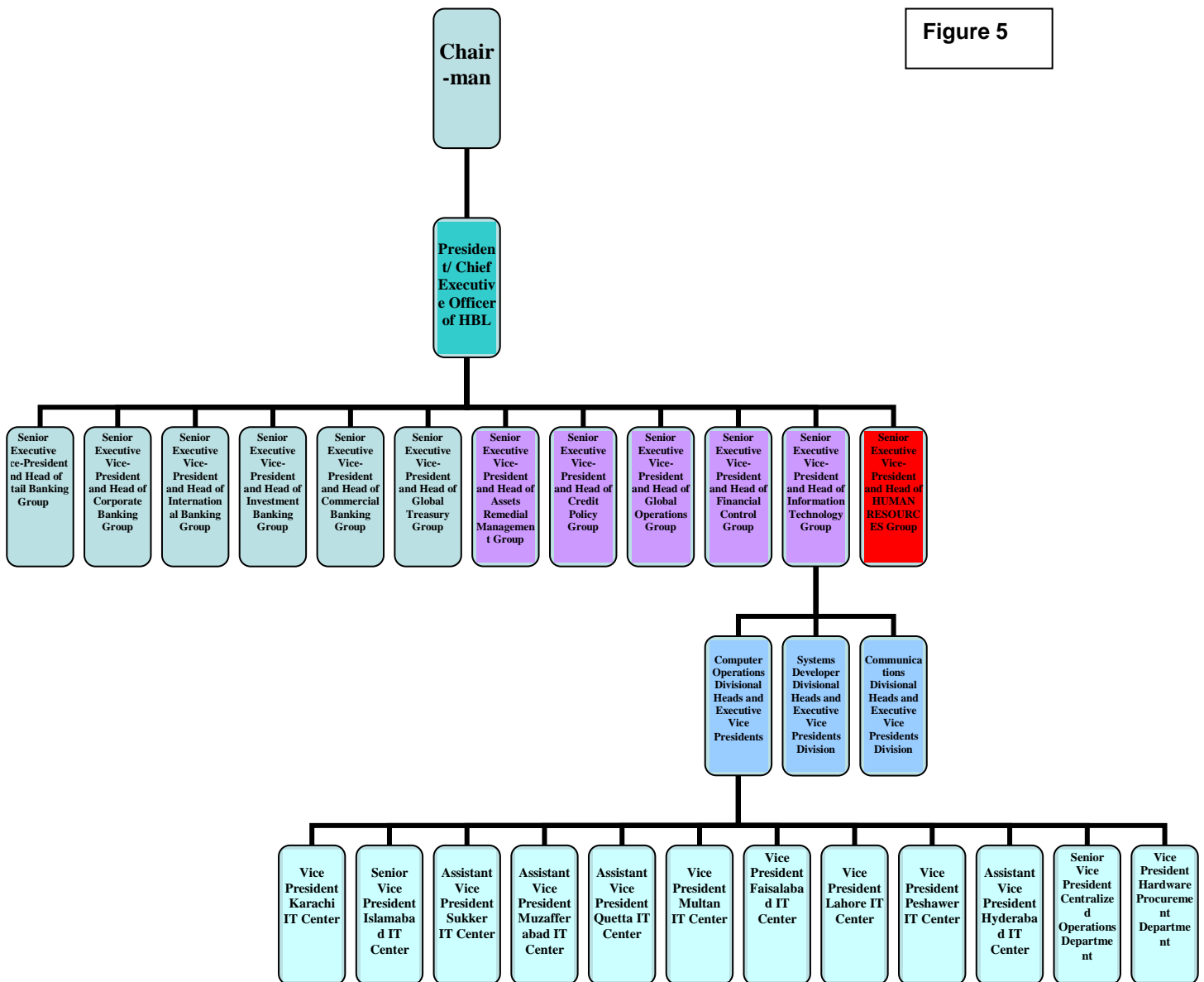


Figure 5

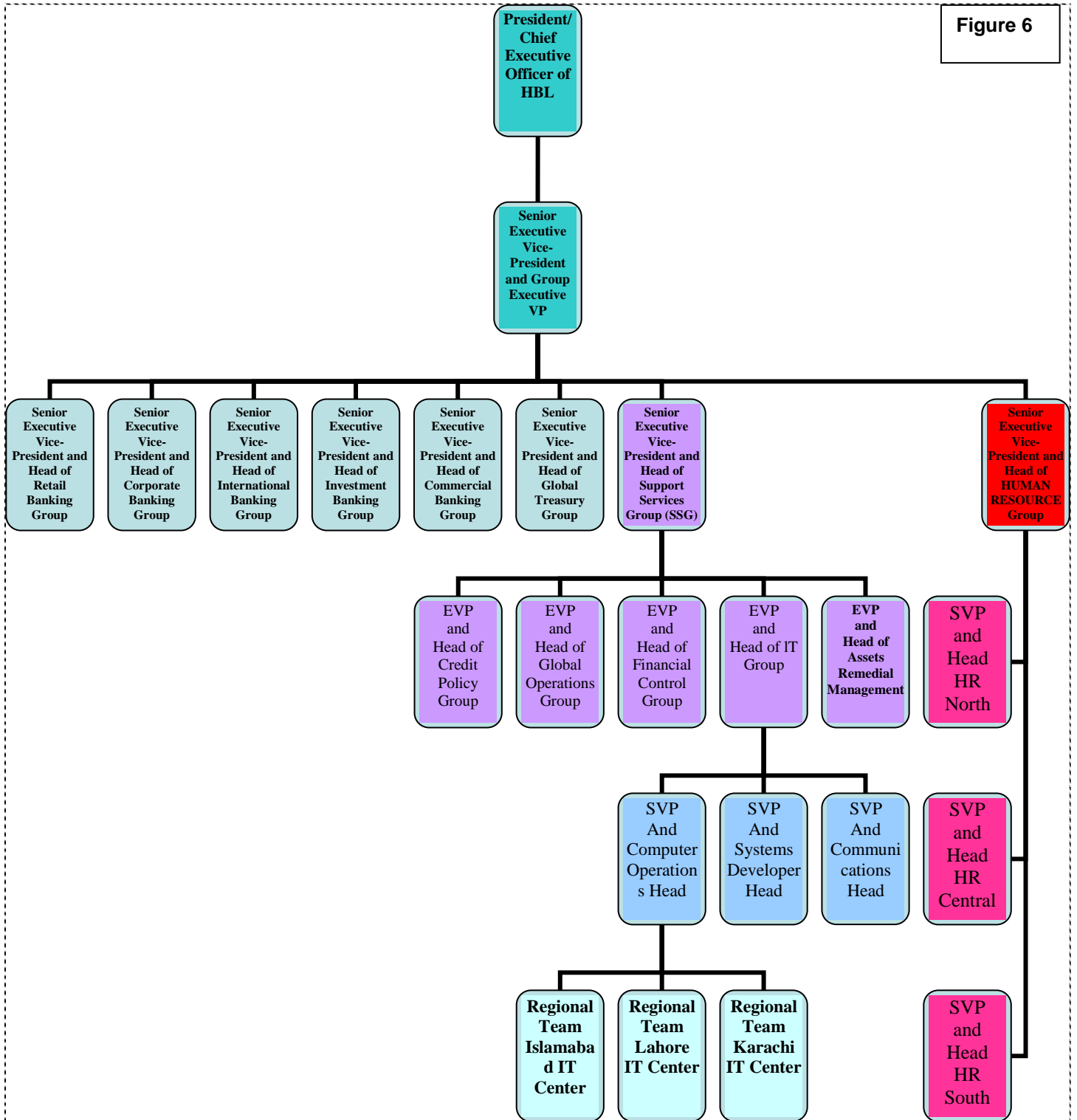


Figure 6

The organizational structure of HBL seems to be a functional structure, but still has some components of a divisional structure. As has been discussed in the Literature Review (chapter 2), these two structures are very distinct and different from each other. But during practical studies, rarely has an organization been discovered that has a pure functional or pure divisional structure. In fact, most organizations almost always have a combination of these structures, with the properties of one dominating

the other. For example, in the case of Habib Bank, the structure is divisional since it is divided into major groups that have very specific functions, and it is divided into branches that are working more or less independently from one another. Here, however, the similarity to a divisional structure ends. The different divisions of the bank are interconnected on several different levels and one president heads them all. Apart from that, the SEVPs heading these divisions, or Groups as they are called, are all MMCs, that is, Member Management Committee which is another name for the Board of Directors, so all decision making is done collectively in a collaborative fashion. Unlike a classic divisional structure (and like a functional structure) these Groups cannot function without each other. At the lower levels as well, no decision making can be carried out unless it follows a written policy, and the policies are made by the board of directors. One of the main advantages of a divisional structure is that all lower level managers have the autonomy and empowerment to make decisions on a needs basis without having to get the consent of their seniors. This enables quick decision making and thus quick response to environmental changes which enables the organization to be a dynamic and change oriented organization. And as is apparent on today's world, a stagnant organization is an organization that is moving backwards relative to all its competitors. So, to summarize, the bank has a structure that is divisional, but the workings that are predominantly functional.

Needless to say that in an organization that is as big and geographically diversified as HBL, a divisional structure could work much better since all the divisions would be independent and could respond to changes in a timely and effective manner. In that way, each and every Human Resource would be more empowered and have more responsibility, and thus could perform better and respond to changes quicker, which is very important in today's world. In the word of Bill Gates<sup>+++++</sup>, "*If the 1980s were about quality, and the 1990s were about reengineering, then the 2000s will be about velocity.*" It seems that in order to be successful in business, the basic prerequisites are quality, price competitiveness, knowing you customer and building customer loyalty. But, in order to beat your competitors in business, the most important rule to be followed is to make sure that information flows at the speed of thought, and that any news, especially bad news, should be reported first. The logic for this is very simple. If you get bad news faster, the faster you can react to rectify it. The only thing between you and your competitor is who reacts faster to information, whether it is customer feedback or internal communication.

In any case, velocity is something that should be adapted to in addition to all the other factors already mentioned. And this can be done through an integrated information system within the organization, but before this can be done, one has to make sure that flow of information and communication in all direction is encouraged within the company, which is why the organizational structure is very important, as is the encouragement to all levels of managers to come up with new and innovative ideas to replace the old and outdated policies and procedures.

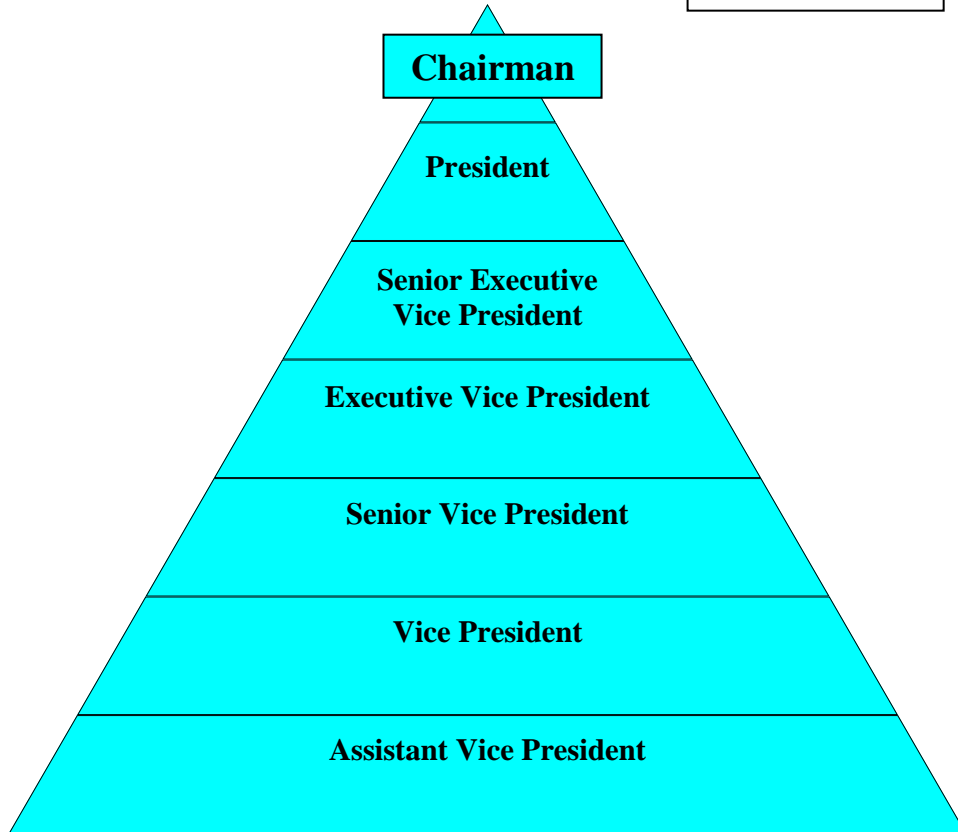
Figure 5 shows the existing organizational structure, while Figure 6 shows the recommended organizational structure. The problem with the existing structure, as

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<sup>+++++</sup> Business @ the Speed of Thought; © William H. Gates, III, 1999, Published by Penguin Books.

mentioned before, is that it's too tall and too wide (see figure 7). In such a tall and wide structure, there are always problems with communication, coordination and fast decision making.

**Figure 7**



There are six functional groups as well as six services groups that are headed by SVPs and apart from that, there are divisions under the groups and centers under the divisions. This causes a lot of problems as far as management and communications go, and the biggest problem is of excessive manpower. The number of employees is much higher than what is required. Just to give an example, the Islamabad IT Center has a staff of 15 people, and there are ten such centers in the whole country. As mentioned before, the staff is too highly paid and there usage is comparatively much less.

It is being proposed here that the bank cut down on the number of groups. It should keep the essential functional groups, which are shown in a pea green color. There should be a separate group called Support Services Group or SSG, and this should head different teams of the support services function instead of having a whole center of them. The support service groups are shown in a purple color on the chart. Thus, for example, the staff of 15 in the IT center, which has presence in ten cities, could be reduced to a maximum of four employees of officer grade level. Apart from that,

instead of having the center in ten cities, there could be three regional teams that take care of the country's needs. The regions could be divided up in the following way:

- Islamabad Region: Islamabad, Muzzeferabad, Sukker and Peshawer
- Lahore Region: Lahore, Multan, Faisalabad
- Karachi Region: Karachi, Hyderabad and Quetta

This would serve the biggest purpose of cutting down the costs and the human resource saved here could also be used in a more efficient manner.

The one important thing to mention here that since the importance of Human Resource is rising in the corporate world of today, it would be better to leave the HR Group as a group, and thus has been shown as such in the chart. The HR Group is shown in red. As is being done now, it is better to have three divisions of the HR group, namely HR North, HR South and HR Central, each headed by its own SVP. One more problem, as will be discussed later on in the study, is the presence of the Management. Also, IT could be merged under the Global Operations Group in the same pattern as the HR Group.

Structural changes often directly impact the human interactive procedures and thus are very important for our study. Job titles are not just words but a whole world of connotative meanings and these words as well as their meanings need to be changed and rearranged so that some degree of coordination and communication can be achieved.

## 4.2 Recruitment and Hiring Techniques

As mentioned in the findings chapter, the bank faces two main problems with recruitment:

- New MBAs being hired have a high turnover rate as they shift jobs as soon as they gain a year or two of experience and/or get a better job offer.
- Aging blue collared workers are inefficient in their jobs and have been working for years and have thus attained a pay scale that is higher than that of their counterparts and are also unionized so that cannot be let go.

The solution being proposed here is a simple one. Firstly, the bank needs to concentrate upon hiring MBAs not from the highest ranking universities in the country. These young professionals have very high expectations from their job and they are looking to job hop ht e first few years in their career. Habib Bank cannot bear the cost of having such a high turnover rate. It is better to hire graduates and MBAs from lesser known institutes and build them up to be efficient professionals through training. For this, a better training and development technique/policy is also needed.

There is a policy in Habib Bank, which is not usually enforced; that a person who has been working in the bank for over twenty five years can be given retirement and new blood can be incorporated in the company. This should be enforced for both blue

collared and white collared workers who are now unable to do their jobs. If needed, an employee can always be hired back on contractual basis.

There is a practice of outsourcing lower level jobs in the bank, although this practice is not that widespread. This overcomes the problem of both the aging labor force as well as of the unionization. It results in a lot of costs saved from wages, and the new, younger employees are much better and efficient in their jobs. It is my opinion that this should be made part of the policy.

All these changes would solve the two main problems that bank has, that is of rising costs and misuse of human resource.

### 4.3 Basics of Compensation

As we have seen while discussing the pay scale in the previous chapter, the wages seem to be on the low end, while allowances and benefits are much higher than is usual in private organizations. This is not surprising, since until 2004, HBL used to be a government controlled organization. The advantages of having such a diverse pay scale are present, as are the disadvantages. This structure motivates the employees to stay on with the Bank and cultivates a sense of loyalty and responsibility for the organization in the minds of those who work in it.

Theoretically, all this is a good thing for the organization. Practically, however, it seems that this kind of system, where benefits and allowances are guaranteed regardless of ones performance, lulls the employee into a sense of security which encourages the employee to behave in manner where he/she does not strive to better his/her performance, rather strides along in a mediocre fashion, just performing the bare minimum requirement and reaping the rewards and benefits that he/she does not deserve. Thus, as is discussed in section 4.9, these benefits and allowances should not be discontinued, rather should be linked with the performance level of the employee in such a way as to keep his/her loyalties secure yet motivate him/her to perform better so as to get more rewards. It will be very difficult to change the existing system where the employees feel comfortable and plunge them into an unfamiliar situation where they have to earn their comforts. Initially, the employees are sure to retaliate, if not physically then certainly psychologically. The same is the case with any change- the human psychology initially rejects change no matter how 'prone-to-change' the people claim to be. The management, especially the HR manager, has a very delicate job of handling this situation very tactfully. They have to make sure the employees understand their responsibilities and their rights, and that they have nothing to worry about as long as they perform well. The employees have to be taught that the loyalty they feel for their organization does not mean much unless they are willing to sacrifice a few things in order to benefit the organization that has treated them so well so far. The existing loyalties can be used in this way to make the employees feel *responsibility* for their organization, and made to understand that they have the fate of the organization in their hands. The success and failure of the company is in the hands of each of its employee, and they have to be made to feel that the work they do is significant to the workings of the whole organization.

