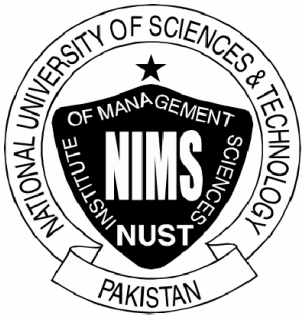

Thesis

"Satisfaction and Retention of Key Employees in the Banking Industry of Pakistan"

Submitted to:
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2004-NUST-MBA-49

ACKNOWLEGEMENTS

Thanks to Allah Almighty for His support and help in all stages of my life and helping me to complete my education with grace.

My parents guided and supported me through thick and thin and their prayers are always with me.

The active support, briefings and comments of all the employees of the banks and the supervisors is commendable. They provided invaluable information about existing procedures and conditions as well as constructive comments, advice and feedback about the employee's morale and retention techniques.

Special thanks to my thesis supervisor; Mr. Naukhez Sarwar, for providing his guidance.

Mahvesh Javaid

EXECUTIVE SUMMARY

The topic of the thesis is, **"*Employee retention in the banking industry of Pakistan",*** in which the level of employee satisfaction and retention issues has been discussed in general and particularly the banking sector of Pakistan.

The report has been divided into four sections; in which the first section is the introduction of the report, section two is the literature review of the topic, the third section is about the motivation, retention and the reasons of dissatisfaction and the last section is the findings and the analysis of the banks which have been studied.

The first section is the introduction that explains the topic, the scope of the study, the objective of the topic, the academic and practical importance of the thesis, some research questions and the details about the data collection techniques.

The second section is the literature review that highlights certain classical and contemporary theories, some recent articles and surveys.

The third section is the findings and the analysis related to the research conducted on the Pakistani Banks; the banks are Habib Bank Limited, Alfalah Bank and Khyber Bank.

The fourth and the last section is the recommendations that can be implemented in the banks of Pakistan to prepare them for the severe competition in near future.

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Chapter 2

Literature Review

Chapter 3

Findings

Chapter 4

Analysis

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Conclusion
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CHAPTER 1 INTRODUCTION

There are price wars for service people fueled by the competition for good talent. Not only is it difficult to recruit skilled workers, but also to retain them. In the past, companies expected job loyalty, but today, we hear stories of employees accepting other job offers only weeks after being hired. We have to wonder if a person have changed or is it that employers are not able to satisfy employees. To win the battle for workforce share, companies must rethink their strategies to effectively recruit, motivate, and retain committed employees.

Today's high-performing employees are looking for more than compensation packages and benefits. Employees today might move to another job for better compensation, but they are also looking for growing, successful companies which provide an employee friendly environment where they can participate in the decision-making and be part of the team. Some agencies have found creative rewards, such as providing breakfast foods or fruit in the kitchen or free soft drinks, not just coffee and tea. Others designate employee committees to plan social functions or they take the office on trips when agency goals are achieved. The key is to have a positive work environment where employees are recognized and rewarded for good performance, where there is good communication, and where everyone shares in the excitement of being part of a successful firm.

The topic under consideration in this thesis is **"Employee satisfaction and retention in the banking industry of Pakistan"**, in which the importance of retention is studied and how it is affecting the recent boom in the banking industry in Pakistan.

1.1 Academic and practical importance of the topic

Whatever that I have learnt in my academics related to the satisfaction and retention of the employees can be applied to the topic e.g. what are the methods the banks can use to prevent turnover and retain their employees by satisfying their needs.

This topic has also its practical implications because retention is an important issue in today's world even in Pakistan. Although there is the problem of unemployment but the war for the skilled workforce is always underway and organizations in the competitive sectors are striving hard to retain their high skilled employees. Banking sectors is one of the ever-changing sectors in Pakistan and it is an issue for them as well.

This study would help them analyses their position among the other banks and it would help them retain their key employees in the competitive market.

1.2 Need for employee retention

Employee retention is critically important for a very important demographic reason. Over the next few years while Baby Boomers retire, the upcoming Generation X population numbers 44 million people, compared to 76 million Baby Boomers available for work. Simply stated: there are a lot fewer people available to work.1

Millions of baby boomers will retire between 2008 and 2010, with the trend likely peaking between 2015 and 2025. According to U.S. Bureau of Labor statistics, by 2010 there will be 168 million skilled jobs in the United States and only 158 million workers capable of performing them. While the situation in Pakistan and other under and developing countries is that they lack skilled workers and there is war for the talented employees.

Organizations also need to retain its employees, as the ultimate goal of every business organization is to earn profits. Therefore, with satisfies employees an organization gets satisfies and loyal customers and that how they achieve their profits.

[1] www.businesstrainingmedia.com

Figure 1: 21st **C**entury Business Calculus

1.3 Strategic shift

Strategic shift of retention from personnel department records and reports to boardroom strategizing is underway.

Until recently, turnover and retention have initiated moderate to little interest in the hierarchy of corporations. Employee turnover and retention issues were more a matter of routine personnel department records and reports than boardroom strategizing. Typically, statistical information was dutifully recorded, studied, then filed.

This is no longer the case anymore. Retention is now into a position of priority on executive team and boardroom planning schedules. There is an increasing need for HR to become more proactive in its participation with top management to develop a company-wide retention process. What was once considered a bothersome turnover situation has developed into substantive money issues for organizations. As a stable workforce

becomes a contradiction in terms, companies are finding it more challenging than ever to identify, recruit, hire, train and retain qualified and productive employees. With less people in the workforce, and with many of the employed unqualified to do the work, skilled labor shortages have created employee competition battle lines throughout globe, while in Pakistan can be seen from a different perspective. Retention is an issue but the retention of the skilled workers is the key problem. As the bottom line suffers exorbitant costs of turnover, companies are forced to examine or reexamine why employees leave, and why they stay.

Retention must be viewed as a strategic business issue. The only approach that has the possibility of a successful outcome is a systemic one. It requires full commitment of management in addition to full alliance with the Human Resource Department.

Retention of employees will require a comprehensive process that aligns appropriate employee wants and needs with corporate culture, structure and strategies.

The internal and external situations that cause organizational turnover are vast and complex. Organizations can do little to control the country's economy or an employee's preference for mobility. An enterprise can, however, design internal culture, structures, strategies and programs that retain valuable employees.

To accomplish this task it is necessary to determine which specific components constitute a strategic retention program for a particular organization. Additionally, individual employee differences, along with current market realities, require examination for alignment with corporate goals. Which factors need to be aligned to ensure retaining qualified and productive employees? Are there programs that, if initiated, will assist an organization in reducing turnover? Retention and turnover issues are the result of very complex and multifaceted phenomenon. There is not just one strategy, methodology or program that is the definitive answer to turnover issues and retention of valued employees. A comprehensive retention strategy is needed.

The twentieth century belief that employees need their companies more than a company needs them is dangerously outdated. In today's marketplace, it's a seller's market. Motivated, qualified and capable employees are the ones who are selling.

1.4 Scope of the study

There are almost fifteen private banks in Pakistan while some other are government banks but three have been taken as a sample size among them for detailed study about their employees. Some other banks are also studied broadly and their features have been highlighted. The competition for the talent and for the employees is the same for all the banks. The banks that are chosen for the research are:

- Bank Alfalah Limited
- Khyber Bank of Pakistan
- Habib Bank Limited

1.5 Objectives of the study

The objective of the study is to find the impact of employee retention on today's organizations in general and in the banking sector of Pakistan in particular. To find about the costs of employee turnover and see how the organizations can focus their energy in a proactive manner to help them keep their talented employees.

Retaining good employees who have a future in the banks requires more than just thinking. For banks to remain competitive, it has to be a reality. They need proactive, creative, and integrated strategies for keeping their key workers.

A huge industrialist once commented, “Take away my factories, my plants; take away my railroads, my ships, my transportation, take away my money; strip me of all of these but leave me my key people, and in two or three years, I will have them all again.”

The aim of the thesis is to find ways and methods to retain the key employees in the banking sector because job hoping is becoming common due to various reasons that is costing the banks monetary and non-monetary loss.