## 4.4 Career Planning and Management Techniques

Well-established, successful companies often have clear career paths, particularly if they rely on attracting good people and keeping them working hard. Even in these companies, people can get too valuable in their job to be allowed to move forward in their careers. Employers can let the short-term, tactical problems of replacing key staff get in the way of ongoing career development. This can be intensely frustrating for the person affected.

Similarly, organizations undergoing change often do not have clear career paths. Where an organization is growing quickly, this is not normally a problem. As organizations grow, they need more and more people at all levels. This means that if people work hard and have the right skills, energy and aptitude, they can be promoted quickly as new roles open up.

However, with more mature organizations, a lack of obvious career paths is a serious problem, particularly if you are at the start of your career. At this stage of your career, you need to be gaining experience as quickly as possible so that you can keep up with your peers.

Without good career development opportunities, one may not achieve your long-term potential: Many good, challenging jobs quite legitimately need the right experience, and one will not get these jobs unless one has had the opportunity to accumulate this experience.

## 4.5 Training and Development Methodology

Management Development Institutes are a very important portion of this area. Although we have seen in our findings that HBL does stress on this area as well, it is important to stress the fact that training in MDIs is done not on a mandatory cyclic basis, but on a needs analysis basis. Needs analysis can be done by comparing the job description and job performance to see which area the employee lacks in and what are he/she needs training in.

## 4.6 Job Analysis and Description

As mentioned before, HBL is currently in the process of revamping its whole HR system. For this purpose, they hired an HR consultant<sup>§§§§§§</sup>, who gave them a presentation about the most important and first priority task in HR, that is, the making of job descriptions. The process described in this section was already being implemented when I started working on this project. The process of making the job descriptions is called job analysis, which includes analyzing the job itself to answer the following questions:

- Who does it and to whom does he report?

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<sup>§§§§§§</sup> Ms. Rukhsana Asghar



- What does he/she do?
- How does he/she do it?
- Where does he/she do it?
- When does he/she do the job and when does it have to be completed?

Job analysis also contains job specification, which is analyzing of the actual technical, educational, and personal skills and talents needed to actually do the job. The steps described below are the steps for job analysis, and they finally lead to job descriptions being formed.

The first thing to do is to define why job descriptions are important. Simply put, job descriptions are important so that the employees know exactly what their job is, and at the time of judging performance, they cannot shirk their responsibilities by claiming to not know what their job was in the first place. Consequently, job descriptions are helpful to appraise performance by comparing what “should be” and what “is”. At the end of the financial year, therefore, if a situation arises where the employee and the employer disagree, job descriptions play a crucial role in forming a neutral ground of agreement between the two. It shows what skills are needed for a specific job (job specifications) and what performance level to be expected from the employee. It is essential for job descriptions to be present to judge where the employee fits in the big picture. Job description also forms the basis of many HR initiatives like:

1. Performance appraisals
2. Recruiting, hiring and placement
3. Training and development
4. Salary surveys

The components of a job description, as we see late on in the forms, are as follows:

- **General Information:** The name of the job and its organization as well as its geographical location.
- **Position Summary:** A summary, in not more than one or two lines, of the purpose and the objectives of the position.
- **Quantifiable Business Dimensions:** Financial or some other quantifiable targets that can be used to measure the performance of an employee.
- **Job Specifications:** The education level required to do the job as well as the relevant experience along with necessary technical and behavioral skills.
- **Critical Job Elements (CJE)/ principal Accountabilities:** The are also sometimes known as competencies and there has to be a list of at least 3 types of competencies that make up a job along with the minimum standard or level that is needed to perform the job well. The three main CJE are
  1. Business/ Operating Results
  2. Customer Satisfaction
  3. People Management

- Performance Standards: As mentioned above, each factor of CJE/ competency needs to be compared with a minimum standard of performance that is necessary for that employee too be called a good/acceptable performer.

The propose of job analysis, as mentioned before, is to gather information about a position that helps to identify the major job requirements and links them to skills, education, training, etc. , needed to successfully perform the functions of the job. There are two key elements of job analysis:

- Identification of major job requirements which are most important duties and responsibilities of the position.
- Identification of knowledge, skills personal qualities and abilities required to accomplish each major aspect of the job.

As has been mentioned before, job analysis is that part of making the job description that gathers information needed to know what the job descriptions actually are. For this purpose, it is important to conduct job analysis interviews with the employees to collect data relating to the job, which has already been discussed. It is important to remember that we are analyzing the JOB and NOT the JOBHOLDER. There are several job analysis interview techniques that have to be kept in mind. It is important to remember that the HR manager will be conducting this interview, and if he/she is absent, then the responsibility falls upon the department head to make job descriptions. Job analysis interview should be conducted by keeping the following points in mind:

- Employee being interviewed must be put at ease.
- Interview process must be informal but uninterrupted.
- Interviewer must keep taking notes and not rely on memory alone.
- Keep interview focused on the topic.
- Re-phrase questions so as to keep them open-ended without leading the employee to answer what he/she thinks you want to hear. Don't ask 'yes' or 'no' questions.

When making job descriptions themselves, it is easy to let one's own bias creep in. it is thus important to remember that the job description is about the JOB and NOT the EMPLOYEE, so be objective about it. When writing job descriptions, the following three questions must be answered:

- Does it state the company's expectation of the employee?
- Does it indicate the responsibilities?
- Does it describe the skills/training and/or experience needed for the job?

The most important thing to remember about job descriptions is that they should remain dynamic, functional, flexible and current. A poorly written job description can prevent the employees from trying anything new and learning how to perform more productively while an inflexible job description will encourage the "its-not-my-job" culture.

Also important to remember is the fact that the job description will serve as a major basis for outlining job training or conducting future job evaluations. The performance of the employee in the job is compared with the expected performance level/ result indicated in the job description.

A good job description is simple and concise, in the present and does not contain any technical jargon or abbreviations. In other words, it should be understandable to a lay person. They should be written in factual and impersonal style and must refer to the job title instead of the name of the employee wherever necessary.

If all this is done efficiently and effectively, the manager can hire, train, evaluate, compensate, promote, counsel, discipline, and/or terminate employees on the basis of their ability to meet and perform the requirements listed on the job description.

# Job Description

Table 3

## 1. GENERAL INFORMATION

**Job/ Position Title** \_\_\_\_\_

**Rank** \_\_\_\_\_

**Location** CDA Civic Center Branch, Islamabad \_\_\_\_\_

**Business Unit / Division** Regional Headquarter Islamabad, RBG \_\_\_\_\_

**Reports To (Title):** \_\_\_\_\_

**Current Grade** \_\_\_\_\_

**Suggested Job/ Position Title** \_\_\_\_\_

## 2. POSITION SUMMARY

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## 3. QUANTIFIABLE BUSINESS DIMENSIONS

(a) Revenue Sales Profitability Targets	Current Year (2004-2005)	Comments
(b) Authorizations/Approvals		

## 4. JOB SPECIFICATIONS

Education and Experience	Technical Skills	Behavioral Skills
Graduate	IT Literate	Good interpersonal skills
3-4 years experience		

# Job Description



## 5. CRITICAL JOB ELEMENTS (CJE) PRINCIPAL ACCOUNTABILITIES

(a) Business/Operating Results	Performance Standards
Ensure that all Deposits/Advances targets are met	100% achievement
(b) Customer Satisfaction	Performance Standards
(c) People Management	Performance Standards

## 6. OTHER SIGNIFICANT INFORMATION RELATED TO THE JOB

**(a) What functions/ tasks should not be the part of this Job?**

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**(b) What functions/ tasks should be added as part of this Job?**

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# Job Description

## 7. ORGANIZATIONAL RELATIONSHIPS

### Organisational Relationships

Next Level supervisor / manager of the role holder

Immediate supervisor / manager of the role holder

Other Positions Reporting to the role holder's supervisor / Peers of the role holder






Direct

Indirect

Number of positions reporting to the role holder



Position titles of direct reportees

No of employees under each subordinate

As can be seen from the Job Description form given above, all the factors needed to make a good Job Description are included in this form. It is flexible yet impersonal, formal yet concise and it welcomes change, it is open ended, so has the ability to evolve as needs change. It has all the points already mentioned above, and it includes a section for job specifications needed for the job as well as any recommendations the employee would like to make that would improve the job as well as his/her performance level.

#### 4.7 Linkage of organizational goals, objectives and strategy with individual jobs

Although this seems like a very small aspect to pay too much attention too, this can turn out to play a major role in the human resourced development area. When the employees feel like they are playing a significant role in the overall goals and objectives of the organization, it can do wonders.

Where is your organization going? Even if your company has not made a formal strategic planning document, it has communicated some important long-term goals. Too often, however, these goals aren't shared with new employees whose efforts help determine whether the organization's goals are met. Therefore, it should come as no surprise that employees, even entire departments, sometimes operate under disparate assumptions about the company's priorities and objectives.

All new employees, from entry-level staff members to senior executives, should view themselves as members of an organization-wide team working toward a defined and united goal. Certainly new employees need to understand their specific roles, but first they need to understand the big-picture objectives of the organization, including objectives such as:

Is the organization striving to be an industry innovator?

Is the organization working to develop an international presence?

Whatever the objectives, new employees should be given a brief introduction to your organization's goals. If you can, provide a copy of your annual report or a company brochure that explains your organization's goals. With a bigger-picture perspective, employees are better equipped to understand their specific role as it relates to long-term objectives.

#### 4.8 Performance appraisal

Performance appraisals are essential for the effective management and evaluation of staff. Appraisals help develop individuals, improve organizational performance, and feed into business planning. Formal performance appraisals are generally conducted annually for all staff in the organization. Each staff member is appraised by their line manager. (Directors are appraised by the CEO, who is appraised by the chairman or company owners, depending on the size and structure of the organization). Annual performance appraisals enable management and monitoring of standards, agreeing

expectations and objectives, and delegation of responsibilities and tasks. Staff performance appraisals also establish individual training needs and enable organizational training needs analysis and planning. Performance appraisals data feeds into organizational annual pay and grading reviews, and coincides with the business planning for the next trading year. Performance appraisals generally review each individual's performance against objectives and standards for the trading year, agreed at the previous appraisal meeting. Performance appraisals are also essential for career and succession planning. Performance appraisals are important for staff motivation, attitude and behavior development, communicating organizational aims, and fostering positive relationships between management and staff. Performance appraisals provide a formal, recorded, regular review of an individual's performance, and a plan for future development. In short, performance and job appraisals are vital for managing the performance of people and organizations.

Aside from formal performance appraisals, there are many different methods of performance evaluation. The use of any of these methods depends on the purpose of the evaluation, the individual, the assessor, and the environment. The formal annual performance appraisal is generally the over-riding instrument which gathers together and reviews all other performance data for the previous year.

Performance appraisals should be positive experiences. The appraisals process provides the platform for development and motivation, so organizations should foster a feeling that performance appraisals are positive opportunities, in order to get the best out of the people and the process. In certain organizations, performance appraisals are widely regarded as something rather less welcoming ('bollocking sessions' is not an unusual description), which provides a basis only on which to develop fear and resentment, so never, never, never use a staff performance appraisal to handle matters of discipline or admonishment, which should instead be handled via separately arranged meetings.

#### **4.8.1 Types of Performance and Aptitude Assessments, Including Formal Performance Appraisals**

- Formal annual performance appraisals
- Probationary reviews
- Informal one-to-one review discussions
- Counseling meetings
- Observation on the job
- Skill- or job-related tests
- Assignment or task followed by review, including secondments (temporary job cover or transfer)
- Assessment centers, including observed group exercises, tests presentations, etc.
- Survey of opinion of others who have dealings with the individual
- Psychometric tests and other behavioral assessments
- Graphology (handwriting analysis)



None of these methods is mutually exclusive. All of these performance assessment methods can be used in conjunction with others in the list, depending on situation and organizational policy. Where any of these processes is used, the manager must keep a written record, and must ensure agreed actions are followed up. The notes of all review situations can then be referred to at the formal appraisal.

Holding regular informal one-to-one review meetings greatly reduces the pressure and time required for the annual formal appraisal meeting. Holding informal reviews every month is ideal all staff. There are several benefits of reviewing frequently and informally:

- The manager is better informed and more up-to-date with his or her people's activities (and more in touch with what lies beyond, e.g., customers, suppliers, competitors, markets, etc)
- Difficult issues can be identified, discussed and resolved quickly, before they become more serious.
- Help can be given more readily – people rarely ask unless they see a good opportunity to do so – the regular informal review provides just this.
- Assignments, tasks and objectives can be agreed completed and reviewed quickly – leaving actions more than a few weeks reduces completion rates significantly for all but the most senior and experienced people.
- Objectives, direction, and purpose is more up-to-date – modern organizations demand more flexibility than a single annual review allows – priorities often change through the year, so people need to be re-directed and re-focused.
- Training and development actions can be broken down into smaller more digestible chunks, increasing success rates and motivational effect as a result.
- The 'fear factor', often associated by many with formal appraisals, is greatly reduced because people become more comfortable with the review process.
- Relationships and mutual understanding develops more quickly with greater frequency of meetings between manager and staff member.
- Staff members can be better prepared for the formal appraisal, giving better results, and saving management time.
- Much of the review has already been covered throughout the year by the time comes for the formal appraisal.
- Frequent review meetings increase the reliability of notes and performance data, and reduce the chances of overlooking things at the formal appraisal.

## 4.9 Performance Management System

### Job Appraisal Form

<b>Table 4</b>
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**Job/ Position Title**

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**Rank**

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**Location**

CDA Civic Center Branch, Islamabad

**Business Unit / Division** Regional Headquarter Islamabad, RBG

**Reports To (Title):** \_\_\_\_\_

**Current Grade** \_\_\_\_\_

**Suggested Job/ Position Title** \_\_\_\_\_

**Length of Service** \_\_\_\_\_

**Date of Hiring** \_\_\_\_\_

**POSITION SUMMARY (As understood by whosoever is appraising i.e. employee, supervisor, peer or subordinate)**

Critical Job Elements	Standard	Grading (from 1-5 where 5 is the highest)	Remarks/ Comments

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**Score your own capability or knowledge in the following areas in terms of your current role requirements (1-5, where 5 is the highest) If appropriate bring evidence with you to the appraisal to support your assessment.**

Personal Traits	Score
1. commercial judgment	
2. product/technical knowledge	
3. time management	

4. planning, budgeting and	
5. forecasting	
6. reporting and administration	
7. communication skills	
8. delegation skills	
9. IT/equipment/machinery skills	
10. meeting deadlines/commitments	
11. creativity	
12. problem-solving and decision-making	
13. team-working and developing others	
14. energy, determination and work-rate	
15. steadiness under pressure	
16. leadership and integrity	
17. adaptability, flexibility, and mobility	

18. personal appearance and image	
19. Quality of Work	
20. Flexibility	
21. Initiative	
22. Dependability	
23. Interpersonal Relations	
24. Honesty/ Integrity	

### **Performance Evaluation Criteria**

The scoring is done in a 360 degree manner, and appraisal forms are filled by:

- Subordinate
- Colleagues
- Supervisor
- Employee themselves

#### **4.10 Linkage of performance with reward and recognition**

Many corporations and other large organizations are beginning to acknowledge the intrinsic value of rewards and recognition programs, as well as the necessity of redefining systems of rewards and recognition to reflect new paradigms.

The current trends in downsizing and flattening management structures, combined with the new emphasis on continuous quality improvement, teamwork and employee empowerment, have significantly altered expectations of employee performance. A new brand of expectations necessitates new styles of reward and recognition. Unfortunately, many organizations have shifted to the new paradigms while continuing to reward employees based upon the old. Within these organizations, the morale of the workforce often suffers. Still others have forgotten to recognize their employees' accomplishments altogether.

One award-winning human resources specialist has described a common phenomenon in the workplace of today. "In the aftermath of downsizing and restructuring, employees have often felt forgotten and demeaned as extra workloads and longer work hours have become the norm without the balance of additional

employee recognition. Even annual merit increases, which are still expected to serve as once-a-year recognition of employee performance, are at their lowest level in 20 years.”

In addition to increased responsibilities without recognition, many of today’s employees have witnessed an inconsistency between the stated values of the employer and the performance factors the employer rewards, thus further contributing to the frustration and alienation of the dedicated employee who embraces the stated values.

### **Examples of Rewards and Recognition**

- Salary increase
- Cash bonus
- Letter of commendation for personnel file
- Free lunch or dinner
- Regular review and promotion process every x no. of years
- Tickets to a cultural event
- Parking
- Appreciation and/or praise
- Free refreshments at work
- Better office equipment
- Increased access to training opportunities
- Tickets to a sporting event
- Party
- Public praise
- Big trip
- Appointment to a committee or special assignment based upon performance
- Mug/trophy passed from one person to the next
- Higher travel reimbursement

## **4.11 Performance Based Rewards**

Reward systems are intended to recognize any kind of performance or behavior that is the same as what the company is looking for, or even better. The whole idea of rewarding is to reinforce the behavior or performance.

### ***What is Rewarded?***

Maybe somebody does something to make a significant achievement in terms of innovation or creativity. If that is a key success factor, whenever someone achieves it, it is necessary to make sure that they are rewarded for it.

### ***When?***

A classic failure of businesses is that they may wait for the year end, the annual performance appraisal or the Christmas party to reward somebody. Good managers will reward somebody immediately, even when no money changes hand. As soon as someone does something that is "right on the mark" and a manager tells them so, they

will know that they did the right thing and they will try harder. Likewise if someone is doing the wrong thing, it is best to tell them so in a timely manner.

### **How?**

This is very important. There tends to be major emphasis on things like bonuses and financial rewards. Monetary rewards can however also create problems if they become built into expectations, e.g. bonuses, and thus they are no longer a reward. There are many ways to reward people other than money.

### **Types of Rewards**

- **basic compensation** - There is a need to offer a competitive and attractive compensation package that is affordable by the company.
- **performance based bonuses** - The design of these can get very tricky. If bonuses become regular in the eyes of the employee, they become part of the base salary.
- **shares or "phantom" shares** - Employee ownership in the company through issuance of shares and/or stock options is becoming common. Tax considerations have to be considered for the employee if they are given shares.
- **promotion/empowerment** - With a small business of two or three persons, there is no hierarchical structure within which a person can be promoted. But they can be rewarded through empowerment. As they develop and grow as employees, they can be given more responsibility and perhaps more basic compensation. The empowerment itself will be a reward for good performance. The person will develop self confidence and self esteem. It drives the employee to even further improve performance. Larger organizations are increasingly using empowerment as a motivational tool.
- **timely praise/recognition** - or timely criticism.

## 4.12 Succession planning

While the demand for effective managers continues to grow, the retirement of baby boomers is producing a sharp decline in the ranks of available personnel. In addition, the executives of the future are expected to be more sophisticated in order to develop and lead new global and technological initiatives. For these reasons, careful planning for the eventual replacement of managers at all levels in organizations has gained strategic importance.

This is true for small firms as well as large ones. It's not just succession to the top - It's getting the right person in place for every job. Some of tomorrow's key jobs may not even exist now. If a firm plans to double in size in five years, they will need more talented managers.

The larger issue is leadership development, tracking, and developmental opportunities. The real key in succession management is to create a match between the organization's future needs and the aspirations of individuals. The only way to keep talented people is to provide them with growth opportunities that keep them

stretching and finding more promising opportunities they might find elsewhere. The average college graduate will change jobs five times in his or her career. Within the next decade, this norm will probably increase to seven job changes. Recruiting and retaining leaders becomes an economic and strategic challenge.

Succession management serves as an interface between the human resource function and the strategic direction of an organization. In this role, it is a vital resource in anticipating the future needs of the organization and helps find, assess, develop, and monitor the human capital required by the organization's strategy. While serving as trusted adviser and confidant of the CEO, the succession management function may also reflect the concerns and needs of line executives throughout the business units.

Succession management is a continuous annual process. It requires an ongoing commitment of top executives, divisional HR Staff, and succession management specialists. At Dell Computer, committed top executives were able to assemble a succession management program very rapidly, and they have used it to manage an incredible rate of growth without major discontinuities. Collaboration between the CEO and succession management teams can create a virtual cycle of success.

One of the clearest insights discovered is that effective succession management is a journey, not a destination. The best-practice partners in this study did not succeed in their first efforts at succession management. Similarly, none have rested on their laurels since having their process up and running. They continually see and adjust their systems as they receive feedback from line executives, monitor developments in technology, and learn from other leading organizations. For example, Dell reduced the degree of computerization for succession management data in response to feedback from the field. Conversely, Lilly focused on providing a single integrated, centralized, and synchronized database of succession information.

Succession management identifies and monitors various talent pools within the organization to match the future needs of the organization with the bench strength of available talent. Not having the right talent in place is often a growth-limiting factor in achieving business potential. With the impending retirement of baby boomers and increased demands for diversity, leading organizations are building systems that provide talented, high performers opportunities to grow. For example, Sonoco identifies eight separate pools that are sorted by division or business unit. PanCanadian focuses on "bright lights" and critical skills but also looks across the organization, especially for high potential young managers reporting to senior executives.

Talent assessment is a semi-transparent process in best-practice organizations. Most managers receive feedback and information about their developmental needs and suggested activities for further growth. Individuals who have been designated as high potential are seldom told of this designation to avoid raising expectations. At Lilly, an eight-page talent identification questionnaire is used to evaluate the assumed potential of 15,000 associates on performance, potential derailment factors, and learning agility. Similarly, Dell uses scaling calls to determine an individual's level of talent.



Best-practice partners use a core set of competencies or behaviors to establish a standard of comparison for assessment. Most organizations use a subset of leadership competencies that are aligned with the core set. All use these competencies as a basis for performance management and four out five use these for identification of high-potential employees. Furthermore, best-practice partners used fewer competencies than study sponsors, feeling that simplicity and focus were stronger advantages than comprehensive efforts. Dow has moved from having different competencies for each global business to a common set of seven used throughout the corporation. Dell focuses on "global corporate talent," which consists of individuals who have the capability to "run significant portions of a .... Business...on a global basis." They also track "functional high potentials."

The use of technology in succession management varies widely within the best-practice organizations. Yet, web-based systems seem to offer great potential for worldwide access and large-scale integration of data. As suggested previously, Dell has moved from more extensive global software applications to a much simpler MS Excel workbook to organize data. Sonoco moved to integrate four commercial applications (PeopleSoft, HRCharter, Lotus Notes, and ExecuTRACK) into a seamless system that can be globally accessed and updated daily.

**Meet Organizational Needs** Best-practice partners employ a wide range of developmental activities to engage leaders and extend their capabilities. These firms spend considerable time creating stretch developmental opportunities that are consistent with the organization's needs, as well as with those of the individual. Several firms reported that they would give people a temporary assignment as a part of, or tied in with, an action learning assignment.

Dow Chemical offers mentoring, coaching, and action learning along with university-based programs. Dow's internal research indicates that graduates of their internal executive education program showed improvements in strategic thinking, external focus customer orientation, and global view. Dow also offers an extensive array of training courses on-line. They report 14,000 on-line courses were completed online in one week. Eli Lilly uses individualized developmental plans, 360-degree feedback, job rotation and a formal mentoring program as part of their developmental arsenal.

All best-practice partners use some variety of a nine-box matrix for classifying the performance of their managers. In most instances, this matrix (originally popularized by General Electric) assesses individuals on the basis of performance, corporate values, and perceived potential. An individual who is performing well may not be judged as highly as someone who has not gotten comparable results but has persevered in a real stretch assignment. A popular competency was "learning agility." This refers to the ability and willingness to learn new material and adapt to new situations.

**The major metric by which succession systems are evaluated is the percentage of openings filled from within the firm. Sonoco finds that the performance/promotability matrix is 80 percent to 90 percent accurate in identifying candidates for key positions. At Dow, the hit rate of the succession**

plan is the key measure. If the person elected for an open position was on the list of potential successors, the system is believed to be working. The current hit rate of 75 to 80 percent shows considerable improvement from the past and is viewed as a reasonable target. Other key metrics include diversity and cross-functional assignments. Lilly has a measurement system that ensures its senior management cadre includes diversity in gender, ethnicity, and geographic origin. Finally, a unified approach to succession management can help to maintain consistency between different business units and geographic areas, and can contribute to objectivity in an organization's strategic human resources. For many firms, the first step in realizing these benefits will be to place succession management on the strategic radar. Then, an organization is prepared to benefit from the following best-practice principles.

### ***Key Best-Practice Insights***

#### **Deploying a Succession Management Process**

- Best-practice organizations make succession planning an integral corporate process by exhibiting a link between succession planning and overall business strategy. This link gives succession planning the opportunity to affect the corporation's long-term goals and objectives.
- Human resources is typically responsible for the tools and processes associated with successful succession planning. Business or line units are generally responsible for the "deliverables" -i.e., they use the system to manage their own staffing needs. Together, these two groups produce a comprehensive process.
- Technology plays an essential role in the succession planning process. Ideally, technology serves to facilitate the process (make it shorter, simpler, or more flexible) rather than becoming the focus of the process or inhibiting it in any way.

#### **Identifying the Talent Pool**

- Best-practice organizations use a cyclical, continuous identification process to focus on future leaders.
- Best-practice organizations use a core set of leadership and succession management competencies.

#### **Engaging Future Leaders**

- Best-practice organizations emphasize the importance of specific, individualized development plans for each employee.
- Individual development plans identify which developmental activities are needed, and the "best practice" firms typically have a mechanism in place to make it simple for the employee to conduct the developmental activities. Typically, divisional human resource leaders will monitor employee follow-up in developmental activities.

- Best-practice partners rely on the fundamental developmental activities of coaching, training, and development most frequently and utilize all developmental activities to a much greater extent than the sponsor organizations.
- In addition to traditional executive education programs, best-practice partners increasingly use special assignments, action learning, and web-based development activities.

### **Monitoring and Assessing the Program**

- Best-practice organizations develop methods of assessment to monitor the succession planning process. These methods vary according to business goals and company culture.

### **Recommendations for Success**

When the firms who had been recognized as "best-practice organizations" were asked for any insights that might be helpful to other firms interested in improving their succession management, they responded with the following recommendations.

1. Keep the process simple. Most refinements to succession management systems involved making the process more logical and simple so that busy line executives would not feel that bureaucracy was burdensome.
2. Engage technology to support the process. Information technology makes it possible for managers throughout the world to monitor and update developmental needs and activities on a timely basis. Making information timely and reducing the time required to manage the system are major contributions of technology.
3. Align succession management within overall business strategy. Line executives are much more likely to support a system that clearly reinforces corporate goals and objectives.
4. Secure senior level support for the process. None of the best practice firms would have been as successful without top management endorsement and support.

The last two recommendations suggest that there is a "virtuous cycle" when the succession system supports corporate strategy in a tangible way. Obviously, senior executives are much more supportive when the system gives the achievement of their strategies a higher probability of success.

## **4.13 Job termination techniques**

Few supervisors and managers savor the idea of being good at firing people. Nevertheless, you need to know how to terminate employees in a way that preserves their dignity while meeting your organization's needs. Even the most experienced managers will experience stress and anxiety when they go through the termination process. Having a clear idea of the process won't make it any more pleasant, but could prevent you from making costly mistakes. The purpose of this section is to

provide the small business owner with practical guidelines to assist with the separation process.

#### 4.13.1 Lesson Objectives

The key to a "Successful termination" begins with hiring and continues throughout the employer/employee relationship. Performance Reviews also play a critical role in a "Successful termination". But the actual process of termination is what stays in everyone's mind the longest time.

Remember that a termination impacts everyone – even the termination of someone that is not "liked" will affect co-workers if it is not handled properly. In most states, employees have the absolute right to claim unemployment benefits (and drawing against "your" unemployment insurance generally raises your tax rate). The burden of proof is almost always on the employer to prove the reason for the separation in unemployment claims cases. Make sure you are familiar with applicable federal and state laws, in certain cases written notification may be required in advance of the separation.

The best you can hope for when terminating someone is to have a chance meeting sometime in the future and have the person say, "You know... leaving ABC Company was the best thing that ever happened to me..." The worst thing that can happen is a long drawn out legal process with lawyers and government agencies. And don't forget that a former employee can be your best (or worse) salesperson. In this lesson, we'll provide you with techniques and practical advice to help you through the termination process

#### 4.13.2 Basic definitions

First let's begin with some basic definitions. Note that these definitions may be different than those contained in federal or state laws and regulations – they are intended to provide basic guidelines for terms used in this material.

- **Termination** - Employees may leave your company under several scenarios. In this document we will refer to "voluntary" and "involuntary" termination (or separation). Whether the conclusion of the employment relationship is the employer's or the employee's choice is sometimes not relevant – what is important is that both the employer and employee are treated fairly and with mutual respect.
- **Resignation** - An employee resigns from the company based on his or her own decision. This is also referred to as "voluntary termination". Even though an employee resigns of his or her own free will, you should still have a termination meeting and an exit interview as discussed below. It is also a good idea to ask for a written notification of resignation. This is accepted business practice and provides written documentation for your files.
- In this document we will discuss **3 types of "involuntary" termination:**

**Poor performance** - An employee has consistently exhibited poor performance compared to performance criteria. When terminating for poor performance, be

certain you have documented that the employee had been advised of performance deficiencies, given a reasonable amount of time to correct the deficiencies, and documented that the employee has failed to make the necessary corrections.

- **Termination for Cause** - occurs when an employee's conduct is in serious violation of company policy or employee has acted in a manner that significantly jeopardizes company or fellow employees. When terminating for cause, be sure the employee's action is thoroughly documented.
- **Layoff** - means a temporary interruption of the employment relationship because of a lack of work. If the termination is the result of a reduction in workforce (layoff), verify that the employee's selection has been fair and legal — and that it has been documented.

#### 4.13.3 Things to consider

The following points should be considered when you first identify that an employee has a performance problem or anytime you are considering terminating an employee.

**Keep these points in mind** whenever you hire someone and if you find yourself facing termination, the process will be much easier.

- 4 Review your company policies, handbooks, employment offer letters. Make sure that there is nothing that specifies length of employment or indicates employment lasts "as long as performance is satisfactory" or something similar. Note also, that some states consider employment is "at will" (i.e., of indefinite duration) unless there is something that indicates otherwise. If you have questions about employment laws in your state, contact the state unemployment agency or workforce commission for further information.
- 5 If you have written company policies -- *follow them*. If you find that you are always making exceptions to the rules, then change the rules.
- 6 Develop reasonable standards of conduct and provide them to your employees in writing. They should be written in simple, straightforward language. You should also have your employees sign an acknowledgment that they are aware of and have read your company policies and standards of conduct and that they agree to follow the rules you have established, and that failure to follow such rules can lead to discipline up to and including termination.
- 7 As soon as a performance or discipline problem crops up, start documenting your communications to your employee. Generally, it is best to follow a progressive disciplinary process: verbal warning, written warning that job is in jeopardy, and if necessary followed by termination.
- 8 ANYTIME you are notifying an employee that **your job is in jeopardy** it should be in writing. If possible ask the employee to sign the memo, and if they refuse to sign, this should be noted on the memo. It is a good idea to have a witness participate in these type of disciplinary counseling sessions, if at all possible.
- 9 If you plan to provide employees with periodic performance evaluations they should be fair and honest. Let them know where they are doing well, where improvement is needed and what the outcome will be if they don't improve.
- 10 Know the steps you need to follow in the termination process and make your plan when necessary.

- 11 Have someone conduct an exit interview whenever possible. These discussions can be an excellent way to improve the work environment for other employees.
- 12 Always preserve the employees' dignity and keep all discussions confidential. No matter how angry you may be, treating an employee with respect and dignity during the termination process is good manners and good business sense!
- 13 Document the termination and refer to this memo whenever you are asked questions by a state or federal agency. You should communicate the facts consistently and honestly anytime you are asked.

#### **4.13.3 Preparing For A Termination**

Successful termination meetings are carefully planned. Planning and preparation for a termination meeting will include:

- Review the employees file and any documentation from previous disciplinary discussions.
- Plan what to say to avoid saying something later regretted. You might also want to role play with another company employee. (Keep all information revealed in the role play strictly confidential.)
- If applicable, make your superiors aware of the reasons for termination and the planned termination date.
- Make sure that you can answer all the typical questions that the employee will ask.
- Have a checklist for any company assets or other property that should be returned by the employee. It is easy to forget something, and a short list will help during the termination meeting.
- Have the written termination notice prepared in advance, and make sure it includes any required insurance or benefit notices.
- If you have any questions about the process or the circumstances that have resulted in the involuntary termination, consult with your legal counsel.
- Have a witness to the meeting whenever possible. Make sure this person knows her role and has been briefed on how to respond to any comments.
- IF appropriate, change any security passwords, locks, etc. Don't forget the PCs or any bank transfer PIN numbers the employee might have.

A termination meeting is Successful when:

- The employee understands the essential information about his or her status.
- The employee is treated fairly and with respect.
- The company fulfills its legal and ethical responsibilities.
- The disruption to other employees is minimal.

Except for employees that are discharged immediately for violent or criminal behavior (summarily discharged) decisions to terminate employees should not be acted upon immediately. Have other appropriate company employees review the decision to

terminate an employee. It might be appropriate to suspend an employee while the termination decision is being considered.

Some people prefer to get terminations completed as soon as possible after the decision is made. Others are so burdened by guilt that they keep putting it off. But your emotions should not be the deciding factor in determining when termination takes place. When possible, termination meetings should be held early in the day and early in the week.

#### **4.13.4 Outline of The Termination Process**

An employee's manager or direct supervisor should call and conduct the termination meeting. Hold the meeting in a private location other than the employee's normal work area to limit any embarrassment the employee may experience.

Information to be covered in the meeting follows.

- Notify the employee how and why he or she is no longer working at the company. Tell the truth, such as facts about an employee's poor performance, regardless of how uncomfortable it is. However, never make remarks about an employee's personal character.
- Inform the employee that the decision is final and when the termination will be effective. (For example, immediately as is common with termination for poor performance or at some time in the future as is common with a layoff due to reduction in workforce.)
- Let the employee know what benefits (unemployment, health insurance, severance pay, etc.) are available. State laws typically govern how and when final pay and vacation pay is handled.
- Give the employee a written termination notice. Send a written termination notice—by certified mail—to an employee that is being terminated because he or she has failed to come to work as required.
- If you are concerned that an employee may become violent or take legal action, you might consider preparing a statement explaining the termination and read it verbatim to the employee.
- Consider offering assistance to the employee for finding another job. You might offer company assistance in preparing and mailing resumes, making copies or job search coaching tips.

Following the termination meeting, document it with a written, detailed description of the meeting. Include what the employee was told and what the employee said in the notes.

#### **4.13.5 Employees With Confidential Information**

In some cases, employees have access to vital confidential material (i.e. computer files, documentation, etc.) that you will want to immediately deny access to when they resign or are terminated. Sometimes these employees are leaving your company to work for a competitor or another company where their knowledge of your company may put you in a competitive disadvantage. In these cases, you should consider

having an appropriate company employee remain with the terminated employee at all times until he or she leaves the company premises to ensure no company material is destroyed or removed.

#### **4.13.6 Employee Questions**

Be prepared to answer these typical questions employees raise during termination meetings.

- When is my last day?
- When should I leave?
- Will I receive severance pay? How much?
- Will I receive bonuses that I was eligible for?
- When will I receive my last paycheck?
- Will I be paid for accumulated sick leave or vacation time not taken?
- Am I eligible for unemployment insurance?
- Will you or the company provide employment references? What will you say if you are asked to provide a reference?
- What will my co-workers and clients be told about my termination?
- Will my medical and insurance benefits continue?
- When must I return company property such as a car, pager or cellular phone, keys, etc.
- What happens to my pension, profit sharing or saving plans?
- Can I continue to use my office or work area to look for a job?
- Can I use other employees, my PC, etc to prepare my resume?
- Can I say good bye to everyone before I go?
- When can I go back to my work area to get all my personal things?

#### **4.13.7 Exit Interviews**

An exit interview is separate from the termination meeting. Information exchanged at exit interviews may benefit both the company and employee. For example, you may learn that a supervisor is not leading employees as well as you thought. Or, you may detect a trend that indicates your employees require more training in a particular area.

A representative from the human resources department typically conducts exit interviews. If you don't have a formal human resources department, a senior manager other than the employee's immediate supervisor should conduct the interview. Of course the "objectivity" desired from an exit interview is lost if you have also conducted the termination meeting. Thus, in a very small company, you might want to provide the employee with a simple exit interview survey, and ask them to complete and mail it back to you.

In the case of a terminated employee, discuss or clarify the reasons for the termination. For employees that have resigned, the employer may learn about the reasons leading to the employee's decision.

Listed below are steps to guide you through the exit interview process.