1.6 Research questions

Some of the key research questions that would be highlighted and studied in this thesis would be as under:

- What is the cost of employee turnover?
- Why employees leave i.e. Why are the employees are switching from one bank to another? What are the reason and the causes of the turnover and employee dissatisfaction?
- Are the banks recruiting the right people?
- Are the selection strategies and criteria right?
- Is there an effective orientation program?
- Is performance being overseen?
- Are the employees being offered any development program?
- What is the effect of benefits packages and organizational policies?
- Are the banks meeting individual needs?
- Are the banks creating a supportive work environment?

1.7 Data Collection Instruments

Questionnaire was the primary data collection instrument; it is appropriate to discuss here that other quantitative technique have also been used. In addition to questionnaires, the banks provided various written information, such as corporate annual statements, co-worker magazines, and brochures and leaflets describing corporate policies and philosophies.

1.7a Employee's surveys (questionnaire)

It would be helpful in getting large amount of information in a more quantitative manner. At least a sample size of fifty employees would be questioned in each bank to have a reliable database about the issues related to the retention of employees.

1.7b Interviews

Interviews help in getting the information that cannot be gathered through the questionnaires, therefore some of the top executives from each bank are interviewed as well, to have a two-way communication and to resolve some untapped areas. Top management plays a huge role in the retention of employees.

1.7c Secondary data

Literature review would be carried out to gather existing information and research studies about the issue and to analyze the issues through certain best practices through out the world. Theories, articles and some surveys are used and highlighted as to gather information about employee satisfaction and retention rate.

1.7dExtensive on-line search

Internet is used to gather information and literature review as well as to gather information about how to solve the issue.

CHAPTER 2: LITERATURE REVIEW

2.1 Motivational Perspectives And Theories

2.1a Employee Retention Perspectives

By looking in a dictionary we are given that the word “retention” has synonyms like preservation, maintenance, withholding and custody. Not just the meaning, the concept of retention has different perceptions for the employees and organizations. In this part, we strive to look at the issue through the lens of employees and management.

a) Employee Perspective

The reason to leave an organization may vary from person to person and from organization to organization. In one of the articles “Focus on Talent”, Tayler stated, “people join organizations for things such as pay and benefits, but they leave for other reasons”. He discussed the issue and suggested that very few employees leave a job without a good reason, which can be personal (external) or work related (internal).

Although different authors approached retention differently, their research considered both monetary and non-monetary elements to keep the employees.

- The editor of Personnel Today (2003) argued that pay and benefits do matter, however, employees are more concerned with the level of fulfilment they get from their jobs.

- Wilson (2003) emphasized that employees want to know what to expect every day, and stated, “employees expect a fair day’s work for a fair day’s pay”.

- Pennington (2003) further developed the idea by stressing, “people want to work in a place where they can succeed and feel their contribution is appreciated”. Pennington (2003) emphasized the weight of creating a good working environment. She stated that employees are happy and stay in environments that

promote laughter. This contributes to higher moral, improved productivity, and creates lower stress. Having fun is not just playing games or dressing up on holidays. The ability to be relaxed and enjoy oneself creates a bond between team members.

- Moreover, the editor of Personnel Today (2003) stressed that employees feel that working with an understanding supervisor or manager is important.

b) Managerial Perspective

It costs less to retain an employee than to replace an existing one. In fact, the American Management Association estimates that the cost of replacing an employee is equal to 30% of his or her salary (Brown and Alleyne, 2003).

The Editor of Personnel Today (2003) cited a similar finding on cost of replacing employees. The cost of replacing an employee ranges from 29 to 46 percent of the person's salary. This figure includes the cost of advertising, travel, interviewing time (spent by managers), lost productivity and other associated expenses. On average, the cost of replacing a manager is three times that of replacing a non-manager.

Many organizations are under the impression that if they provide competitive pay, better health care, or other benefits it may retain employees. However, Woodard-Chavez (2003) argues that the common misperception with most incentive/motivation/recognition programs is that it is always about money.

She stressed, “Every one of our staff has economic requirements, but when it comes to retention, you cannot buy their love so to speak. The money is only one component of the package - not the entire package so to speak”.
There are a number of authors in favour of benefits and incentives to retain employees, while others are supportive of manager’s strategies and skills to keep the employees happy and working efficiently.

- Forte (2003) argues that a manager has a great ability to impact the way an employee feels about his work environment. In fact, “people quit people before they quit companies”. Employees are generally first dissatisfied with their manager and the way the manager deals with the employees, before they find fault with the company.

- Concerning employee turnover reasons, Satava, (2003) found that employees leave due to an inadequate career path, management style, and lack of fulfilment. Taking into consideration the significance of retention in different industries he suggested that from all the factors influencing staff retention the easiest thing to change is how employees are supervised.

Overall, a company’s employees want fair pay and opportunities to learn, advance and experience a feeling of accomplishment. They want to work for well-managed organizations and their efforts to be meaningful to others. Further, he pointed out some A to Z strategies or factors through which partners and managers can put an effort to improve the working environment. Some of the factors are Acknowledgment, Balance-Communication, Development, Education, Helpfulness, Justice, Laughter, Motivation, Opportunity, Promotion, Recognition, Supervision, Training and Willingness.

- The editor of Personnel Today (2003) suggests that organizations should focus on making sure that the people they hire are a good match for the job and the work culture. One way to help keep staff onboard and happy is to recognize them for their hard work and dedication to the organization. 1Organizations that understand retention and its causes will experience a competitive edge. Every time a position becomes vacant, an organization becomes less capable of meeting its goals.

[1] cited by the editor of Club Industry, 2003

2.1b Motivational Theories

There are several early and contemporary motivational theories that are discussed below. They give an idea about different perspectives and views about motivation and satisfaction of employees.

a) Early Motivation Theories

There are many theories that have been written about motivation and these are some classic ones:

i)Theory 'X' – Douglas McGregor

According to Douglas McGregor theory X suggests that people are lazy; they hate work to the extent that they avoid it; they have no ambition, take no initiative and avoid taking any responsibility; all they want is security, and to get them to do any work, they must be rewarded, coerced, intimidated and punished. To get work done they have to police their staff and monitoring is necessary for them.

ii) Theory 'Y' – Douglas McGregor

This is in sharp contrast to theory 'X'. McGregor believed that people want to learn and that work is their natural activity to the extent that they develop self-discipline and self-development. The leader no longer have to use power, he or she lets people develop freely, and may even enjoy watching the development and actualizations of people by themselves. Everyone most of all the organization, gains as a result.

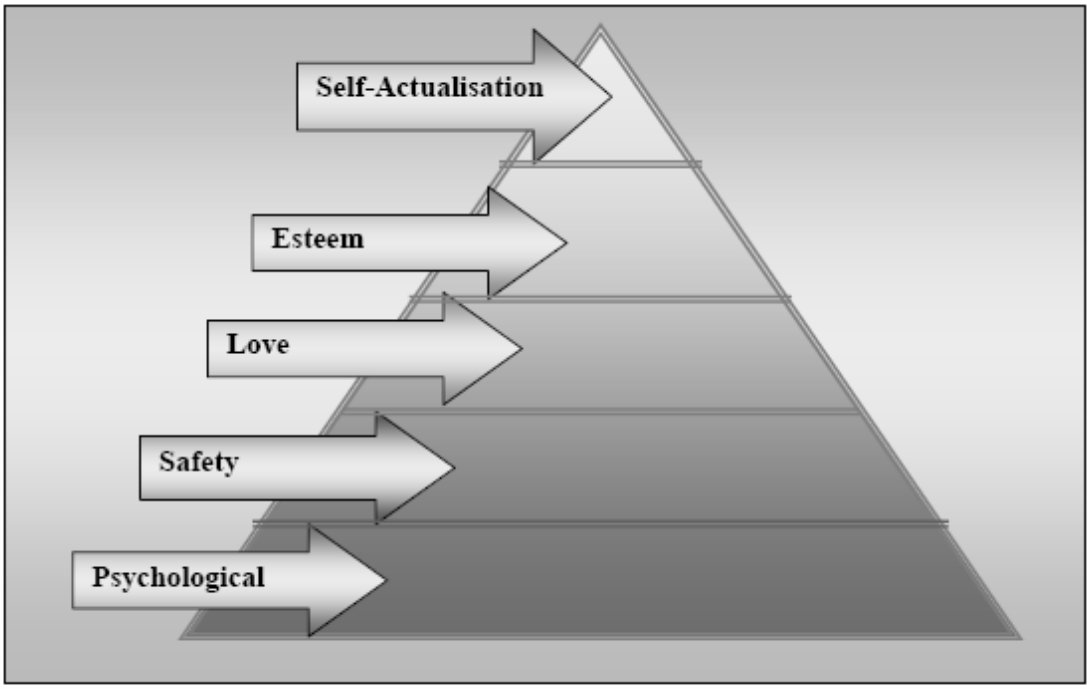
ii) Maslow's Hierarchy of Needs - Abraham Maslow

Maslow in 1970 is known for establishing the theory of a hierarchy of needs, writing that human beings are motivated by unsatisfied needs. A person’s behavior is seen as dominated by his/her unsatisfied needs and when one need is satisfied he/she aspires for the next higher one.