- Prepare for the interview by briefly talking with the employee's manager and reading the employee's personnel file, performance appraisals, etc.
- Set a meeting agenda. Allow enough time for discussion. Prepare questions similar to those of an employee attitude survey such as:
  - Do you feel management communicates well?
  - What changes would help employees do their jobs better?
  - Schedule the meeting as close as possible to the employee's departure from the company. Many companies plan this as the last stop for departing employees.
  - Explain the purpose of the interview to the employee that is to gather information about the employee's perception of the company and how it treats employees. Assure the employee that comments made during the exit interview will remain anonymous except in the case of allegations of misconduct.
  - Be prepared to answer employee's questions. (See the list of typical employee questions.)
  - Set the right tone—be warm, receptive and interested in what the employee has to say
  - Listen. Don't insert personal comments, provide opinions or defend the company and its actions. Your role is to gather information and stay objective.
  - Review any noncompetition or nondisclosure agreements he or she may have signed.
  - Gather or verify that all company property and material has been returned.
  - Document the exit interview. Most companies develop an exit interview form that is completed by the interviewer.

#### **4.13.8 Employee Reactions**

Employee reactions to being terminated can run the full range of human emotion. Here are a few tips for how to handle strong emotions.

- Never argue with an employee to justify a termination decision. If you've taken appropriate action in reaching your decision (i.e. discussing the consequences of failing to meet performance criteria) the termination decision should not be a surprise to the employee. Be courteous, confident and firm.
- If an employee asks what he or she can do to get the decision reversed, inform him or her that the decision is final.
- Employees might respond that the termination will cause hardship to themselves and their families. In the case on an employee terminated for poor performance, you might point out that the employee had ample warning. In any case, you may refer to the benefits for which the employee is eligible.
- If an employee cries, you should allow him or her ample time to recover, offer a tissue or glass of water, but not apologize.

- If an employee shouts or curses you should state—in a normal tone of voice—that the meeting will not continue until he or she calms down. You should never respond in kind.
- If a terminated employee makes a threat of a lawsuit you should either not respond or make a neutral comment.
- Call a witness if an employee makes a violent threat. If you suspect that the employee is about to become violent and cause harm to others or company property, call security or the police immediately.

#### **4.13.9 Informing Other Employees**

In general, the less said to co-workers and other employees about an employee's termination the better. People are naturally curious about what happened. However, you do not want to infringe on the terminated employee's privacy or leave yourself open to legal action because of something you have said.

If appropriate, you might want to review company policies, performance expectations, etc. with employees. This answers the natural question raised in employees minds: "What can I do to ensure that I don't get fired?"

You should, however, be prepared to inform those impacted by the employee's departure such as immediate co-workers, subordinates, clients, etc. Tell them that the employee no longer works for the company and how his or her duties and responsibilities will be carried out going forward.

#### **4.14 Suggested HR Policies in ITG Department**

Since our study is concentrated upon the ITG department, we will discuss the HR policies of this department in more detail. The suggested policies are as follows:

Chapter: 3 **HUMAN RESOURCE MANAGEMENT:**

Human Resource means both staff and line managers, including regular and contract employees working in the field of IT in any Division or Group of Habib Bank Limited.

Standards and procedures regarding HR Management of all staff working on different IT projects is as under:

Section: 1 **Duties and Responsibilities:**

- Duties and responsibilities should be given in writing and assigned in a manner that it provides security against fraud or errors by ensuring that no one person has complete control over any aspect of the information flow.
- Segregation of duties should be ensured in the following disciplines:
  - *System ~~code~~ Development and System Maintenance*
  - Programming and operation staff.
  - Applications and Systems Programmers.
  - Data Control, Data Entry & Operations staff.
  - Media Library and all other functions.
- *System administration and branch operations*  
In IT departments of business groups and computer centres where segregation of duties is not possible due to shortage of staff, it should be ensured that this shortcoming is compensated by adequate supervision of another staff member.
- IT staff of ITG should never be allowed to authorize or initiate any transactions related to live environment.
- Each department should evaluate the extent to which temporary staff:
  - Are subjected to scrutiny
  - Is restricted from having access to back-ups and customer data.
  - Have their work checked and supervised.
- Annual leave of IT staff working on sensitive data should include one period of at least fourteen consecutive days absence from the normal place of work.
- Employee responsibilities for security matters should be clearly defined and documented in their job description.
- Annual appraisals should ensure that all employees are aware of their duties and responsibilities regarding IT Security and Disaster Recovery Procedures.

Chapter: 3 ***HUMAN RESOURCE MANAGEMENT:***

Section: 2 ***Level of Competence:***

To ensure adequate level of competence among the IT staff, the field executives and branch managers may adopt the following procedures:

- Make necessary arrangements for the employees to attend short courses that relate to their functional duties.
- Create a nucleus of personnel sufficiently experienced to execute all-important tasks.
- More experienced staff should be given the responsibility of imparting technical training to junior staff.
- Regular counseling sessions should be held at all levels.
- Shortcomings in personnel performance should be identified and appropriate measures should be taken for improvement.
- Technical Support Staff from the computer centres should be asked to provide on-site training, whenever required.

Chapter: 3     **HUMAN RESOURCE MANAGEMENT:**

Section: 3     **Awareness and Compliance of IT Policy:**

Line Managers should ensure awareness of IT Policy, Standards & Procedures among staff by adopting the following measures:

- All employees regular or on contract, entering into Habib Bank employment would be asked to read this manual, so as to be fully aware of the bank's IT Policy & Procedures.
- Users in particular should be made aware of the importance of data security and should be emphasized to take the following measures to avoid unauthorized access to confidential information;
  - Signing-off before leaving the terminal.
  - No sharing of passwords with colleagues.
  - Appropriate selection of passwords.
  - Locking the terminal after use, where a key lock is provided.
  - Passwords to be changed frequently and in accordance with the security policy and system requirements.
  - Switch-off modem after use.
- Computer equipment and other resources may only be used for official purposes especially the Internet wherever provided.
- Use of computer equipment, resources and time by employees for the playing of computer games or listening to music etc. is strictly prohibited. The line management has the responsibility to ensure compliance.

Chapter: 3 **HUMAN RESOURCE MANAGEMENT:**

Section: 4 **Transfers and Postings:**

It should be ensured that the quality of IT/IS support & services to user departments, operational competence and security is not compromised while a transfer or posting of an IT professional is formalized.

Following procedures may be adopted:

- If a Systems Administrator is transferred from an IT department or an On-line branch, the line management should ensure adequately trained replacement.
- In order to sustain and support the use of information technology, it may be necessary to transfer skilled IT staff from ITG to other groups on a regular basis.
- Business groups may meet their requirements of experienced IT professionals by sending written requests to ITG for inter-group transfers of such staff. ITG would meet this requirement either from their own strength or from another group.
- To promote and encourage transfers of Executive level IT professionals from ITG to other groups, a one-time salary adjustment of 10% of basic pay is to be offered as an incentive to all volunteers. This would however, be subject to a requisition from another group. Executives opting to avail this facility would not request for their transfer back to ITG before the expiry of a three years term.
- As a matter of policy a home-based IT Manager is to be posted at every overseas operation where MOBS is implemented. This posting will be for an initial period of three years, subject to only one renewal of the same duration. This condition may be relaxed where the local government has enforced work permit quota restrictions. In such cases, it is the responsibility of the General Manager to make sure that the local based IT Manager gets adequate training on MOBS and UNIX Operating System.

Chapter: 3     **HUMAN RESOURCE MANAGEMENT:**

Section: 5     **Recruitment:**

It has to be ensured that all business groups of Habib Bank get a very high quality of IT/IS support and services. This is possible only when adequately trained IT professionals with relevant job experience are inducted on a regular basis, as part of IT recruitment policy.

Following standards and procedures may be adopted:

- Since ITG is expected to meet the requirements of other groups for experienced IT staff from its own resources, it is necessary to maintain a regular induction of fresh staff as their replacement.
- Recruitment of fresh staff through advertisements is to be limited only for emergency intake. This would invariably be done through a well-established recruitment agency.
- Depending on the requirements, offers for regular appointment in officer Grade-II are to be made to position holders from recognized universities or training institutes. These offers may be made to a limited number of Post Graduate students every year.
- Up to a maximum of two internees per year may be taken by every Division and Computer Centre of ITG. These internees may be taken for a maximum period of 1 year on a fixed monthly stipend of Rs.5,000/-. Permanent positions may be offered to these internees depending on their performance and availability of positions.
- ITG to conduct regular market survey to identify IT professionals with special skills and outstanding reputation. These professionals may be offered permanent positions in Officer cadre.
- Experienced IT professionals may be hired on contract basis for specific projects. The staff hired would be on an eleven months renewable contract. Permanent positions may be offered to suitable and proficient contractors.
- Offers of employment to contract and permanent staff should be subject to suitable references being obtained confirming relevance of experience and also integrity. All educational qualifications, degrees and diplomas should be verified from the respective universities/institutions.

Chapter: 3 **HUMAN RESOURCE MANAGEMENT:**

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Chapter: 3     **HUMAN RESOURCE MANAGEMENT:**

Section: 7     **Human Resource Development (HRD):**

Human Resources Group and MDI should work out a comprehensive IT training program at all levels. The objective should be to achieve 100% computer literacy in all ranks of Habib Bank and develop relevant skills in all groups to meet all of their isolated IT requirements.

Policy on HRD covers the following programs:

- Computer Literacy.
- IT Education.
- IT Training.

3.7.1     **Computer Literacy:**

- Management Committee is to give specific targets to Group Executives for achieving 100% computer literacy at all ranks.
- Computer Literacy is to be made a mandatory requirement for all future appointees in Habib Bank.
- All departments, divisions and groups are required to make adequate budgetary provisions for computer literacy.
- Train the trainer program is to be initiated to meet the requirements of good quality IT training within Habib Bank. The Management Development Institute is required to develop a strategy for this purpose so as to start IT training programs as a part of their curriculum.

3.7.2     **IT Education:**

- All staff members would be encouraged to obtain a degree/diploma in IT. To motivate staff in this direction adequate monetary incentives would be given by the Group Executive:

3.7.3     **IT Training:**

All groups of Habib Bank are required to send their staff for IT training to acquire special skills. Depending on the individual requirements, following training programs may be allowed:

- E-mail & Internet.
- Windows, Windows-NT.
- MS Word.
- MS Excel.
- MS Power Point.
- MS Access.
- Visual Basic.

Chapter: 3     ***HUMAN RESOURCE MANAGEMENT:***

Section: 7     ***Human Resource Development (HRD):***

3.7.3         ***IT Training (Cont'd...)***

Divisions and Groups at the Head Office and Regions and branches in the field are required to make arrangements with a selected number of IT training Institutes in all major cities of Pakistan that offer the above mentioned courses.

## Chapter 5

### 5 Conclusion and Recommendations

#### 5.1 Conclusion

Habib Bank is the largest bank that is in operation in Pakistan, and during the course of this study, I have felt that the main secret of its success lays in its size and the fact that it has been around for longer than most other banks. Most of its customer base consists of people that are using the bank simply because they have been doing so for the last twenty years or because they are retired and their retirement accounts are in HBL. There are a lot government as well as private organizations that use HBL for their salary accounts, and even presently, HBL is the government choice of bank when initiating large projects like sale of the sector I-15 plots. In my opinion, all this has given HBL a distinct advantage over other banks. In many cases, there are a lot of other banks that offer better services than HBL, but don't enjoy as much success. It is also my opinion that this success is not going to continue for much longer as other banks are beginning to catch up with HBL. Apart from several prosperous foreign banks in the country that are successfully catering to the local needs, there is a plethora of local banks that are opening everywhere. With the advent of online banking, it seems that all one needs to open a branch of a bank is an office space and people to run it. Since the number of branches of a bank offers a convenience that even ATMs cannot offer, it seems that this advantage of Habib Bank over other banks is fast finishing. Also, with growing awareness about Islamic Banking, many banks are specializing in offering quality services while keeping in line with religious principles, and the shift has already started. Habib Bank has to go for a complete paradigm shift if it hopes to succeed in tomorrow's corporate world, where the competition is fierce and the changes are taking place 'at the speed of thought\*\*\*\*\*'.

#### 5.2 Recommendations

Most of the recommendations have been discussed in great detail in the analysis section. In this section, however, the final definitions will be given in a clear and concise manner so as to tie up any loose ends there may be.

As mentioned before, a fundamental problem occurs with the actual *organizational structure* of the company. Although this does not come directly under the heading of HRM, but the HR managers can help to initiate the restructuring process, especially since in order to right-size the organization, it is important to know who is doing what job (job description), what skills are needed for the job (job specification) and whether the job is being done properly or not (performance management). All these functions are carried out by the HR department, and once all this has been determined, the senior level managers can decide which departments/divisions are necessary and which ones can be outsourced more efficiently and effectively. Another structural as well as functional change HBL needs to bring about is to outsource the Engineering

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\*\*\*\*\* Bill Gates, 1999.

and Maintenance Division. Also, there is also a need to outsource Maintenance of Wide Area Network (WAN). Both these changes, as well as others that we won't go into the details of here, need to be brought about so that all businesses that are *not core* to the bank can be outsourced. Too much time, money and valuable human resource is being spent in these businesses that are support functions at best, and could easily, effectively and efficiently be outsourced.

Thus, to cut down costs, as well as productively utilize human resource in an optimal manner, it is best that the width and the height of the organizational hierarchy be reduced. This will also promote efficiency as the layers decrease, communication problems and mandatory paperwork will be reduced and coordination will be improved. This can be done in two ways:

- Reduce the number of Support City Centers and convert them into regional centers, so that one Regional Center overlooks the workings of three or four cities. Staff in these centers should also be reduced, and thought should be given to outsourcing the services that can be efficiently and effectively done so.
- The Support Service Centers can be headed by a Support Services Group (SSG) which can have its own Executive Vice President. In this way, the support services will be one level beneath the other functional groups, but the EVP will be directly under the company head. All this will bring about the benefits already mentioned above.

For all this, certain employees will have to be let go. Since the purpose of *HRM* is not to alienate the employees, rather make them feel safe and secure (yet responsible) in their jobs, it would be a better idea to:

- Retire employees with over 25 years of experience with the Bank, and rehire them on contractual basis if necessary.
- Instead of terminating employments, transfer employees either to other branches of the bank or recommend them to affiliate organizations.

Retirement of older employees is not just a tool for rightsizing. HBL has now got a problem of *aging employee base* as well as a very high turnover rate among the lower level managers. The reasons for these are given below.

- The older employees have been working with the bank ever since it was controlled by the government, and as is generally known, the government advocates life-time employment along with the security and safety that comes along with it. This has certain advantages like keeping employees (especially those in the labor class) beyond their useful years and encouraging people to slack in their duties since they are in danger of losing their jobs.
- The entry level managers are young professionals that are being hired from the top rated institutes of Pakistan are very restless to further their careers in big multinational organizations and are doing these jobs so early in their career for the sake of experience and not to build a career in HBL. Thus, as soon as a better offer comes along, they leave the Bank. It is thus better to hire MBAs from

above average institutes and even average institutes and build them up to be irreplaceable employees through training and development.

- Apart from everything else, once the employee leaves, no exit interviews are conducted. These are a must in order to get a good idea of what is lacking in making working at HBL a fulfilling experience and why the employee is leaving. These interviews can help the organization improve their working environment and make it more attractive for talented MBAs to work in.

Continuing with the recommendation for restructuring the organization, one very important thing to be mentioned here is the Management Development Institute (MDI). As mentioned before, these institutes are present for training purposes of the employees of the organization. The trainings being done at the moment are more so for the sake of keeping to a schedule than on a need-to basis. This institute exerts a huge pressure on the budget of the bank, and keeping in view its limited use, it would be less costly and more effective if the trainings could be outsourced from reputable institutes and to spin off the MDI. Since the training will then be conducted after a needs analysis only, the trainees can be sent to diverse institutes that train them only in their specialized areas.

On a different note, upon interviewing some of the senior level staff, it came to light that there is a somewhat bureaucratic culture prevalent at HBL. As a by product of this, no employee is confident or secure in their job enough to tell their supervisor if they are in need of some improvement. Since HBL is a classic functional structure, and no decision can be made without permission from the supervisors, and empowerment is low, this poses a real problem. It is very difficult for an employee to do his/her job properly if he/she needs to convince an incompetent supervisor of the merits of a good idea. Often the supervisors are doing something wrong and are perfectly willing to change, but can't since they have no source of true feedback. The only solution is a *360 degree performance appraisal* with special emphasis on an upward appraisal system. This should be carried out through the HR department to ensure anonymity and the feedback should be given by the HR manager to the managers of the organization, and consequently, steps should be taken to rectify the problems, e.g. training session etc.