According to Maslow, there are general types of needs (physiological, safety, love, and esteem) that must be satisfied before a person can act unselfishly. He called these needs "deficiency needs." As long as we are motivated to satisfy these cravings, we are moving towards growth, toward self-actualization.

The five basic human needs, according to Maslow, are: (1) Physiological (2) Safety; (3) Belonginess (4) Esteem: (5) Self-actualization

Figure 2: Maslow's Hierarchy of Needs



iv) Motivation Hygiene Theory - Frederick Herzberg

According to this theory the intrinsic factors are related to job satisfaction and motivation while the extrinsic factors are related to the job dissatisfaction.

Herzberg suggests that people's needs are of two types: animal needs (hygiene factors) and human needs (motivators). Hygiene factors are those which are the basic needs and when they are absent an employee is dissatisfied and demotivated while when they are present there is no motivation neither there is any dissatisfaction. While on the other hand the factors which motivated employees were motivators.

b) Contemporary motivational theories

The theories that would be discussed now represent the current status of motivation. Although they are not as famous as the early theories but they hare based on extensive research.

i) Three needs theory - David McClelland

McClelland (1968) argues that there are three needs that are essential factors to get motivation. These needs are achievement, affiliation and power.

The need of affiliation is the desire for close and friendly interpersonal relationships at the workplace. While the need of power is the need to make people behave in the manner which they would not have behaved otherwise.

The need of achievement has been researched more extensively as compared to the others.

ii) Goal setting theory

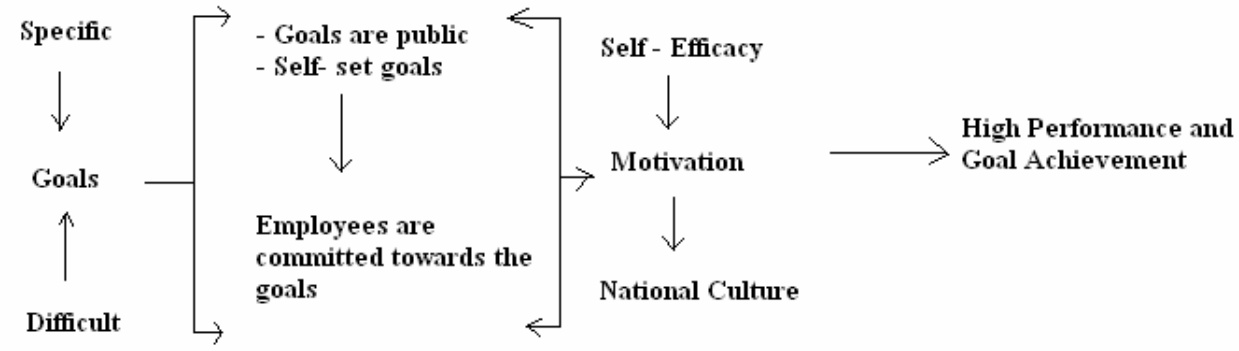
This theory states that specific goals tend to increase the performance and difficult goals when accepted results in higher performance than do easy goals.

Research has proved that specific and hard goals are a motivating factor and they tend to give a specific direction.

Here there seems to be a contradiction between the need for achievement in the three need theory and the goal setting theory. According to the need of achievement motivation is done by moderately challenging goals while the goals setting theory depicts that motivation is maximized by difficult goals.

Here the explanation is that the need of achievement differs from economy to economy; in the developed countries it is high but very low in the under developed countries. While the goal setting theory is applied to people in general.

Figure 3: Goal setting theory



iii) Reinforcement theory

The theory states that behavior is the function of its consequences. It proposes that behavior is externally caused. The key to the theory is that it ignores factors such as goals, expectations and needs, instead it focuses solely on what happens to the person when he / she takes some action.

Reinforcers shape behavior and help people to learn but the theory is also widely believed to help motivation. According to BF. Skinner the reinforcement theory can be explained as follows:

People will most likely engage in a behavior if they are rewarded for doing so; these rewards are most effective if they are immediately followed by a desired behavior, and the behavior that is not rewarded or is punished is less likely to be repeated.

There are three types of reinforcement

- Positive reinforcement
- Negative reinforcement
- Non - reinforcement

iv) Job characteristic model

As managers are interested in motivating the employees as to increase the productivity, there they need to design jobs in such a way as to motivate employees. Job deign refers to the way tasks are designed to complete a job. Some of the ways of designing job are job rotation, job enrichment and job enlargement.

Job characteristic model (JCM) is a framework for analyzing and designing jobs that identifies five primary job characteristics, their interrelationships and their impact on outcomes.

According to the JCM, any job can be described in terms of the five core dimensions defined as follows:

- ***Skill variety***

The degree to which a job require a variety of activities so that an employees can use a number of skills and talents.

- ***Task identity***

The degree to which a job requires completion of a whole and identifiable piece of work.

- ***Task significance***

The degree to which a job has a substantial impact on the lives or work of the other people.

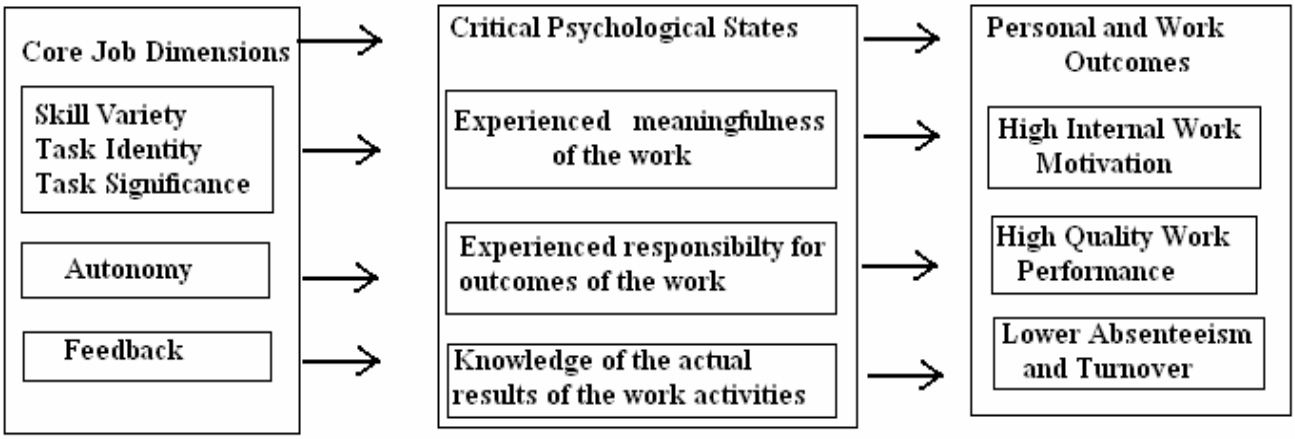
- ***Autonomy***

The degree to which a job provides substantial freedom, independence and discretion to the individual in scheduling the work and determining the procedures to be used in carrying it out.

- ***Feedback***

The degree to which carrying out work activities required by a job results in the individual's obtaining direct and clear information about the effectiveness of his/her performance.

Figure 4 : Job characteristic model



Source: JR. Hackman and J.L. Suttle (eds) in improving life at work

From a motivational standpoint the model suggests that internal rewards are obtained when an employee is given feedback (feedback) and he/she has personally performed well (autonomy) on the task about which he/ she cares (experienced meaningfulness of the work). The more of theses three conditions are present the more motivational the job is and the employees satisfied.

v) Equity theory

It is human being's tendency that they compare themselves with each other all the time. This theory developed by J. Stacey Adams, proposes that an employee compare his/her job's input / outcomes ratio with that of relevant others and then correct any inequity.

If an employee perceives his/her input and output to be equal to others the state of equity remains. However if the ratio is not perceived to be equal and the inequity exists then the employee views himself /her self as over or under rewarded.

There are certain expected outcomes and behaviors that are displayed by the employees when they perceive that they are treated unequally as compared to others.

- Change their input and effort
- Change others input or outputs
- Choose a different person and start comparing themselves with them
- Increase absenteeism
- Quit the job

Equity theory is not without its flaws as well. There is the problem that how to define inputs and outputs, how they change over a period of time, and how do people choose others to whom, they compare themselves.

vi) Expectancy Theory - Victor Vroom

According to Vroom's "expectancy theory", it states that an individual tends to act in a certain manner based on the expectations that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual.

It includes three variables that are as under:

- ***Expectancy or the effort – performance linkage***

The expectations of an individual that a certain level of effort put in to accomplish a job will give a certain level of performance.

- ***Instrumentality or the performance - reward linkage***

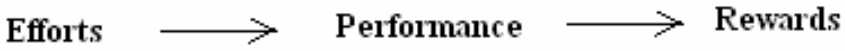
The degree to which a certain performance will help attain a certain reward.

- ***Valence or the attractiveness of the reward***

Valence is the degree to which the reward has value to the individual performing the job. The answer lies in understanding their inner motives and then providing them with appropriate rewards.

This theory contributes an insight into the study of motivation by explaining how individual goals influence individual performance.

Figure 5: Expectancy Theory



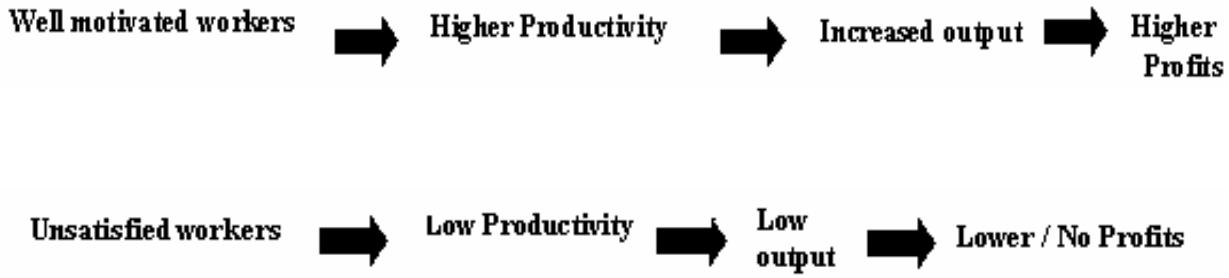
To sum up, the theories discussed above show that people have inner motives, needs and desires that drive them. Different authors have different approaches, some believe in monetary rewards while others suggest non-monetary rewards.

2.2 Motivation And Retention Of Employees

2.2a Motivation

Motivation is the reason why employees want to work hard and effectively for the business. People work for a variety of reasons, some want to earn money while other do it to fulfill their inner needs. There is a wide range of motivators to motivate people and they differ from individual to individual. Highly motivated employees increase the productivity level and thus the profits are increased and vice versa.

Figure 6: Motivation and profit



There is always a chance that the output is increased due to new technology and improved external conditions but the quality of the output always relies on how well motivated the employees are and how satisfied they are with their job.

2.2b Sources of Motivation:

When an employee is satisfied he/she is motivated to work and thus he/she is retained[1]. There can be number of motivating factors as shown in the figure which can be put into main sources of motivation which are:

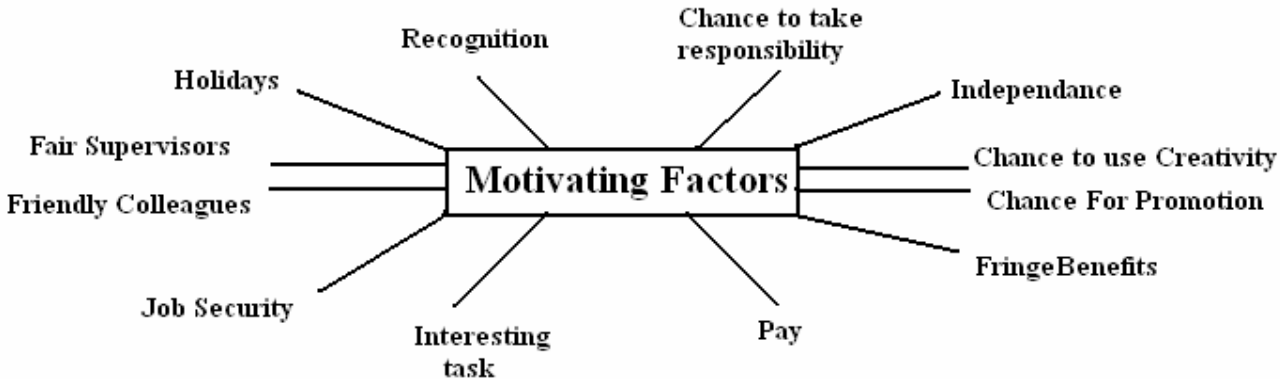
- Monetary
- Non-monetary

[1] *Management"* by Robbins &Coulter, 7th Edition, pg.420

Therefore, they can be termed as rewards given to employees that may result in their satisfaction and retention. They are as under:

- Intrinsic rewards –these rewards are related to the internal satisfaction of the employee e.g. it includes recognition, awards, moral satisfaction etc.
- Extrinsic rewards- theses rewards are related to the external factors of satisfaction of the employee e.g. bonuses, promotion, benefits etc.

Figure 7: Motivating Factors



2.2c Voluntary turnover:

In today's competitive labor market, many companies are faced with the challenging and expensive task of originating and hiring talented new employees to replace ones who have voluntarily left their company. The question is, why are some of our best employees choosing to leave and what is being done?

In businesses across the globe, voluntary turnover is on the rise. Much of this turnover reflects the confluence of three important trends: industry changes; increased labor market transparency via the internet; and a growing free agent mentality among many

employees. If this isn't enough, heap on low unemployment and unfavorable demographics over the next decade or more and it becomes evident that the "war for talent" is just beginning.

2.2d Cost of employee turnover

Employee retention matters a lot in today's world. Organizational issues such as training time and investment; lost knowledge; mourning, insecure coworkers and a costly candidate search aside, failing to retain a key employee is costly. Various estimates suggest that losing a middle manager costs an organization up to 100 percent of his salary. The loss of a senior executive is even more costly. The cost of employee turnover is from 40--100% of an employee's annual salary, when you consider lost productivity, recruiting costs, training costs, reduced efficiency in transition and time.

2.2e Voluntary Turnover reasons

When an employee is motivated he/she is satisfied and retained but when he/she is demotivated and unsatisfied he/she may likely leave the organization. There might be a number of different reasons why employees leave. **(Annex # 1)**

Some of the general reasons why people decide to leave their jobs and the suggested action items are listed after each reason are given in the annex **(Annex #2)**

a) Sources of job dissatisfaction

There are many sources of job dissatisfaction. According to research the top reasons why people leave their jobs are:

i) Harvard Business Review

- Job content
- Level of responsibility

- Company culture
- Caliber of Colleagues
- Salary

ii) California Strategic HR Partnership (CSHRP) Result

- Low growth potential
- Lack of challenge
- Lack of autonomy
- Not enough money
- Work environment issues

iii) Roger Herman, author of "Keeping Good People," stated "Why People Leave":

The ongoing research by Roger Herman revealed the following five principal reasons.[1]

0. It doesn't feel good around here

0. They wouldn't miss me if I were gone

0. I don't get the support I need to get my job done

0. There's no opportunity for advancement

5. Compensation is the last reason most people leave

[1] Roger Herman, author of "Keeping Good People," is a business futurist and an HR and Management consultant based in Greensboro.

3.5a.4 General four reasons

Even with these values in place, there are a lot of employees who feel they can better themselves just by chasing more income.
These are the common reasons of turnover and they can be applied to the banking sector as well. Therefore, they can be mainly categorized into four areas:

3) Personal dispositions
3) Tasks and roles
3) Supervisors and coworkers
3) Compensation

1) Personal dispositions:

Dissatisfaction with a job is related ultimately to the individual that performs the job. There is a term called ***"Negative affectivity*** "which mean that there are individual differences in satisfaction with any or all aspects of life.