Loyalty among employees needs to be built through long term benefits, but care must be taken to not give the employee an overt sense of security which may entice him/her to slack in his/her job and feel that he/she can get away with mediocre work. There are two distinct categories of people working at Habib Bank (apart from the exceptional minority). The first groups are colloquially called the "lifers". They are the ones who started out their careers with Habib Bank, and hope one day, in the near or distant future, to retire from the Bank. The second group consists of the fresh graduates and the MBAs who have recently joined the bank, and more or less value their jobs as much as they would value a stepping stone that takes them to higher levels in their professional careers. In the first case, the employees have been used to working the "barely acceptable" amount for decades and are loyal but mediocre employees of the organization. In the second case, the employees are talented, qualified and hard working but lack loyalty and rarely stay in the organization for more than two years. One thing they both have in common is that they need to be motivated

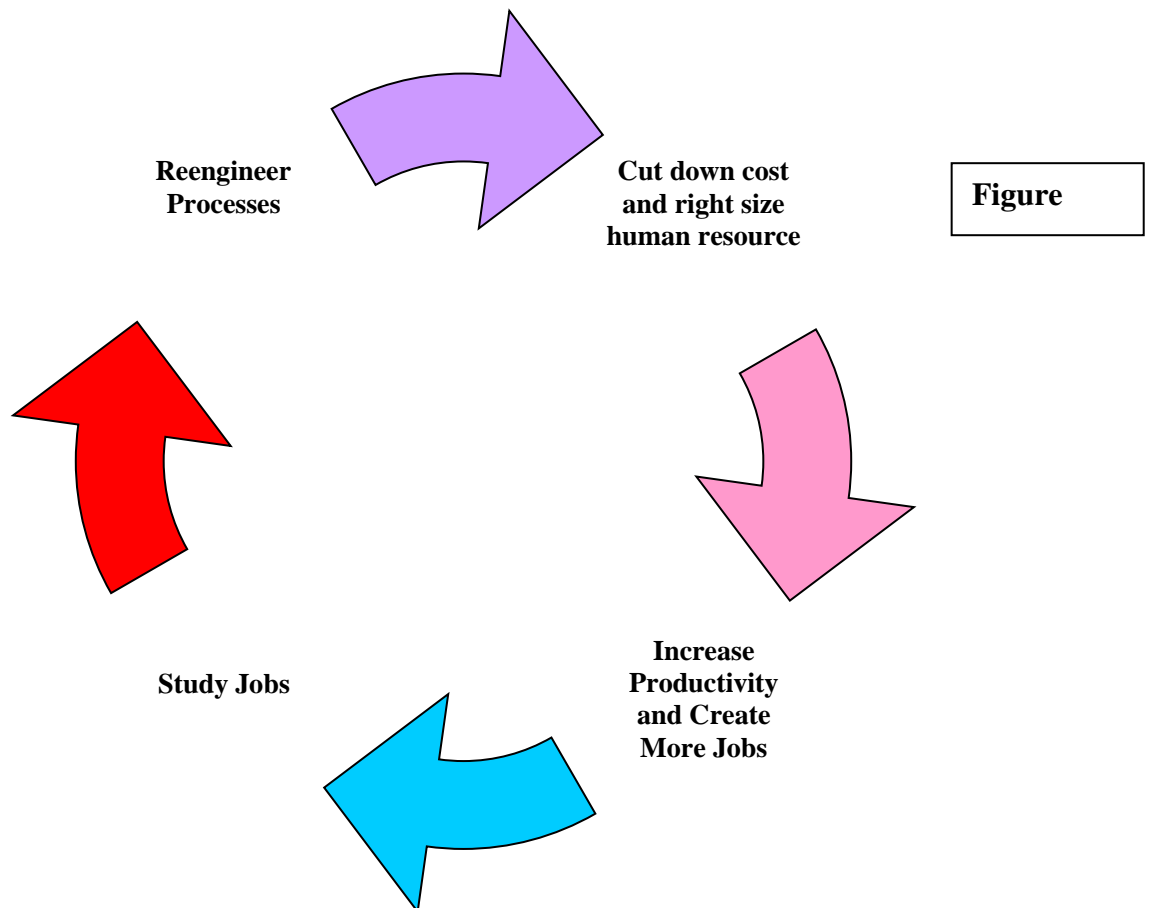
in a way that makes them experience not only loyalty for the organization but responsibility for it as well, and this can only be done through a continuous process of job satisfaction in every way. Job satisfaction does not only mean a good reward and recognition system, but also a job that utilizes the employees' skills in such a way that these skills are further honed and experience is gained while giving the employee a sense of well being and achievement. The Human Resource needs to feel that what they are doing in the organization plays a very vital part in keeping it ahead of its competitors.

**Business Process Reengineering** in HR (BPR) needs to be done, especially in areas like the updating of the system of claiming of traveling allowance which is very outdated and highly inefficient. Apart from that, BPR is a very efficient tool on removing the kinks or time/cost wasting activities from any procedure. Sometime, this can be done through Information technology. For example, use electronic forms must be slowly but consistently established in the bank. Each employee must not only have familiarity with information technology, but also must be comfortable using it. In this way, for example, if the whole performance appraisal process could be done online, the repetitive paperwork could be finished, and correspondence as well as communication of these appraisal forms can be done electronically in a much quicker way than traditional postal mail.

To put it simply, business process reengineering is a technique that is used to iron out the wrinkles in the processes that are taking place in a work place. This process can be as simple as transfer of a memo to the employees, or can be as complex as organizing the relief effort for the tens of thousands affected in the earthquake of South Asia on Oct 08 2005. In both cases, the job has to be first broken down into manageable tasks, and then the human resource that is specialized in their specific areas is assigned to the activities that make up these tasks. Usually, the 'wrinkles' come at the time where one task has to be coordinated with the other task and so on. The problems are further multiplied when several tasks are dependent upon one another, as is common in any organization. Rarely do organizations run in a linear way. If coordination is not done properly, sometimes activities are either repeated or skipped altogether. Other times, everything is taking place as it should but is still taking too much time, more than it should. It all basically comes down to time efficiency, and time means money.

Sometimes a fairly simple task or job is over complicated when it could easily be simplified. Too often the people involved are so focused on their own jobs that they fail to see the big picture, and the problems are apparent only if someone looks at the whole job and not only its tasks. In some cases, it's the case of 'too many cooks spoiling the broth', while in others, it is the case of 'four hands are better than two'. It is very important to take a close look at the processes within the organization to point out where resources are being wasted. Especially in the case of valuable human resource, it is important to use it where it is needed and not where it could be easily and efficiently replaced by a computer. HR is too valuable and unique a resource to be wasted and not utilized.

Too often, employees view BPR as a threat and fear it to mean that they will soon be losing their jobs to machines. It is very important to make the employees understand that right-sizing is not necessarily down-sizing. Right-sizing refers to the process of finding out optimum number of people required for a specific job or process and only keeping those people who are best suited for the task at hand. Down-sizing is the process of reducing the work force in order to either cut costs or increase profits on a short term basis. Although the underlying factor in both is cutting costs, rightsizing eventually leads to an increase in work force because once the right people are put in the right jobs, increased productivity in the business will make room for more employees in more jobs, and the HR will be best suited in their jobs and could never be replaced by machines. It is thus very important to convey this message very strongly to the employees. And in order to right-size, it is better to readjust employees in other departments in jobs that best suit their talents, experience and qualifications, and not out-right terminate their employment. It is important not to forget that fear and insecurity can be the cause of inefficiencies and ineffectiveness in an employee's performance, even though he/she may be qualified enough for the job.



BPR is a continuous process that ultimately works out in a 'win-win' situation for everybody, as the figure given above shows. The red step is the most crucial one, and the steps that follow, although important, are still dependent upon the vital first step, so care must be taken during that.

There are other ways to do business process reengineering besides right-sizing the employee base. Mostly, it has to do with decreasing the number of activities in a task and the number of tasks in a job, or just streamlining the whole process. This streamlining is always dependent upon what the key underlying objective of the job is, and what are the trade-offs the management is willing to make. There are always some things that have to be prioritized and others that can be overlooked in certain cases. For example, in a newspaper printing facility, time is of the essence. So, to make sure that one has a press that works as fast as is possible, the quality of paper used can be overlooked to a certain degree. So, the company will not waste time perfecting a press that prints the best quality newspaper, rather they will concentrate their efforts on one that prints the fastest. This doesn't mean quality is overlooked entirely- only that it is prioritized less than speed.

In the same way, an organization, like a bank for example, has different priorities for different divisions. Even in the same organizations, the retail banking group has different priorities than the investment banking group. The IT group in the bank has very different tasks from the banking side of the organization. It basically takes care of all the hardware and software problems the bank might face. But, it has to be kept in mind that a bank's core business is banking and *not* IT. Thus, it cannot lose focus from its priorities. Therefore, when I studied the useful and the wasteful activities of the IT department with the purpose of reengineering its activities at a fundamental level, what I discovered was that most of the activities of the IT department were being outsourced, and the main job of the employees in this department was to coordinate between the vendors and the bank. Such a narrow job description does not warrant the costs of a whole department and its employees. It seems, as I have mentioned in section 4.1, that a more efficient and effective solution would be to outsource the functions of the IT department and reduce it from a group to a small team of relevant people that may be put under the Global Operations Group for example. In this way, the valuable human resource can be utilized in a more efficient and effective manner (see figure).



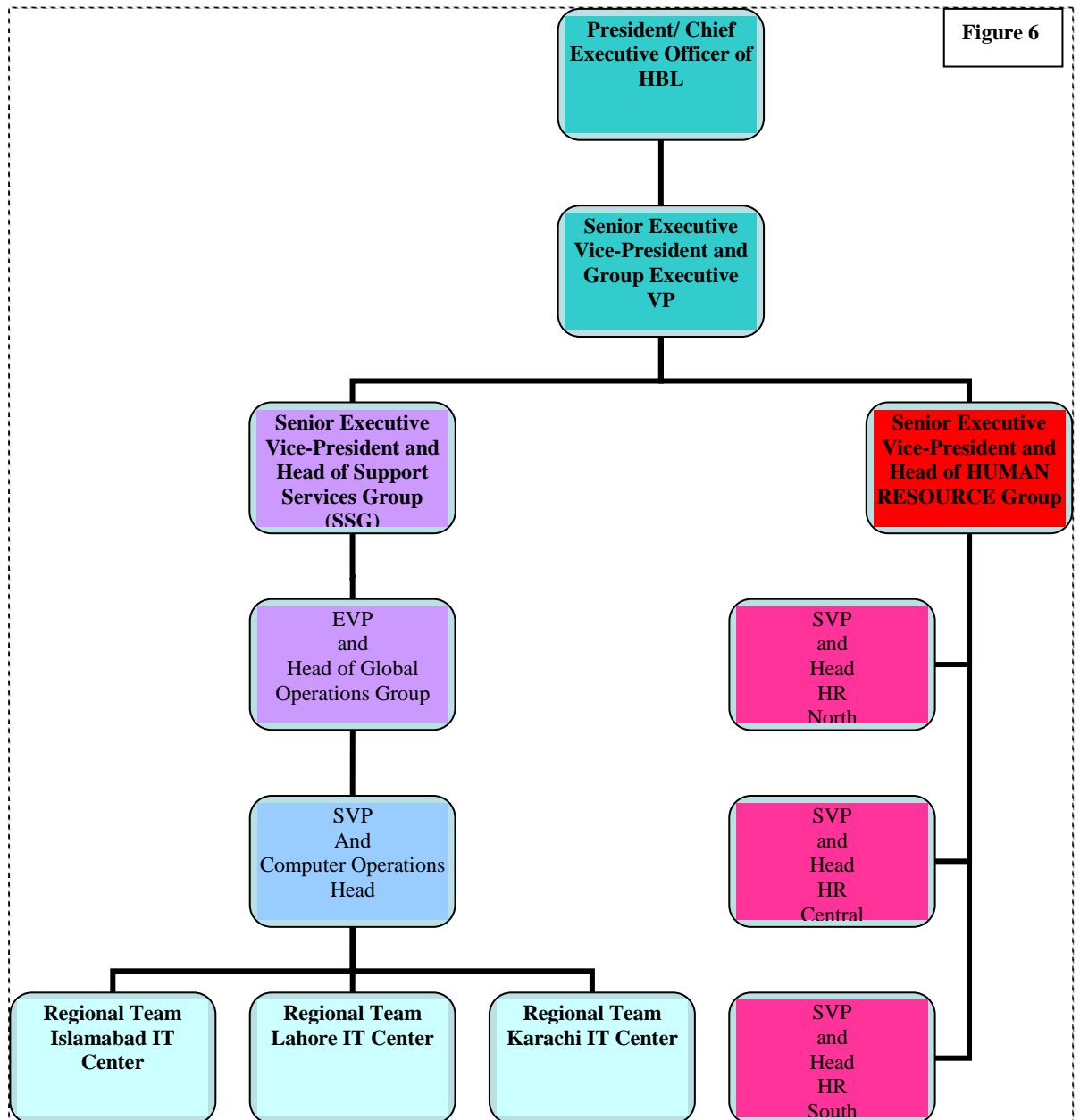


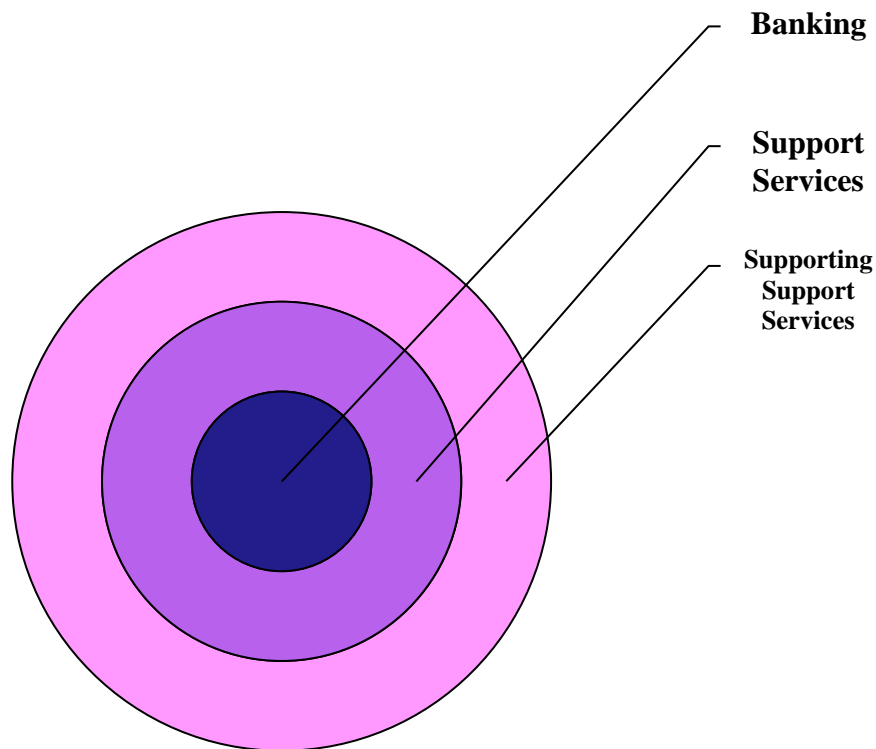
Figure 6

One very important thing to remember here is that I have *not* recommended changes in grades or executive levels for the senior managers, but they need to be changed in order to accommodate the smaller teams and the outsourcing that needs to be done. The bank needs to carefully assess the qualifications and performance levels of its senior managers and either retire them (if they are close to retirement) or transfer them to areas where their services are needed more, because laying off senior managers is not a realistic option.

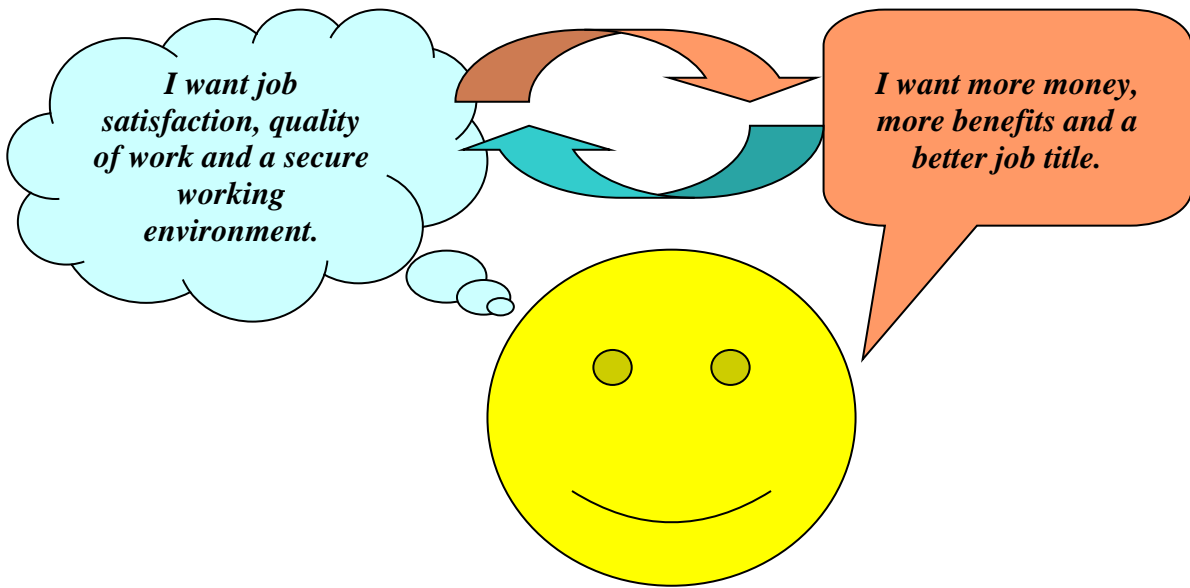
A few more **structural changes** could also prove to be beneficial for the Bank. It has already been recommended that the Support Services Group be a separate group, and that IT come under Global Operations. Also, as mentioned before, it would be better to bring the Management Development Institutes (MDIs) under the umbrella of the HR North and HR Central, where the Islamabad Institute would be under the Northern HR Group and the Lahore Institute would be under the Central HR Group. It has already been recommended that this

function be outsourced, but a small office for coordination purposes must be present that overlooks that effectiveness of the training process and recommends employees to different specialized institute, and this office must be present in each region at least.

Habib Bank is not a real estate agent. It seems it is acting as such in Islamabad where it has a whole tower with most of its offices rented out to other organizations. The maintenance and up-keep of this task requires its own SVP and his team of managers.



As we have already discussed, HBL has its core business groups and a few supporting and services groups. But, it has a few divisions or departments that have nothing to do with the industry the organization is in, and only result in wastage of human resources and money. This is the case with the department that deals with the collection of rents and maintenances of the rented offices in the Habib Bank Tower in Islamabad. This seems to be a complete waste of resources, especially since this department has its own sub-departments like the engineering and maintenance division, which is completely different from the banking industry. As I have mentioned before, employing an executive at the level of SVP and his team is almost as costly as running a whole branch of the Bank, and in this case, the cost is just not worth the results. It is even more pointless since in Islamabad itself, many branches and divisions of HBL are working in rented buildings. This shows a lack of coordination and a gross misuse of resources, and complete restructuring needs to be done.