The individuals with high negative affectivity display a higher level of dissatisfaction with job and non-job environment. The feelings of anger, fear, guilt etc more often displayed and they are more negative minded.

There is another concept of ***"core self evaluation"*** which is an individual's opinion about him/her self. The positive core self evaluation contributes towards the overall job satisfaction and it helps in the retention of employees. On the other hand a negative core evaluation results in avoiding challenging work and adapting to change.
Other personal problems like family etc can also contribute to job dissatisfaction.

2) Tasks and roles

The tasks can also be one of the main reasons of job dissatisfaction. There can be many aspects to it but main three are as under

- ***Job complexity***

It refers to the type of work, whether it is repetitive or challenging. It should change with different levels within the organization. At the upper level more of the challenging work should be given to satisfy and retain the employees while at the lower level repetitive work can be given.

- ***The degree of physical exertion and strain***

It refers to the physical stress that is experience by the employees. Technology can remove this to a large extend and it can help in facilitating the employees.

- ***The degree of value correlation***

This refers to the degree to which employees relate to the work and find it meaningful. The importance given to this aspect is really low in Pakistan.

Task related interventions

There are a few task related intervention like Job enrichment (making the task more challenging and meaningful), Job enlargement (adding more responsibility and authority to the job) and Job rotation (circulating the individual from one job to another to increase his/he5r skill base and knowledge) that can be applied to the tasks.

Roles on the other hand are also very vital and they are the expected behavior that an individual has to display on the job. There are three aspects to the role as well.

- ***Role ambiguity***

It refers to the uncertainty about what an organization expects from the employee in terms of what to do and how to do it. It can associated with the schedules and the work itself and can create a lot of confusion resulting in the job dissatisfaction.

- ***Role conflict***

It refers to the incompatibility and the contradictory demands from a certain role. It can happen if an employee and holding more than one role therefore he/she has to handle more than one role.

- ***Role overload/ role underload***

Role overload refers to the state in which too many expectations and demands are placed on the person while role underload is the state in which there are too few expectations are placed on the person.

Role related interventions

In order to remove role conflict plans like flextime, childcare center, elders center can be provided to the females and other family members to deal with the dual roles.

3) Supervisors and coworkers

These are the two primary set of people that affect an employee's satisfaction level. They contribute to reasons of satisfaction like positive support and leadership provide by the supervisor, good working relationship with the coworkers, sharing the same values and thinking etc.

4) Compensation

Work is the source of income for all the people around the world and it has the monetary value to it. The compensation has the pay, benefits, pensions, and other monetary outlays.

A Changing Work Force and Workplace

Fundamental changes are taking place in the work force and the workplace that promise to radically alter the way companies relate to their employees. Hiring and retaining good employees have become the chief concerns of nearly every company in every industry. Companies that understand what their employees want and need in the workplace and make a strategic decision to proactively fulfill those needs will become the dominant players in their respective markets.

The fierce competition for qualified workers results from a number of workplace trends, including:

- A robust economy
- Shift in how people view their careers
- Changes in the unspoken "contract" between employer and employee
- A new generation of workers
- Baby boomers striking out on their own after hitting corporate ceilings
- Changes in social mores
- Life balance

Concurrent with these trends, the emerging work force is developing very different attitudes about their role the workplace. Today's employees place a high priority on the following:

- Family orientation
- Sense of community
- Quality of life issues
- Volunteerism
- Autonomy
- Flexibility and nonconformity

To hold onto your people, you have to work counter to prevailing trends causing the job churning. Smart employers make it a strategic initiative to understand what their people want and need and then give it to them.

2.3 Ways To Increase Employee Retention

2.3a Strategic Retention Process

The Strategic Retention Process is a five phase process.

The first one is called “Awareness Phase”, which is a time for information gathering, “Assessment Phase” which is a time for conducting a current employee risk assessment, “Design Phase” which is a time to evaluate the employee data, “Synergy Phase” which is a time for an integration check of structure and strategies, and an “Implementation Phase” which is the time to design the comprehensive corporate action plan.

The retention process methodology involves the following steps:

- Decide on the department and span of time to be studied.
- Review employee Turnover Statistics for all staff who have been separated in the studied time.
- Chart reasons for employee separation from the organization.
- Survey employees who have voluntarily left the organization in the studied time through phone, mail or one-on-one interviews.
- Perform an in-house Employee Opinion Assessment to determine risk of current employees.
- Tally assessment findings
- Evaluate the findings
- Develop the Strategic Retention Process custom-designed for the organization
- Advise in the implementation of the program.

2.3b Ways To Increase Employee Retention

Key employee retention is critical to the long term health and success of a business. Managers readily agree that retaining your best employees ensures customer satisfaction,

product sales, satisfied coworkers and reporting staff, effective succession planning and deeply imbedded organizational knowledge and learning.

a) Culture

In these days of tight labor markets, company culture can go a long way toward determining how successful companies are in recruiting and keeping top employees.

The Initiation Process

Key factors in creating an attractive culture are the recruitment and orientation processes. Prospective employees should be interviewed by executives or managers skilled in both drawing information out of the individuals, and explaining the company's attractions.

b) Retention bonuses

Retention bonuses, also known as pay-to-stay bonuses, have become common practice since the early 1990's and it is a useful way to help reorganization by maintaining those most valuable employees. Key employees, generally executive and top-level management, are considered likely to leave for more secure and less stressful opportunities in the face of uncertainty. Retention plans is very important for key employees as it helps eliminate employees' fears, reward employees for hard work and dedication, prevent the loss of critical employees, and save the cost of replacing key employees.

c) Problem with the retention bonuses

Key Employee Retention Plans (KERP) rarely faced obstacles or criticism. However, in the wake of numerous high profile bankruptcy filings, people have developed negative feelings towards these plans.

The Unions are not the only group to challenge these sometimes-excessive retention plans. Politicians all over the world have also become more aware and involved. When Enron executives were awarded lavish bonuses in 2001, eyebrows were raised and it seems that there is something wrong when a company in a troubled state or a failing state,

have to use large amounts of money to hold onto people that they ought to be able to hold onto some other way.

Corporations should consider the backlash of these retention plans from unions, and the general public. Creditors too, although not yet creating large resistance to employee bonuses, are likely not far behind. .

d) Control and Ownership

Quality improved as employees took ownership of the production and the number of cars requiring rework after they had come off the line fell by 97%. The backlog of union grievances in the facility plummeted from an average of well over 200 to an average of less than 12. Tom Peters, in *A Passion for Excellence*, claims that the change in attitudes was as extreme as the numbers. One old pro on-the-line commented, "It's like they opened the window and we can breathe." Another described the foremen under the new team-based approach, "They're no longer policemen, but advisers."[1]

e) Increase Trust

When Captain Michael Abrashoff took command of the USS Benfold the retention rate in the Navy was 18%. In two years it climbed to over 99%. How did he change the culture on that ship? Michael says, "Soon after arriving at this command I realized that the young folk on this ship are smart and talented. And I realized that my job was to listen aggressively—to pick up all the ideas that they had for improving how we operate. The most important thing a captain can do is to see the ship from the eyes of the crew.

f) Feedback

Managers often wait until performance review time to give feedback that should not be done.

[1] www.allbusiness.com

Some years ago a secretary, quit her previous job to stay at home with her young children. She worked for a boss who did not give much feedback. When she handed in her resignation, he went on and on about how much she had contributed to their work team and how much he would miss her. She commented to us how much she would have loved to have heard those words more than once or twice a year at performance review.

g) Employee recognition

Aside from obvious recognition like salary and benefits, companies need to focus on the less-obvious attractions to employees. Everyone wants to feel they are part of a winning team, as well as to be recognized. Small companies can capitalize on these needs by encouraging an atmosphere of cooperation among groups of employees that need to work on particular projects or research. Recognition can take the form of incentives, prizes, and just a note or expression of thanks from the company president.

h) Using fun to Retain Employees

Simply having music in the workplace a better place. Asking the coworker what song do they want to hear? It is a famous practice in Mobilink Peshawar and one of their employee said, “It’s our way of keeping up morale,” “We’re so overwhelmed, so stressed, so burned out. This is how we keep our sanity.”

And most organizations are not going to promote humor as part of their culture because some may feel that it can be a little unprofessional, So any discussion of the benefits of laughter needs to be more tangible and focused on addressing positive morale, a major factor contributing to the retention of valued employees. Though, humor is a coping mechanism to aid in employee retention, not a cure-all for other systemic problems affecting organizations.

It is a way of working which would be a need in future as the Generation X work force want challenging, meaningful work with friendship and fun. It is important to a work/life balance, companies that figure out how to do good work and be a fun workplace will be the ones attracting and retaining the talent.

i) Exit interviews

Exit interviews with departing employees provide valuable information organizations can use to retain remaining staff. There can be significant source of data.

j) Clear expectations

Management thinkers from Ferdinand Fournies (Why Employees Don't Do What They're Supposed to Do and What to Do About It) to Marcus Buckingham and Curt Coffman (First Break All the Rules) agree that a satisfied employee knows clearly what is expected from him / her every day at work..

Changing expectations keep people on edge and create unhealthy stress. They rob the employee of internal security and make the employee feel unsuccessful.

k) Leadership

- The quality of the supervision an employee receives is critical to employee retention. People leave managers and supervisors more often than they leave companies or jobs. It is not enough that the supervisor is a nice person, starting with clear expectations of the employee, the supervisor has a critical role to play in retention. Anything the supervisor does to make an employee feel unvalued will contribute to turnover.

l) Communication

The ability of the employee to speak his or her mind freely within the organization is another key factor in employee retention. When an organization provide such an environment where employee can express his/her ideas and in which people are comfortable providing feedback, it can be used as a retention tool.

There are many other ways to achieve employee motivation.

2.4 Human Resource And Retention

Effective human resource practices play an important role in the retention and satisfaction of the employees. The importances of the aligned human resource practices are very vital in the retention of the employees as at every step an organization retain its employees. From the orientation of the employees till their fair compensation play an important role in retaining an organization's employees. Finding the right people and then holding on to them is central to any HR strategy.

2.4a Recruitment

Progressive companies know that the old aged people are your most important asset is incorrect. People are not a company's most important asset but the right people are.

Effective managers take time during the hiring process to identify the right people for their organization. They make their decisions based on character traits and innate capabilities, rather than only relying on the specific knowledge, background and skills. They also define and communicate the requirements employees need to be successful.

To minimize turnover, Pulte Homes has established a three-pronged process for recruiting talented people, getting them up to speed quickly, and keeping them happy. **(Annex # 3)**

When in doubt about a candidate, a wise manager doesn't hire; he or she keeps looking for an employee with the qualifications to deliver great results.

One organization with a proven track record in hiring the right employees uses recruitment tactics such as an employee referral program, realistic job previews and assessment of candidate qualifications in key areas.

0) *Employee referral program:*

   The *employee referral program* consists of a tiered bonus program that provides substantial payouts at key milestones of the new employee's first

two years, including hire date, 90-day evaluation period, and one- and two-year anniversaries.

0) *Realistic job preview*

The *realistic job preview* is, in fact, a job interview that reduces unrealistic expectations in the key areas of job duties. It provides facts about education and training programs, basis for performance evaluations, traits of current successful employees in the job, promotion and advancement opportunities, work performance and attitude expectations, and determinants of long-term success in the company.

0) Assessment process

The assessment process involves administering tests to determine how candidates' expectations of the job compare with what the organization offers. Tests also measure areas of competency, work characteristics, and preferences regarding organizational culture as a means of assessing whether a candidate is a good fit for the company.

a) Recruiting through referrals

Most agencies use a variety of methods to attract job candidates, including newspaper ads, Internet job sites, referrals and recruiters. I have worked with a few organizations whose turnover is minimal. In fact, they have a waiting list of talented people who have the desire to work for their agency. These agencies realize that attraction and retention are both marketing issues. They have developed a positive image in the marketplace and are constantly selling prospective job candidates on the advantages of working for their agency as well as reminding their employees of these advantages.

They have also made a commitment to create a workplace with purpose, excitement, and mutual alignment and re-focused their energy on the needs of their employees from a whole-life prospectus. In these organizations, the most effective method for recruiting

people is employee referrals. The agency employees can interest their friends and associates in working at the agency and selling them on the many benefits of working for it.

b) Other recruiting methods

Another effective method of finding new employees is to use recruiters who will search for job candidates in the area. If you enter into these agreements, it is important to find recruiters who can source quality people, rather than merely provide resumes. Agency managers should work with the recruiter to provide a profile of the skills and qualities the recruiter should look for and expect that the candidate be pre-screened. There should also be an agreement that the recruiter will not solicit the agency's employees for other clients. Internet sites can be effective for identifying candidates who may be moving into the area.

Newspaper ads are usually the least effective methods of recruiting, as the people who may be the best candidates does generally not read them. With critical skills in high demand, top performers who want to make a job change are not looking in the classifieds but are seeking out employers who provide outstanding work environments and continual learning and advancement opportunities.

2.4b Selection

Too many hiring decisions are made because a manager has a "gut feeling" about the candidate that is not substantiated. When new employees are hired, agency managers will spend time training and coaching them. An employee who never should have been hired will cost the agency, not just in salary and benefits, but in the time of other employees who are involved with them. Poor performers drain overall productivity because they force managers to allocate additional resources to get the job done. They also create resentment in good performers.

To assess service skills, the interviewer might ask how the CSR handled a difficult client or provided assistance to someone else in the agency. Creating a standard list of questions

used which is used by all the agency interviewers assures that good interviewing is accomplished, but also that the interviewing team can compare notes.

Pre-employment assessment tools can also avoid costly hiring mistakes. Insurance tests can identify the level of knowledge an individual has, but you can also ask an employee to demonstrate their proficiency with the computer system or other software commonly used. Candidates for CSR positions can be further qualified when their peer CSRs interview them to assess their knowledge and skills.

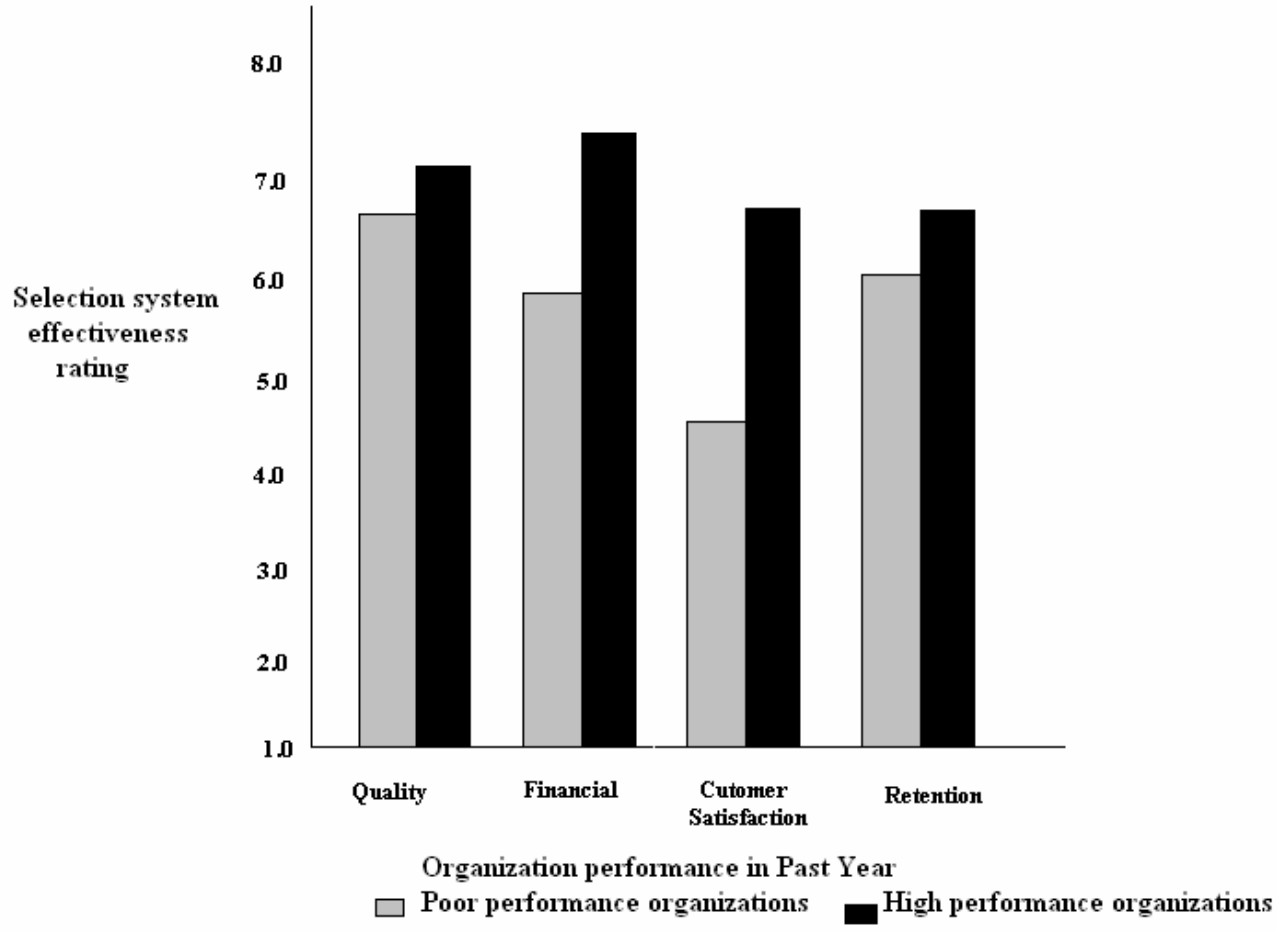
Even with good screening, employees will turn down offers. In some cases, their compensation expectations may be beyond what is realistic or they may just be testing the marketplace. But in other cases, the offer is rejected because the agency made a poor impression on the employee. Agencies known for their ability to attract and hire good employees go to great lengths to maintain an upbeat, positive relationship with all applicants, even those not hired. They treat applicants like their customers, provide them with feedback in a timely manner, and are always recruiting (selling), even during the job interview.