## Appendix

### Appendix A

Duty List of Staff of HBL - CDA Civic Centre Br. Islamabad

**HABIB BANK LIMITED**  
**CDA CIVIC CENTRE BRANCH - ISLAMABAD**

✓ 1- MR. SANA-UR-RAG RANA VP/CHIEF MANAGER 28-9-2005

1. Identify market potentials/customers, (their needs Both Assets & Liabilities), Establishing Customer Relationship Sales Teams, Telemarketing, meeting with Customer/Correspondence.
2. Regularly call on customers (Existing, Prospective and Lost Customers), generate call reports and submit to RCE.
3. Formulate and develop strategies to achieve annual business goals, increase bank's share in business & deposit, understanding competition, consolidation and retention of business.
4. Create a working relationship between operations, credit and marketing to improve to customer.
5. Prepare annual goals and appraisals of all Direct Reports/Identify Training needs/incentives to staff)
6. MPRs/monitoring variance reports
7. Approval of opening of accounts
8. Recommend, sign and forward credit proposals to RCE (including staff loans)
9. Recommended relocation, up gradation and offering of new services of products/customized products.
10. Supervision of Credit Manager, Operations Manager (Daily Books, Documentation/valuation and annual classification of advances/Go down inspection with Credit Manager)
11. Allocation of various targets/management control/follow-up of all activities cited above.
12. Adherence to SBP Prudential/Bank's Credit Policy/Internal Control/Monitoring/Management supervision.
13. New accounts to be okayed.
14. Any other duty assigned by the RCE

MS

✓ 2. MR. ZAHID AMIN KHAN AVP/MANAGER (Operations) 29-9-2005

1. Work in close liaison with Chief Manager to achieve optimum results.
2. To supervise & administer the operations of branch in a manner that bank's policies procedure and SBP Prudential Regulations are fully adhered.
3. To create a working environment where customer get best attention and service.
4. To prepare duty list of staff under his control and ensure recommended timely rotation.
5. All administrative matters pertaining to branch staff.

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Duty List of Staff of HBL - CDA Clear Centre II, Islamabad

6. To ensure duties are segregated Job done by one staff is checked by other and timely rotations are made/recommended to Chief Manager/RGM (OPSS)
7. To ensure that concept of dual control is fully adhered and secrecy of cash safe keys and test keys/passwords are not compromised
8. All computer inputs/outputs are signed jointly and out put/input reports are properly kept in record.
9. To monitor dispatch of all customers statements on receipt from data centre.
10. To attend auditors (internal/external/SBP), Internal control offices and arrange compliance of their reports.
11. To observe cash in safe/cash on counter limits.
12. To administer disbursement of credit/post disbursement delinquency reports for Chief Manager/Manager Credit for timely recovery and ensure safe custody of Finance Documents.
13. To prepare and supply of RGM (Ops) Office all sorts of MIS
14. To receive and store under dual control all security stationery items.
15. To attend customers complaints for their early resolution
16. To prepare annual budgets under business goals assumptions given by group office/Expenditure Control and timely reporting to Controlling/Head Office.
17. To ensure that account balancing is carried out on independent basis and outstanding items in suspense, prepaid expenses accounts are to be reviewed for quick reversal.
18. To ensure periodical balancing of all book of account, daily balancing of cash book, transfer book.
19. To arrange handling of all departments i.e. Deposit, cash teller, Bills, Inland Remittances, HRD, FC Accounts, Trade Finances and all Banking Activities in a manner that internal controls remain in place, customers remain satisfied and operational risks and minimized.
20. Exercise Financial Control viz Budgeting/Monitoring/Internal Reporting etc.
21. To nominate staff for training in consultation with C.M.
22. To maintain close co-ordination and co-operation between operations, credit department and marketing for smooth bank's business.
23. To ensure vacant lockers keys duly sealed under dual control and maintain safe in safe out register
24. To ensure smooth operation of lockers and follow upto date recovery of rent.
25. To ensure charges on services are recovered as per bank's schedule of charges
26. To supervise handling of cash department in a manner that cash in safe/counter limits are observed. Cash in transit is handled as per transit insurance policy
27. To prepare annual goals and appraisals of direct reports
28. All matters of related to premises
29. To review all credits of all staff accounts except salaries.

Duty List of Staff of HBB – COA Circle, Co-operative Branch, Islamabad

30. All administrative and management control functions/monitoring all operational activities
31. Godown Inspection/Surprise Checks/Verification of Stocks

✓ 3. Mr. AUMIR MASLIK  
MANAGER (Credit)

29.9.2005

1. To work closely with Chief Manager for meeting customer's credit requirement
2. To process credit proposals
3. To obtain credit reports on customer
4. To keep CIB reports on each customer availing Rs.0.500(M) & above updated on quarterly basis/search/register checking.
5. To follow and arrange recovery of dues/over dues from borrowers. Monitor their performance viz Operations/Ancillary Business/Follow-up with clients after disbursement
6. To prepare customer's finance documents (Documentation, Valuation, Scrutinization, Complete all formalities)/Customer Credit Files/Reports regarding equitable/registered mortgage. Registration of charge etc.
7. To obtain credit availability letters from CAD (Region).
8. Adherence of SBP prudential regulations and bank's credit policy, property evaluation, margin requirements.
9. Annual classification of advances as per prudential regulations.
10. NPL and its follow-up.
11. Visit Godown with hypothecated/pledged stocks.
12. Handling of Court Cases.
13. Any other duty assigned by the Chief Manager/Manager (CPS)

4. Mr. Tahir Saeed Hashmi – System Administrator  
Officer

1. Make sure that the latest version of anti-virus software is loaded on all PCs and the server.
2. Print and review list of users on a periodic basis to identify and delete any obsolete or redundant user accounts. The deletion of users will be done after raising MOBS user authorization form.
3. Delete any superfluous or redundant programs, files or directories after obtaining approval from COD/SDD/Computer Centre.
4. Make sure that all users are aware of their responsibilities with regard to passwords and user ids.
5. Enforce IT security and control procedures.
6. Liaison with Computer Centres technical support team to resolve hardware/software problems.
7. Run end of the day jobs.
8. To run the ATM related jobs e.g. RUN "HINTER" as first thing in the morning after switching on the server.

Duty List of Staff of HBL - 003/ Civic Centre IV, Islamabad

9. Keep a record of all hardware maintenance using the Equipment Maintenance Log and also keep a record of all updates to MOBS by using MOBS Update Log.
  10. Prepare on-site and off-site backups and keep a record of all backups by making entries in Backup Cartridge Logs.
  11. Prepare, maintain, update and test the Disaster Recovery Procedure.
  12. Control of IDTS administration including generation of all daily reports.
  13. Create and maintain the SVS back-ups.
  14. Execution of all periodical jobs including profit, withholding and Zakat etc.
  15. Execution of closing jobs.
  16. Run other back office jobs of Cost Centres (5 Centres).
  17. Execution of all Misc. & specific back-office jobs.
  19. Any other duty assigned by the Manager (Operations).
5. MR. MUHAMMAD ANWAR  
Coordination Officer,  
Domestic Banking
1. Daily checking of cash.
  2. 2<sup>nd</sup> cancellation supervision of CD/PLS Vouchers, DD and TDR.
  3. Final checking of CD/PLS vouchers.
  4. Handling of Test Key table D and E.
  5. Form 'B' issuance.
  6. Handling of deceased A/Cs cases.
  7. Security Stationery, its maintenance of record, requisition from HOK.
  8. Maintenance of leave record of all staff.
  9. Signing of petty cash vouchers.
  10. Internal Audit compliance.
  11. Checking of balancing pertaining to Domestic Banking.
  12. Overall supervision of Domestic Banking.
  13. Custodian of securities/Misc. security items.
  14. Custodian of duplicate keys of other branches.
  15. Custodian of stock of MRTCs (RHQ)
  14. Any duty assigned by Manager (OPS)/Chief Manager
6. MR. MUHAMMAD ANWAR MALIK  
ASSTT. VICE PRESIDENT
1. Diversified correspondence on behalf of Chief Manager/Manager (Operations) of the Branch.
  2. Issuance/discount/encashment of Treasury Bill/Bond of our Branch.
  3. Maintenance of important files.
  4. Purchase of securities on behalf of clients.
  5. Shares subscription/right/preference shares.
  6. WAPDA Bonds.



Duty List of Staff of HBL - CDA Civic Centre Br, Islamabad

7. Compliance/Correspondence regarding annual, internal, external SBP audit.
8. Issuance and payment of SSCs/DSCs and profit thereon. Also to claim refund of payment from SBP.
9. Executive Incharge CDA Project I-15/Liasioning CDA Directorate and correspondence.
10. Any duty assigned by Chief Manager.

✓ 7. Mr. MASOOD PERVEZ  
AVP

3-10-2005

1- Bills:

- a) OBC, IBC, IDBC & IBP.
- b) Lodgments & realisation.
- c) Weekly balancing.
- d) Issuance of reminders.

2. Signing of IBCO's of IBC received from various Branches.

3. LOCKERS.

- a) Lockers operation.
- b) Monthly balancing of key deposit.
- c) Recovery of locker fee.
- d) Issuance of reminders for lockers.

4. Any other duty assigned by Manager (Operations)

8. MR. ANWAAR UL HASAN KHAN  
Officer Incharge (Accounts Department)


- 1- Overall supervision of accounts work.
- 2- Checking of cash book and P/L, SBP supplementaries.
3. Maintenance of rent ceiling register.
4. Monthly staff salary reconciliation.
5. Maintenance of CDA G-8 & G-9 Sector Record.
6. Custodian of vouchers/old record.
7. Cash feeding in ATM and its related jobs.
8. Liaising with Head Office for maintenance of SBP funds/balances.
9. Preparation of monthly statements of Income & Expenditure's A/C and Misc. expenses.
10. Any other duty assigned by Manager.(Operations)

9. MR. HAFEEZ ULLAH KHAN  
Officer (Accounts Department)


1. Writing of supplementaries for cash book I & SBP.




Duty List of Staff of HRD - COA/CWA Centre B, Islamabad

2. Collection vouchers of Cash Book/CD/SB/FC to help in daily branch balancing.
  3. Processing medical bills of Retired Employees.
  4. Posting of advices for clearing /intercity clearing.
  5. Preparation of daily branch figure.
  6. Vouchering/posting of Cost Centres.
  7. Any other duty assigned by Manager (Operations)
- 


10. MR. TAFZEEL ALAM QAZI  
CD/SB Incharge

1. Cancellation of cheques of CD.
  2. Supervision of CR & DR vouchers CD also PLS-I & PLS-II.
  3. Preparation of vouchers for A/c holders.
  4. Submission reply of 'NAB' queries to RHQ and maintain record.
  5. Maintenance & updation of stop payment files CD department
  6. All correspondence relating CD A/Cs.
  7. Standing instructions CD A/Cs.
  8. Preparation of different types of vouchers e.g. TT vouchers (House Building Finance Corporation, TTs, HBFC collection A/C).
  9. Monthly salary list received from AGPR and its distribution to other branches.
  10. TOD confirmation statement to RHQ and to maintain record.
  11. Pension cases handling.
  12. CD Misc. Register maintenance
  13. Any other duty assigned by Manager (Operations).
- 

11. MR. ZAWAR H. QURESHI  
Cancellation Officer (PLS/CD Accounts)

1. Cancellation of cheques PLS/CD.
  2. Sorting of Dr/Cr daily vouchers (account number wise) & preparation of saving CD supplementary.
  3. Posting of monthly salaries of different departments.
  4. Signature verification of CBRs and Finance documents (Flexi).
  5. Daily supervision of CD/SB vouchers.
  6. Any other duty assigned by Manager (Operations)
- 

12. MR. QAZI ZAHID  
Officer Incharge (Pak Account & Stationery Department)

1. Pak A/C reconciliation.
  2. To send letters to various Branches regarding enquiry of O/S entries in Pak A/C and its reconciliation with Head Office.
  3. Preparation, balancing & checking of daily Pak A/c Extract.
  4. Indent stationery (other than security stationery) from local and HOK stationery Godown.
  5. Any other duty assigned by the Manager(Operations)
- 

Duty List of Staff of HBL - CDA Civic Centre Br, Islamabad

13. MR. ARSHAD BARLAS  
Officer ATM/Pak Account Department

1. Preparation of daily Pak A/C IBCOs for OBCs.
2. Processing medical Bills of Staff.
3. Preparation/monitor and remit PTCL revenues on daily basis alongwith scrolls and its related correspondence.
4. Issuance & handling of ATM Cards & its correspondence.
5. Receiving of all cheques/instruments from clients & their stamping / endorsement.
6. Preparation & balancing of Rawalpindi T/D and clearing.
7. Signing of clearing & transfer delivery vouchers and advices.
8. Release & distribution of transfer delivery cheques & vouchers.
9. Recording of return cheques in the register and its delivery to the account holder.
10. Transfer of funds in respect of LDA Scheme alongwith its relevant statements.
11. Any other duty assigned by the Manager (Operations)



Duty List of Staff of HBL - CDA City Centre Br, Islamabad

14. MR. AHSAN SAEED  
Officer In-charge, Op. Dept.

1. Daily & timely preparation & balancing of Islamabad clearing.
2. Deliver clearing instruments to M/s NIFT well in time
3. Receipt of inward clearing and ensure its clearance within stipulated time
4. Preparation of inward clearing debit/credit advices
5. Obtaining clearance of FTO on Government department's cheques
6. Procurement and maintenance of clearing related stationery from NIFT
7. Returning of unpaid cheques to parties/re-lodgment of cheques
8. Any other duty assigned by the Manager (Operations)

15. MR. ABDUL WADOOD KHAN  
Officer Account Opening (Domestic) \*

1. Opening of PLS, CD Accounts & its computer feeding.
2. Issuance of cheque books & its computer feeding.
3. *2<sup>nd</sup> System Administrator for FCB of B. confirmation & its cheques*
4. Scanning of SS Cards.
5. All correspondence relating to the Department.
6. Any other duty assigned by the Manager.

16. MR. MASOOD UL GHANI  
Officer Credit

1. Follow-up in r/o finances other than stuck-up and classified.
2. Application of mark-up on life style, Auto finances.
3. Maintenance of safe-in-safe-out register.
4. Periodical balancing of auto finance.
5. All matters related to staff loans (completion of documents/to obtain/insurance policies timely).
6. To appear before court in respect of redemption of property cases (staff).
7. Preparation statement of flexi/life style.
8. Perform any other duties as may be assigned by the Manager (Credit)/Chief Manager from time to time.

OUT DOOR DUTIES WHICH INCLUDE:

- a) Visiting various borrowers Deptt. in order to further our follow-up for recovery of stuck-up finances.
- b) Redemption of property cases.

17. MR. RAFIQAT BASHIR  
Officer Credit

1. Customer dealing/guidance in respect of Flexi Loan.
2. Receiving applications and relevant documents of Flexi Loan.
3. Verification of customer record and its updation.

2 of 15

Duty List of Staff of HBL - CDA Civic Centre Br, Islamabad

4. Handling proposals in r/o flexi finances and its follow-up.
5. Preparation of flexi insurance statement for Head Office
6. Perform any other duty as may be assigned by the Manager (Credit)/Chief Manager from time to time.

✓ 18. MR. NASIR HUSSAIN SHAH  
Officer Residence Dept.

3-10-2005

1. Application of test and handling of test key table A, B, C, D & E.
2. Issuance of IBTS & TTs.
3. Issue and payment including profit of TDR/Khas TDR/SNTD/MPDC/PDC and Call Deposit and maintenance of their AOFs.
4. Supervision of CD Cheques
5. Maintenance of Zakat register.
6. Delivery & keeping record of ATM PINS.
7. Weekly transfer of withholding tax.
8. Any other duty assigned by the Manager (Operations)

19. MR. IQBAL KHAN  
Officer

1. Issuance of DD/AT/PO/PS.
2. Payment of MT/PO/PS.
3. Issuance and payment of Pak Rupees Muhafiz Traveller cheques.
4. Ensure safe custody and balancing of the stationery on hand and maintenance of specimen signature book.
5. Effective and efficient remittances. Ensure correct/timely and effective disposal of domestic as well as foreign inward remittances.
6. Any other duty assigned by the Manager (Operations).

20. MR. BASHIR UR REHMAN  
Officer

1. Posting of debit/credit vouchers in PLS SB accounts.
2. Supervision of PLS SB debit/credit vouchers.
3. Posting of salaries.
4. To enter cheques in cheque return register.
5. Balancing of SB Misc. register.
6. Calculation of profit and preparation of vouchers for the credit of profit to respective accounts SSB, CRSD, Bulk Converted Rupee accounts.
7. Preparation of AGPR salaries as per list received from Computer.
8. Posting of SB inward/outward clearing.
9. Any other duty assigned by the Manager (Operations).

21. MR. ZAHID HAMEED  
Officer CD/SS Dept.

Duty List of Staff of Unit:- CDA Civic Centre B, Islamabad

1. Posting of CD cheques in the ledger.
  2. To enter cheques in cheque return register.
  3. Balancing of CD Misc.
  4. Punching of PTCL Utility Bills.
  5. Supervision of CD/SB credit vouchers and cheques.
  6. Posting of CD inward/outward clearing.
  7. Monthly salary posting.
  8. Verification of signatures on CBRs and finance documents.
  9. Any other duty assigned by the Manager (Operations)
22. MR. TAHIR MUZAFFAR  
Officer DD Dept.
1. Punching of DDs.
  2. Punching of IBCOs in respect of DDs.
  3. Ensure minimum amount and entries in DD payable 2 with no entry beyond 01-month period.
  4. Proper follow-up with the branches for reconciliation of DD-II entries.
  5. Any other duty assigned by the Manager (Operations)
23. MR. AMIR AHMED  
Officer Incharge Despatch Dept.
1. Daily dispatch of all sort of mail through TCS & Postal and proper entry in outward and inward mail register and maintenance of proper record regarding despatch dept.
  2. Any other duty assigned by the Manager.
24. MR. IQBAL ASGHAR SHAH  
Officer Incharge Credit (House/Finance Dept.)
1. Handing of proposals in r/o house finances.
  2. Correspondence with valuator/lawyer/chartered accountant.
  3. To complete all formalities of documents in respect of House Finance(s) and comprehensive insurance to be obtained of property/customer from concerned quarters.
  4. To obtain date check/CIB from concerned quarters.
  5. Maintain safe in safe out register.
  6. All duties to be performed as assigned in the manual of house finance scheme.
  7. Daily, Weekly and Monthly statements of house finances.
  8. To obtain credit avilment ticket from CAD (RHQ) before disbursement of house finance.
  9. Running Finance/HBF (parties) & other D/F (parties) limit processing, insurance advices/completion of documents of all finances including Auto Finance.
  10. Mark-up on all type of finances to be recovered timely from the customers.

Duty List of Staff of HBL - CDA Civic Centre Bt, Islamabad

11. Deduction of monthly instalments in respect of above finances.
  12. Any other duty assigned by the Manager (Credit)/Chief Manager
25. MR. NASIR H. SHAH  
Typist
1. Enter inward and outward Dak in the register
  2. Receiving of all inward mail and their entry in inward mail register.
  3. Distribution of inward mail to different departments of branch.
  4. To keep proper record of outward mail sent through Courier/Registered Post.
  5. Any other duty assigned by the Manager (Operations)
26. MR. FAZAL-UR-REHMAN  
Typist
1. Taking dictation from Chief Manager/Manager (Operations)
  2. Typing of relevant matters.
  3. Typing of letters pertaining to Domestic Banking Department
  4. Maintenance of Master file of outgoing letters.
  5. Maintenance of files of Chief Manager's Office.
  6. To assist in transmitting SWIFT Messages.
  7. Any other duty assigned by the Chief Manager/Manager (Operations).

Duty List of staff of H.B.L. CDA Crew Centre for Islamabad

27. MR. RAJA WAJID GHAFOR  
Officer incharge Cash Cell

1. Maintenance of cash safe in limit.
2. Supply & collection of cash to the branches.
3. Arranging cash as per SBP requirement.
4. Preparation of cash advices and respond them on the same day.
5. Cash Management with SBP.
6. Disposal of soiled/defective cash (arrangement with SBP).
7. To cater the need of branches for ATM cash.
8. Any other duty assigned by the Chief Manager/Manager (Operations).

HAJ CELL

28. MR. MUZAMMIL GHIAS  
Officer incharge Hajj Cell

1. Overall supervision/maintenance of all Head of Haj Accounts.
2. Liaison with Haj Ministry/to render Haj collection accounts (Regular/Sponsor) to Haj Ministry Islamabad. To lodge claim of Haj refunds and to obtain Haj refunds reimbursement from Haj Ministry so as to respond debit advices of all branches on every Haj season.
3. Entertaining of Haj applications, supervision information of groups and filling the all Haj applications of branch with Haj Ministry under proper receipt.
4. To extend help/advice/guidance to all branches of our Bank regarding any information/enquiry about Haj being incharge of controlling branch.
5. To expedite all Haj enquiries regarding Haj account of RHQ, Head Office and Haj Ministry. Supervision and proper maintenance of all Haj record.
6. To obtain list of successful Haj applicants at the time of Haj Ballot and to dispatch the same to Head Office at the earliest. Similarly the Haj flight schedule and rates of accommodation for Hajjis at Saudi Arabia.
7. Besides these all assignment regarding Haj advised by Chief Manager.

29. MR. M. SARFRAZ QADRI  
Officer

1. All correspondence of Haj Dept/Dispatch Dept/supervision of Dispatch Dept/Checking and payment of Dispatch Dept. Bills.
2. Filing of Haj applications during Haj season/attestation of applicant documents and filling in of deposit slips for Haj dues.
3. To attend telephonic inquiries regarding Haj.
4. To respond all IBCOs/IBDAc of Haj dues as 2<sup>nd</sup> attorney and send its confirmation to concerned branches accordingly.
5. To write applications & address to the Secretary, Haj Ministry Islamabad to intimate the problems of intending pilgrims/help

12 of 15

Duty List of Staff on Floor - CDA CWA Centre Bt, Islamabad

- substitute pilgrims by written requests to Haj Ministry for their permission etc.
6. To assist in preparation of Haj refund account (scroll) for its lodgment with Haj Ministry to obtain reimbursements etc.
  7. Maintenance of encashment certificate of Haj (applicants) only and to obtain such encashment from other banks and to provide the applicants before departure of pilgrims.
  8. Preparation of vouchers for issuing refund payslips.
  9. All other assignments as per instruction of Manager (Operations)/Officer-in-charge (Haj Cell).
30. MR. GHULAMI NABI  
Despatch Rider
1. Dispatch Rider duty for carrying Bank's Dak and Dak pertaining to APL Morgah/Islamabad & fetch their cheques & drafts
  2. Taking cheques/instruments to Treasury Office for clearance
  3. Any other duty assigned by the Manager (Operations).
31. MR. S. TANVEER H. SHAH  
Guard
1. Duty Domestic Banking Hall on rotational basis.
  2. Any other duty assigned by the Manager (Operations)
32. MR. MUHAMMAD ISHTIAQ  
Guard
1. Keeping of Old record /stitching of vouchers.
  2. To provide old record/vouchers.
  3. To help in maintenance of Bank's record/vouchers.
  4. Any other duty assigned by the Manager (Operations)

DUTY OF CASH/OPERATION OFFICERS

33. Ms. Salma Imtiaz
- 1) To receive Cheques/Pay Orders and other instrument on counter from customer & other person(s) and process them for payment and after completing cancellation procedure get the said counter signed by an attorney/Regular Employee of the bank in branch before its making payment to the holder/presenter of cheque.
  - 2) To receive Cash/Deposits on counter for the purpose of crediting the same in customer/relevant Head of account and to count them properly as per deposit slip and after due checking sign the deposit slip and get it countersigned by an attorney of the bank in branch and thereafter release the receipt to the depositor.
  - 3) To receive cheques in collection or in clearing, to check endorsement



Duty List of Staff of HBL - CDA Civic Centre Br, Islamabad



on them and put the crossing stamp of the bank on the face of the instrument and to sign it and get counter signed by an attorney of Bank in Branch before its final disposal.

4) To perform any other duty assigned by the Manager of the Branch.

34. Ms. Izza Ajmal Tajak



1) To receive Cheques/Pay Orders and other instrument on counter from customer & other person(s) and process them for payment and after completing cancellation procedure get the said counter signed by an attorney/Regular Employee of the bank in branch before its making payment to the holder/presenter of cheque.

2) To receive Cash/Deposits on counter for the purpose of crediting the same in customer/relevant Head of account and to count them properly as per deposit slip and after due checking sign the deposit slip and get it countersigned by an attorney of the bank in branch and thereafter release the receipt to the depositor.

3) To receive cheques in collection or in clearing, to check endorsement on them and put the crossing stamp of the bank on the face of the instrument and to sign it and get counter signed by an attorney of Bank in Branch before its final disposal.

4) To perform any other duty assigned by the Manager of the Branch.

35. Mr. Zeeshan Rasheed



1) To receive Cheques/Pay Orders and other instrument on counter from customer & other person(s) and process them for payment and after completing cancellation procedure get the said counter signed by an attorney/Regular Employee of the bank in branch before its making payment to the holder/presenter of cheque.

2) To receive Cash/Deposits on counter for the purpose of crediting the same in customer/relevant Head of account and to count them properly as per deposit slip and after due checking sign the deposit slip and get it countersigned by an attorney of the bank in branch and thereafter release the receipt to the depositor.

3) To receive cheques in collection or in clearing, to check endorsement on them and put the crossing stamp of the bank on the face of the instrument and to sign it and get counter signed by an attorney of Bank in Branch before its final disposal.

4) To perform any other duty assigned by the Manager of the Branch.

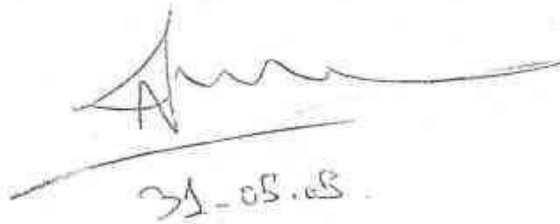
36. Mr. Numan Imtiaz Butt

1) To receive Cheques/Pay Orders and other instrument on counter from customer & other person(s) and process them for payment and after

Duty List of Staff of HQ - CBS/Circ Centre Br, Islamabad

completing cancellation procedure get the said counter signed by an attorney/Regular Employee of the bank in branch before its making payment to the holder/presenter of cheque.

- 2) To receive Cash/Deposits on counter for the purpose of crediting the same in customer/relevant Head of account and to count them properly as per deposit slip and after due checking sign the deposit slip and get it countersigned by an attorney of the bank in branch and thereafter release the receipt to the depositor.
- 3) To receive cheques in collection or in clearing, to check endorsement on them and put the crossing stamp of the bank on the face of the instrument and to sign it and get counter signed by an attorney of Bank in Branch before its final disposal.
- 4) To perform any other duty assigned by the Manager of the Branch.



A handwritten signature in black ink, followed by a horizontal line and the date '21-05-08' written below it.

✓ 37. Mr. Saqib Javed  
Officer Incharge,  
(Trade Services)

1. Overall Incharge of all matters relating to International Banking, Liaisoning with Embassies and all Important Clients
2. Development
3. Control of Internal working of FC Department
4. SWIFT Security
5. Monitoring of FCN. (Supply/Receipt/Export)
6. Supervision of remittance for Hajj operation.
7. Supervise SBP monthly return
8. Checking of SBPD Posting run
9. Checking of FC Cash.
10. Any other duty assigned by the Chief Manager.

✓ 38. Mr. Sajid Javed  
Officer

*Import : 3-10-2005*

1. Incharge entire working of Import Department.
2. Supervision of internal working of international Banking
3. Custodian of Foreign Banks Test Keys and swift authorizer
4. Correspondence of International Banking
5. Authentication of FC Specimen Signature Cards
6. Checking/Second Signatures of Inward Remittances/FDDs Payment, out word remittance
7. CPU Operation
8. Prepare memorandum for approval from RHQ for L/c opening
9. Monitor provision of INTT and preparation of vouchers for FC Department
10. SBP returns of Import department
11. Prepare/dispatch of various statements of import Deptt
12. Encashment /INT payment of SUSDB
13. Checking of outward Swift Messages
14. Make provision of interest for FC Dept.

39. Mr. Amir Raza Mir  
Officer

1. Responsible for working of FC CD & SB accounts department
2. Posting, supervision and cancellation of all FC SB CD vouchers and Cheques besides customer dealing.
3. Punching of vouchers issued/prepared by different departments of Foreign Exchange
4. Supervision of cash receipt/payment registers.
5. Balancing of all FC SB CD ledgers on daily basis
6. Correspondence relating FC CD SB department checking
7. Supplementary of SB and CD Deptt. and its checking
8. Preparation of monthly SBP returns pertains to FC CD SB Department
9. Revaluation of FC SB & CD Deposits on Monthly Basis.
10. Payment of Interest/Recovery of Withholding Tax and Service Charges.
11. Supply of statements of accounts to Embassies and other important clients.

12. Compliance of standing instructions in respect of FC SB, CD Accounts
13. To Assist Afzal Shah in all FC cash matters
14. Prepare & Dispatch of Monthly SBP return

40. Mr. Afzal Shah

Cashier

1. FC Cash receipt/payments.
2. FCN feeding and collection from other branches/banks
3. Maintenance of FC summary book.
4. Issuance of Exchange Quota
5. Preparation of SBP monthly returns regarding cash Deptt.
6. Cash reconciliation statement
7. Export of cash to HSBC Bank USA, Singapore.
8. Issuance of FC Traveller Cheques, maintenance of Traveller cheques record, correspondence relating to FC TCs.
9. Voucher for FCN charges on FC cash receipt.
10. Any other duty assigned by the Manager.

41. Mr. Muhammad Saad Kiyani

Officer

1. Make voucher of all inward remittances and keep the record of inward remittance.
2. Preparation of Statements, SBP returns of Inward Remittances.
3. Correspondence about inward remittances.
4. Dispatch of documents of Rs. Inland Lc
5. Assist Export Department. Certification and coding of E-Form
6. Any other duty assigned by the Manager.
7. Obtaining issuance cover of FCA and Rupees cash on hand
8. Punching and checking of Swift message

✓42.

Tariq Ayaz Ahmad Sheikh

*Export*

3-10-2005

- Officer
- 1 Supervisor of total working of Export Department.
  - 2 Placement/Monitoring of Off-Shore Funds
  - 3 Applying Inward/Out-Ward Foreign Test keys.
  - 4 Preparation of all types of statements of Exports.
  - 5 All types of correspondence regarding Export Deptt.
  - 6 Incharge Priority Banking.
  - 7 Recovery of withholding tax on export /indenting commission and preparation of statement for HOK and Income Tax Department.
  - 8 Claim of freight subsidy from FTC Branch, Karachi.
  - 9 SBP returns for Export Deptt
  - 10 Processing/lodgment/realization of local inland Export L/C.



43.

Mr. Muhammad Naseer Haider

Officer

1. Liaisoning with Saudi Cultural Office and Ministry of Foreign Affairs
2. Responsible for issuance FDD/FTT/FTT in all foreign currencies and its correspondence with Foreign Bank.
3. SBP returns regarding 'M' forms
4. SWIFT authorizer
5. To assist Mr. Amir Raza Mir in Monthly Revaluation of FC Deposits.
6. Check and process all outward SWIFT messages of the branch as well as message sent by other branches of the region.
7. Marking of outward remittance in HBL New York, London activity report activity report, HBL London
8. Assist in Revaluation of FC Deposits
9. Assist in Preparation of SBP return
10. Foreign Bank Reconciliation
11. Any other duty assigned by the Manager



44.

Mrs. Naila Ali

Officer

- 1 FC Account opening S.S card Scanning and its related matter.
- 2 Foreign Bills for collection
- 3 F.B.P.
- 4 Issuance of Cheque Book
- 5 Incharge Security stationery (FC) Cheque Books/FDR Blocks.
- 6 Preparation of related monthly SBP returns
- 7 Marking of entries in activity report of HBL N.Y and other Banks.
- 8 Any other duty assigned by the Manager
- 9 Preparation and Dispatch of FETA




45.

Mr. Nadeem A. Khan

Officer

1. Swift operation/Telex operation
2. FC Contracts Booking/setoff OF OLD FC Deposits.

3. Investment disinvestments of deposits under new rules with Treasury Division, HOK on daily basis and its revaluation on Monthly basis.
  4. FC FDR SNTD, issuance/payment and its related matter
  5. Making of FC exchange position.
  6. FC clearing vouchering / payment.
  7. Preparation of Revaluation statement of frozen deposits on monthly basis.
  8. Rupees Drawing FDD system operator
  9. Assist in preparation & Dispatch of SBP monthly return
  10. Any other duty assigned by the Manager
- 

## Appendix B

### **Employee/Employer Questionnaire**

1. Do you have a program to assist employees when their personal problems may affect their on-job productivity?
2. When laying off workers, do you try to find work for them elsewhere in the industry?
3. Do you have a formal or informal orientation program for new employees?
4. Do you provide incentives or rewards to employees for bringing forward suggestions on improving productivity?
5. Do you formally recognize field employees with 20 or 25 years service with your organization?
6. Does your company organize annual social functions for your employees?
7. Do you conduct occasional surveys of your employees, receiving formal feedback on company policies, compensation, benefits, employee attitudes, etc.?
8. Do you conduct regular surveys of your competition to ensure your compensation policies are competitive?
9. Do you actively encourage unskilled workers to enroll in apprenticeship programs and do you attempt to give apprentices varied work experience?
10. Does your company offer a pension or retirement savings plan or profit sharing plan for field employees?
11. Do you provide your supervisors with any supervisory training courses or programs?
12. Does your company provide employees with a company manual outlining terms and conditions of employment, company policies on hours of work, safety, etc.?
13. When hiring field employees, do you screen workers according to skills? Do you do reference checks on all new hires?
14. Do you have a formalized complaint resolution process within your company?
15. How do you go about hiring a new employee?
16. Are you satisfied with the compensation package offered at HBL?
17. Where do you see yourself in 5 years?
18. Do you think you need any training?
19. If yes, then from where and how long?
20. Do you know what your exact responsibilities are?
21. Do you know how your job affects the overall working of the company? If so, how?
22. How often do you get appraised and by whom?
23. Do you appraise a colleague, supervisor or subordinate? When and how?
24. Is your performance linked with rewards and recognition? If so, how?
25. How, if the need arises, do you lay off an employee?

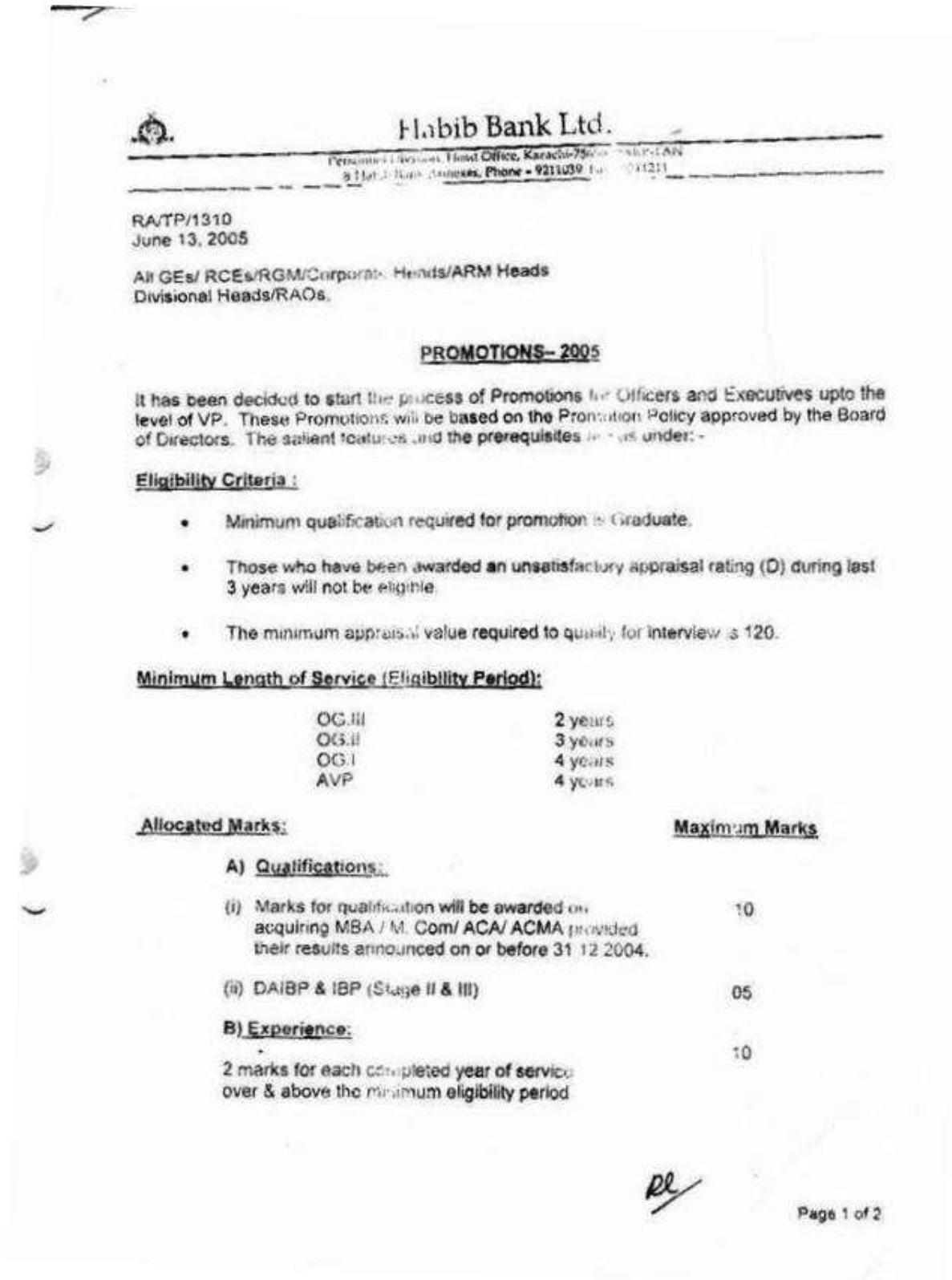
## Appendix 3

### **Job Analysis Interview Questionnaire**

- Job/ Position Title
- Rank
- Location
- Business Unit / Division
- Reports To (Title):
- Current Grade
- Suggested Job/ Position Title
- What are the particular contributions of the job towards the overall objective of the unit or organization?
- What four or five activities/functions constitute the main portion of your job? Is each really necessary?
- What four or five major job responsibilities are associated with your job?
- What is the desired output of each of these?
- What are the specific tasks you carry out in order to perform your job and to achieve the stated results?
- How often do you do this task?
- On average, what proportion of your time is spent on this activity?
- How do you know when you have completed this task?
- Do you have anyone working for you? If yes, give a brief summary of each subordinates job.
- To which position does your job report?
- How often does your superior discuss his expectations with you?
- What kind of educational background is required to do this job successfully? Any special degrees/diplomas/licenses?
- If a new person were to do the job, what sort of qualification/ experience should h/she have?
- Is there a requirement for any specific knowledge for doing the job successfully? E.g. knowledge of local laws and regulations.