Correlation of selection system with retention of employees:

Analysis revealed that more organizations with highly effective selection systems were significantly more likely to have had success and they tend to hire the best employees who are best suited and they tend to remain with the organization.

Thus by using a good selection system to hire employees, organizations can reduce turnover, increase employee’s retention and ultimately increase and improve business outcomes.

Figure 8 : Correlation between selection system and retention



2.4c Compensation

Compensation programs, both fixed and incentive-based, are another means of recognizing employees. Although pay is not often cited as the only reason for staying with a company, it is often cited as a reason for leaving.

In the new job economy, an organization's compensation system must be perceived to be competitive from a recruitment perspective. For this reason, it is imperative that organizations review their current systems and evaluate their competitiveness with the external market, making adjustments as necessary. Current employees must feel the

organization’s compensation system is equitable and understandable. These factors, which influence employees’ perception of fairness in the workplace, can have significant impact on retention.

Every agency today is aware of the need to manage compensation costs. The challenge, however, is to also make sure employees are paid competitive wages. Finding sources of salary information, conducting your own salary surveys or sharing information with a group of competitors can help retain employees who might leave because they are underpaid.

Without accurate survey data, agency owners risk overpaying or underpaying employees. Many agencies are adapting a pay for performance compensation system, which rewards employees for achieving results related to the agency's business goals. An agency's compensation plan should connect employee performance to overall business goals.

But employees also value rewards that are not monetary. Surveys conducted by the Society of Human Resources Management indicate employees ranked interesting work, employer flexibility, feeling valued, having training, and advancement opportunities as top factors influencing their decision to change jobs.

In smaller agencies, promotional opportunities may be fewer, but there should always be new skills to learn and the opportunity to feel job satisfaction. Setting milestones for education and developing performance-based criteria can enhance the job and help reduce turnover. Higher-level positions, such as the Senior CSR position, can also be used to reward performance that is beyond normal expectations. Higher-level skills or additional job duties should be the criteria for promoting an individual to a senior position. If the CSR is an agency automation expert, for example, or can take on part-time responsibility for conducting quality audits or training, you can create a career path where one may not have existed.

Offering perks can also be a cost-effective way to attract and retain employees. For example, casual dress, flexible starting times, earning time-off (comp days, floating

holidays or summer hours), job sharing, or using part-time positions provide the agency with a powerful advantage in the job market.

Promotion policies and practices support retention efforts by following equitable and understandable guidelines. Promotions should recognize employees who learn and grow within the company.

2.4d Performance management

There are a number of strategies that can be used to retain one's key employees. But the most effective strategy can be to use the performance review as a tool to create a stronger bond between the employee and the manager.

Performance evaluations are formal processes organizations use to provide recognition and to encourage employee development. To be effective, the process must support the business goal of retaining a company's best people. It should assist managers by providing a means for recognizing star performers and confronting poor performers in a timely manner.

If you ask any employee, "What do you want most from your manager?" you will often hear the response, "I want to know how I'm doing and how I can improve."[1]

The annual performance review is designed to create an opportunity for the manager and employee to sit down at least once a year to do just that. Yet, many managers do not like giving performance reviews. Some dread a confrontation; others just do not want to spare the time. But ignoring these activities here often leads to more time spent on filling jobs when employees leave.

Performance reviews are a great opportunity to revisit expectations and goals. It gives the employee a chance to discuss their own perception of their performance. In addition, it opens the door to talk about the employee's career goals and how their performance ties to career growth.

[1] Interview: Taimur khan (bank of Alfalah, Peshawar Branch)

Some of the items that help in conducting an appropriated performance review are: [1]

- Keep specific notes and examples throughout the evaluation period. Don't just rely on the most recent projects. One easy way to do this is to create a performance file for each employee. During the year, slip in things such as complimentary letters from customers, copies of their good work and notes to yourself. Ask your employees to keep their own file, too.
- Seek input from other observers when appropriate. Ask for specific examples from people who work with your employees. Sometimes this information comes unsolicited, but often, you need to ask customers and co-workers what they think.
- Allow plenty of time to prepare evaluations. Don't work under pressure and never complete an evaluation when you are angry or frustrated. One of the advantages of asking others for their opinion is that you tend to get a more complete, balanced perspective, rather than just your own view.

A good approach is to let them take the lead in discussing areas of their own performance. Saying things such as, "I see from your self-evaluation, we pretty much agree with this (positive) point." "What did you find most rewarding this year?" "What would you do differently if you could do it over again?"

- Make sure you have plenty of specific examples to make your observations clear. Concentrate exclusively on factors directly related to job performance. Use language that paints a picture for the employee. For example, "You usually don't speak in client meetings and you don't ask questions when you're stuck on a project, which contributes to a higher rate of errors and missed deadlines" is better than, "You're a poor communicator."

- Don't put anything in writing that you wouldn't say to the employee in person. If checklists and ratings are part of the evaluation, be sure written comments are

[1] HR Tips from the HR Council's Monthly Newsletter, Council on Education, Steve Hewitt, SPHR, April 2003.

consistent with the items checked. The review is just that – a review. There should be nothing that hasn't been talked about sometime in the past. If you find that you've saved up too much feedback for the formal review process, it's a signal that you haven't been talking enough throughout the year. Another hint that you're not having enough on-going dialogue is the length of the review. If you're review goes over an hour and a half, it's a message that your communication needs to be increased throughout the year.

2.5 Articles

There are some recent and important articles related to employee retention and satisfaction in general organizations and in banks specifically. Through these articles we get a glimpse of what is happening in the world and what are the general practices. It helps us to understand and adopt international practices.

2.5a “Banks say they value employee retention most” by Tmnet

The Portland Business Journal - November 29, 2002

Community bank executives almost unanimously consider employee retention the most important element in keeping their banks successful and competitive, a new study shows. How they entice those employees to stay, however, doesn't vary widely.

Most executives said they use competitive compensation, including generous benefit packages, to retain employees. However, there were a few differences in the types of benefits offered to key management vs. key staff employees.

The "Ninth Annual Survey of Community Bank Executives" by Grant Thornton, a global accounting, tax and management-consulting firm, reported for the second year in a row that the largest percentage (91 percent) of community bank executives name "retaining key employees" as a major factor in their continued success, and most executives (80 percent) say the major compensation tactic they use is a "competitive benefits package" across the board.

The survey, which includes chief executives and other senior officers from 429 community banks across the country, also found that salary in-creases are generally tied to formal, annual reviews (almost 80 percent) and almost 75 percent offer 401(k) plans with employer matches. Eighteen percent offer employee stock ownership plans, and 7 percent offer "phantom stock options" to key management employees.