Appendix 4



- 2 -

C) Interview (For Promotions from OG.I to AVP & AVP to Vfr levels) 20

There will be no interview for promotion of Officer Grade III & Officer Grade II. The merit list of these positions will be finalized on the basis of eligibility criteria & approved parameters.

D) Appraisal Rating & Value: 60

Mean of Last three years appraisal rating.

i. Excellent	=	60
ii. Very Good	=	40
iii. Satisfactory	=	20
iv. Un-Satisfactory	=	0

**Total appraisal value for last 3 years**

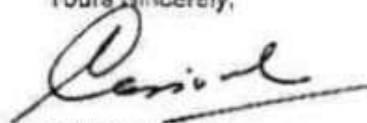
Formula: Average appraisal value =

-----  
3

HR representative carrying a grade wise list of potential candidates eligible for interview under your area of control will ensure that only eligible candidates are to be interviewed. However, an Officer/Executive who has recently been transferred in your region shall also be allowed to appear in the interview after ensuring that he/she fulfills the above criteria. Further, if an officer claims having higher qualification than mentioned in the record provided by the Personnel Division, he may also be allowed after obtaining a written application duly recommended by RGM concerned & documentary evidence having passed the examination on or before 31/12/2004 from a university recognized by UGC or Higher Education Commission.

After the ending of the Interviews, all the sheets alongwith a summary is to be prepared and signed by the Members & the Chairman. The Chairman will hand over all the sheets to the representative of the Personnel Division in a sealed envelope marked "Confidential" for onward submission to Mr. Tabassum Pervez, Assistant Vice President, Human Resources Group, 8-HB Annexe, Karachi

Yours Sincerely,



DR. RAZI AZMAT  
Executive Vice President – HR Group

Copy to:

- > Secretary to the President
- > Mr. Zafar Aziz Osmani, SEVP & GE – HR & OD
- > All Promotion Committee, Chairman/Chairperson & Members



## HABIB BANK LIMITED

Performance Appraisal Form  
For the Period from 01.01.2003 to 31.12.2003

(For Clerical & Non-Clerical Staff Working in Controlling / Regional Office)

Section I	Service Particulars
Name	_____
Personnel ID	_____
Date of Joining	_____ Department: _____
Date of Exit	_____
Joining Branch / Designation	_____
Present Section / Designation	_____
Service in Present Scale	_____ Division: _____
Qualifications	_____
<input type="checkbox"/> Academic	_____
<input type="checkbox"/> Professional	_____
	Group: _____

Section II	Performance Grades & Categories
	In order to _____ (state the superior to assess the overall performance of subordinate, performance grade and categories) _____ (state the superior to assess the overall performance of subordinate, performance grade and categories) _____ (state the superior to assess the overall performance of subordinate, performance grade and categories)
Category	Grades
Outstanding, Excellent	A
Very Good	B
Good / F.	C
Poor	D
Not Applicable	NA
	Definition
	Consistently exceeds <u>Most</u> requirements associated with the job.
	Meets <u>All</u> the requirements associated with the job.
	Meets <u>Some</u> requirements associated with the job.
	Does <u>Not Meet Most</u> of the requirements with the job.
	Performance cannot be rated due to insufficient time in job or the category is not applicable.

(Note: Rating - by decimal numbers are permitted.)

## HABIB BANK LIMITED

*Appraisal For staff working in Controlling / Regional Offices*

Factor III	Performance Areas / Factors			
Grading against each factor is to be given.	Please tick (✓) in the box			
Areas / Factors	Level of Achievement (Point Ratings)			
	A (4)	B (3)	C (2)	D (1)
<b>A - Productivity</b>				
Copying / Data Entry Speed				
Copying / Data Entry Accuracy				
Relation Speed				
Relation Accuracy				
Quality of work				
Volume of work				
Follow-up on assignment				
Timing & Record Keeping				
Handling routine correspondence				
Acceptability to new assignments				
Receiving Messages				
Job knowledge				
Quality of work				
Delivery of Documents				
<b>B - Individual Attributes</b>				
Exercising Judgment				
Professional / Technical knowledge & Competency				
Willing to work after office hours				
Organizing Own Work				
Exercising work initiative				
Initiative / Drive				
Ability to work without supervision				
Sense of responsibility				
Willing to accept responsibility				
Oral communication ability				
Written communication ability				
<b>C - Technology</b>				
Knowledge of Computer				
Knowledge of Internet & E-mail				
<b>D - Customer Service</b>				
Communicating with people				
As well does He / She conduct customers				
Getting along with co-workers				
<b>E - Personal</b>				
Health & Energy				
Punctuality				
Integrity & Loyalty				

## HABIB BANK LIMITED

*Appraisal For staff working in Controlling / Regional Offices*

Form A

Factor, III	Performance Areas / Factors				
Grading against each factor is to be given.	Please tick (✓) in the box.				
Areas / Factors	Level of Achievement (Point Ratings)				A
	A (4)	B (3)	C (2)	D (1)	
<b>1 - Productivity</b>					
1.1 Copying / Data Entry Speed					
1.2 Copying / Data Entry Accuracy					
1.3 Relation Speed					
1.4 Relation Accuracy					
1.5 Quality of work					
1.6 Volume of work					
1.7 Follow-up on assignment					
<b>2 - Filing &amp; Record Keeping</b>					
2.1 Handling routine correspondence					
2.2 Adaptability to new assignments					
<b>3 - Receiving Messages</b>					
3.1 Job knowledge					
3.2 Quality of work					
3.3 Delivery of Documents					
<b>4 - Individual Attributes</b>					
4.1 Exercising Judgment					
4.2 Professional / Technical knowledge & Competency					
4.3 Willing to work after office hours					
4.4 Organizing Own Work					
4.5 Reducing work in progress					
4.6 Initiative / Drive					
4.7 Ability to work without supervision					
4.8 Sense of responsibility					
4.9 Answer to responsibility					
4.10 Communication ability					
4.11 Written communication ability					
<b>5 - Technology</b>					
5.1 Knowledge of Computer					
5.2 Knowledge of Internet & E-mail					
<b>6 - Customer Service</b>					
6.1 Communicating with people					
6.2 How well does He / She conduct customers					
6.3 Working along with co-workers					
<b>7 - Personal</b>					
7.1 Health & Energy					
7.2 Appearance					
7.3 Integrity & Loyalty					

# HABIB BANK LIMITED

FORM 'B'

## PERFORMANCE APPRAISAL FOR THE YEAR - 2003

### APPRAISAL BY OBJECTIVE (ABO)

Group: \_\_\_\_\_

Region: \_\_\_\_\_

Name of Appraiser: (Employee) \_\_\_\_\_

Personnel No. \_\_\_\_\_

Designation \_\_\_\_\_

Place of Posting: \_\_\_\_\_

S. No.	SMART OBJECTIVES / TARGETS		ACTUAL RESULTS & COMMENTS		RATING
	Objective Factors	Targets	Results	Comments	

ABO Average = Total Point Scores ÷ No. of Objectives Appraised

Total Point Scores \_\_\_\_\_

ABO Average \_\_\_\_\_

Appraiser's Signature \_\_\_\_\_

Appraiser's Signature \_\_\_\_\_

(Name \_\_\_\_\_)

(Name \_\_\_\_\_)

Dated \_\_\_\_\_

Dated \_\_\_\_\_

Equal to Target 02 Point		Equal to Target 02 Point	
Increase in Result By	Point	Decrease in Result By	Point
00 - 04.99%	2.00	00 - 04.99%	2.00
05 - 09.99%	2.25	05 - 09.99%	1.75
10 - 14.99%	2.50	10 - 14.99%	1.50
15 - 19.99%	2.75	15 - 19.99%	1.25
20 - 24.99%	3.00	20 - 24.99%	1.00
25 - 29.99%	3.25	25 - 29.99%	0.75
30 - 34.99%	3.50	30 - 34.99%	0.50
35 - 39.99%	3.75	35 - 39.99%	0.25
40 - & Above %	4.00	40 - & Above %	0.00

# HABIB BANK LIMITED

Performance Appraisal Form  
For the Period from 01.01.2003 to 31.12.2002

(For Clerical & Non-Clerical Staff Working in Branches / Field Offices)

Section I		Service Parameters
Name	_____	
Personnel #	_____	
Date of Joining	_____	Department: _____
Date of Birth	_____	
Joining Scale / Designation	_____	
Present Scale / Designation	_____	
Service in Present Scale	_____	Division: _____
Qualifications	_____	
<input type="checkbox"/> Academic	_____	
<input type="checkbox"/> Professional	_____	
	Group: _____	

Section II		Performance Grades & Categories
In order to facilitate the supervisor to assess the overall performance of subordinates, performance grades and categories are defined below:		
Categories	Grades	Definition
Outstanding / Excellent	A	Consistently exceeds <b>Most</b> requirement associated with the job.
Above Average	B	Meets <b>All</b> the requirements associated with the job.
Average / Fair	C	Meets <b>Some</b> requirements associated with the job.
Poor	D	Does <b>Not Meet Most</b> of the requirements with the job.
Not Applicable	N/A	Performance cannot be rated due to insufficient time in job or the factor to be rated is not applicable.

Note: Rating by decimal numbers are permitted.



## HABIB BANK LIMITED

*Appraisal For staff working in Branches / Field.*

Performance Areas / Factors					
Grades against each factor is to be given.	Please tick (✓) appropriate box.				
Area / Factors	Level of Achievement (Point Ratings)				
	A (4)	B (3)	C (2)	D (0-1)	N/A
<b>A - Productivity</b>					
Job Knowledge					
Time/Time/Bills Ledgers Posting					
Time/Time/Deposits of Clearing					
Facility/Time/Unpaid Cheques					
Notice/Time/Stop Payment Instructions					
Volume of Work Handled					
Accuracy & Attention to Detail					
Work/Time/Ability to work with other Units/People					
Ability/Time/Write Effectively					
Ability/Time/to new assignments					
Deposit/Mobilization/Saving/Current CPDC etc					
Number of Fresh Account Arranged					
Reduction in Customer Complaint					
HR Application Target					
Time/Time/Instances of Bright Ledgers/Book etc					
Accuracy in Counting/Cash Handling & Counting Speed					
Recording of Payments of Utilities					
Disposal of obsolete Statements					
Mass/Time/Price of Guns in Queue					
Zero/Time/Defect					
Delivery of Letters/Dues in time					
Quality of Work					
Speed of Work					
Filing & Record Keeping					
Time/Time/Data Entry Speed					
Time/Time/Data Entry Accuracy					
<b>B - Personal Attributes</b>					
Professional/Technical Knowledge & Competency					
Industry/Experience/Exposure to L.L. (on Exchange Knowledge)					
Reliability/Responsibility					
Sense of responsibility					
Oral/Communication Ability					
Written/Communication ability					
Spelling of Notes					
Cash/Excess/Shortage Situation					
Performing Under Pressure					
Ability to work without supervision					
Willing to work after office hours					
<b>C - Technology</b>					
Knowledge of Computer					
Knowledge of Internet & E-mail					
<b>D - Customer Service</b>					
Courtesy to Customers					
Reply of With Customers					
Customer Response to Customers Needs					
Business Sense (Maximum Revenue / Minimum Cost)					
<b>E - Personal</b>					
Health & Energy					
Appearance					

## HABIB BANK LIMITED

Form HR-2

**SECTION IV (SUPERVISOR'S COMMENTS)**

Appraiser's Strengths

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Appraiser's Development Needs

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Need to Improve Academic & Professional Qualification

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**SECTION V (OVERALL ASSESSMENT)**

Overall assessment is to be made on the basis of gradings given in Section III

Performance = \_\_\_\_\_

Mark (✓) overall assessment, Category of the Appraiser

A	B	C	D

Signature of Appraiser: \_\_\_\_\_  
Name \_\_\_\_\_  
Designation \_\_\_\_\_

Date: \_\_\_\_\_

Comments of Appraiser (Agree / Disagree)

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Signature of Appraiser: \_\_\_\_\_  
Name \_\_\_\_\_  
Designation \_\_\_\_\_

Date: \_\_\_\_\_

Remarks Comments of Reviewer (If any)

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Signature of Appraiser: \_\_\_\_\_  
Name \_\_\_\_\_  
Designation \_\_\_\_\_

Signature of Reviewer: \_\_\_\_\_  
Name \_\_\_\_\_  
Designation \_\_\_\_\_

**Final Acceptance of the Appraiser**

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Signature \_\_\_\_\_  
Date \_\_\_\_\_

# HABIB BANK LIMITED

FORM 0

## PERFORMANCE APPRAISAL FOR THE YEAR - 2003

### APPRAISAL BY ABILITY (ABA)

Group \_\_\_\_\_

Region : \_\_\_\_\_

Name : Appraisee (Employee) \_\_\_\_\_

Personnel No. \_\_\_\_\_

Designation \_\_\_\_\_

Place of Posting : \_\_\_\_\_

Factor Definition	C	I	NA	Comments	Rating
<b>1- Job Knowledge</b> Demonstrates understanding of job responsibilities, methods, techniques and skills					
<b>2- Communication Skills</b> Written : Organises thoughts and ideas clearly and concisely using written words and phrases appropriate for the users/readers. Oral : Communicates ideas, thoughts and information clearly and concisely					
<b>3- Interpersonal Effectiveness</b> Respects and opinion, abilities and contributions of others. Tactful, cooperative and open minded. Exhibits and practices teamwork					
<b>4- Initiative</b> Self-motivated; resourceful and independent.					
<b>5- Flexibility</b> Is open to new ideas and implements change with a positive attitude					

ABA Average = Total Point Scores ÷ No. of Ability Factors

Total Point Scores

ABA Average

Appraisee's Signature \_\_\_\_\_

Appraiser's Signature \_\_\_\_\_

## HABIB BANK LIMITED

### PERFORMANCE APPRAISAL FOR THE YEAR - 2003

#### DEVELOPMENT NEEDS

Group : \_\_\_\_\_

Region : \_\_\_\_\_

Name of Appraiser (Employee) \_\_\_\_\_

Personnel No. \_\_\_\_\_

Designation \_\_\_\_\_

Place of Posting : \_\_\_\_\_

#### Appraiser's Strengths

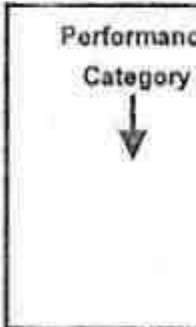
S. No.	

#### Development Needs

S. No.	

*Weighted Performance Mean (WPM) = 75% x ABO Average + 25% ABA Average*

Weighted Performance Mean (WPM)	Performance Category
3.51 - 4.00	Excellent
2.71 - 3.50	Very Good
1.71 - 2.70	Good
0.00 - 1.70	Unsatisfactory



\_\_\_\_\_  
Appraiser's Signature

\_\_\_\_\_  
Appraiser's Signature

(Name)

(Name)

Date

Dated

HBi.

FORM "E"

**SETTING GOALS FOR THE YEAR - 2003**

Group \_\_\_\_\_

Region: \_\_\_\_\_

Name of Appraisee (Employee) \_\_\_\_\_

Personnel No. \_\_\_\_\_

Designation \_\_\_\_\_

Place of Posting: \_\_\_\_\_

S. No.	Goals / Targets	Periodic Review - I		Periodic Review - II	
		Date :	Date :	Result	Comment
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					

**Precise Comments may be :**

- 1- Exceeds Target
- 2- OK - on Track
- 3- Needs Improvement

\_\_\_\_\_  
Supervisor's Signature  
(Name )

\_\_\_\_\_  
Direct Report's Signature  
(Name )





**HABIB BANK LIMITED**

**Human Resources Group, Head Office, Karachi**

*Head Office, Karachi*

Apply Category of Branches / Division  
 Branches in 'A' Category \_\_\_\_\_  
 Branches in 'B' Category \_\_\_\_\_  
 Branches in 'C' Category \_\_\_\_\_  
 Branches in 'D' Category \_\_\_\_\_

Group \_\_\_\_\_  
 Region / Division \_\_\_\_\_  
 Total No. of Branches / Department \_\_\_\_\_  
 Region's Performance (Net Profit) \_\_\_\_\_

**CATEGORY-WISE SUMMARY OF APPRAISAL RATINGS - 2003**

Category	Staff Strength As of 31-12-03	Excellent 10%		Very Good 20%		Good 60%		Unsatisfactory 10%		Ratings not Forwarded	
		Quota as per Strength	Rating Forwarded	Quota as per Strength	Rating Forwarded	Quota as per Strength	Rating Forwarded	Quota as per Strength	Rating Forwarded	No. of Staff	
Executive											
Officers											
Clerical											
N/A											
TOTAL											