Management is more likely to be rewarded based on overall bank performance (78 percent) than staff employees (60 percent).

The same goes for bonuses based on personal performance—56 percent of community banks award management this way, while 44 percent apply this incentive to staff employees.

2.5b Effective recognition programs should help stimulate employees By Eric Zoeckler, Business Columnist

The Herald - Monday, March 1, 2004

These are the stories of two sales managers.

One, a button-down, do-it-by-the-book kind of boss, judges his employees by the numbers: goals met, revenue generated, sales increase percentages -- a seemingly endless list. The best are rewarded, usually by cash bonuses, a salesperson of the month plaque and a private "atta boy" in a 30-second trip to the boss's office.

The second manager, when employees exceed their monthly sales quota by at least 10 percent, asks them, "How would you like us to recognize this achievement?" Some ask for a day off. Another winner asked that everyone in his department be treated to a professional massage.

One employee, named John, asked that the entire company celebrate "John Day." Banners were draped throughout the building, and receptionists told callers the company was celebrating "John Day" and why. John also was allowed to use the boss's office for his day.

Though this may be begging the question, is there any doubt which manager has the lower sales incentive budget but a higher, more consistent sales growth and lower employee turnover?

Although being personally recognized for good work consistently ranks high on the wish list of most employees, many managers continue to struggle with delivering anything but cash as a reward. "I know I should be more sensitive to the needs and desires of my employees," an advertising manager once told me. "I was just brought up in the business with the attitude that their paycheck is their reward."
Organizations that value their employees' hard work with creative recognition programs do so because they communicate best the values and behaviors important in reaching strategic goals and objectives, said Theresa Chambers, an employee recognition consultant and board member of the National Association of Employee Recognition.

An effective employee recognition strategy usually relies on three components: day-to-day recognition usually executed by peers; informal, usually manager-drive recognition such as celebrations, end-of-project events, group and team accomplishment parties; and more formal companywide annual reward and recognition events. "The real creativity comes in the frequent recognition ideas that often are put into the hands of employees," said Chambers, chief motivation employee of her Kirkland-based Arial (soon to be Recognition Works) consulting firm. She also works with the city of Seattle in employee development.

Though some recognition programs can border on the trite and cheesy, employees like them because they appreciate the attention. The California Public Employee Retirement System was recognized nationally for its "Solid as a Rock" program. In it, each employee was given thank-you note pads cut in the shape of rocks. When they saw a co-worker handle a project, problem or customer complaint exceptionally well, they wrote it upon a "rock." "Employees took great pride in how many rocks they could post in their cubicles," Chambers said.

One sales organization created a Golden Banana Award for sales excellence when a manager wanted to publicly congratulate an employee and the only available "trophy" was a ripe banana on a nearby desk.

Employee recognition can go far beyond items presented for excellent work. "A work unit that's experiencing performance problems might want to step back and make sure employees know exactly what's expected of them," said Chambers. They also should be open to hearing what employees expect from managers so that they can better do their jobs.

Stand-alone recognition that involves the manager telling an employee "thanks for the good job" one-on-one can be a most powerful and inexpensive motivator.

2.5c " Job Embeddedness as a Predictor of Employee Turnover"

By California State University March 1, 2004

Study shows why employees stay

It's an eternal business question - how do you spot the best potential worker among a pool of candidates and how do you keep them from leaving once they're hired?

To organizational behavior and environment professor Chris Sablynski, the key is "job embeddedness," a concept that focuses on why people choose to stay with a job rather than why they choose to leave a job.

"Most traditional research is concerned with why people leave jobs but we flipped it around and asked, 'Why do people stay?'" says Sablynski, whose work has appeared in the *Academy of Management Journal* and other publications. The distinction may seem subtle but the difference is profound.

"We find that it's actually a web of forces that determines how well suited someone is to a job, how productive they are and how likely they are to stay," Sablynski says. Based on initial findings, job embeddedness also seems to be a much more powerful predictor of turnover, absenteeism, job performance and workplace citizenship than traditional concepts.

"Job embeddedness is a powerful indicator because it accounts for far more than simply salary or whether or not a person likes their boss," he says. "It is a stronger predictor of turnover than traditional ideas about employee retention because it taps into more components of a person's life and includes non-work factors."

Sablynski breaks embedded ness down into three basic categories - "fit," "links" and "sacrifice." Each of these categories involves both on-the-job and off-the-job factors.

A person who fits well with their work, their workplace and the community where they live is much more likely to be a productive employee. They are also much less likely to leave their job, regardless of the incentives or opportunity to go elsewhere. "In other words, if someone is thinking about taking a job in Seattle but hates the rain, doesn't really like the values of the organization and does not fit the community outside of work, no matter how well qualified they think they are, they should think twice about taking the job - it's not a good fit," he says.

The second category of job embeddedness, links, includes factors that make a person feel connected to a job, a company and a community. The key to forming links is personal relationships, Sablynski says.

On-the-job links come through personal relationships between coworkers, friendships that create emotional ties to a job that transcend the actual work. Sablynski says people who are members of several work teams and have co-workers depending on them are also much less likely to leave that job.

Off-the-job links come through the personal relationships someone establishes in their community. A person with several strong friendships is emotionally invested in a community and much less likely to want to leave that community to take another job.

The third category of job embeddedness, sacrifice, involves those things a person must give up in order to take a new job. People, who feel they have such things as a good

benefits plan, opportunities for promotion and the respect of management, face the prospect of tremendous sacrifice in leaving a job.

Employers can encourage embeddedness in a variety of ways, Sablynski says, and it starts with the hiring process. "Hire a qualified applicant who you think fits well not only with the work they will be doing but also with the people they will be working with, the work environment, the business philosophy and the community they'll be living in," he says.

Links can be fostered through company mentoring programs, teams and committees, especially ones that bring together employees with similar off-the-job interests. Businesses can also foster community links by forming company-sponsored sports teams, supporting and sponsoring community events and getting involved in other community programs.

Offering perks is another strategy companies can use to help promote embeddedness. Sablynski lists on-site day care as one example of an especially attractive perk provided by some companies. Even small perks, such as flex time, can go a long way in making an employee reluctant to leave a job. "Allow employees to be human," Sablynski says. "Recognize that people are individuals with unique situations and concerns, and design perks that treat them accordingly."

However, he cautions, such policies should not to be implemented half-heartedly. "If upper management doesn't buy into this approach it will fail."

2.5d Internal Marketing by Simon Sadiq & Ulrika Åkerlind

The Development and the Basic Ideas of Internal Marketing

During the early eighties the cross-disciplinary nature of services marketing research was becoming increasingly evident in the literature, and stemming from the services marketing discipline, the internal marketing (IM) area became a specific research topic

(Fisk et al., 1993). According to Rafiq and Ahmed (2000), Berry et al (1976) were the first to propose IM to be the solution to the problem of delivering consistently high service quality.

Although the literature on IM grew rapidly during this period, very few organizations actually applied the concept in practice. One of the main problems contributing to this was the lack of a single unified concept of what is meant by IM, and yet there is still much discussion over its definition and scope (Rafiq and Ahmed, 2000). However, despite the confusion of what IM is, what it is supposed to do, how it is supposed to do it and who is supposed to do it, a careful examination of the literature over the last 20 years, conducted by Rafiq and Ahmed (2000), indicates the existence of three separate yet closely intertwined strands of theoretical development of the IM conceptualization.

They term these development phases: (1) the employee motivation and satisfaction phase, (2) the customer orientation phase, and (3) the strategy implementation/change management phase.

Two basic ideas underlie the concept of IM, and seeds of both ideas emerged in the early services literature. The first one is that internal customers must be sold on the service and be happy in their jobs before they can effectively serve the final customer. This idea suggests that marketing tools and concepts, e.g. segmentation and marketing research, can be used internally with employees (Berry, 1981). The second central idea is that "everyone in the organization has a customer"(Grönroos, 1981). It is just not contact personnel who need to be concerned with satisfying their customers. Everyone in the organization has someone whom he or she must serve.

The fundamental premise of IM is that satisfied employees, or well-served internal customers, will lead to satisfied customers, or well-served external customers (Fisk et al, 1993). Gummesson (2000) supports the notion that "to have satisfied customers, the firm must also have satisfied employees" (George, 1977, p.91). He summarizes: "An employee's ability to influence and satisfy the needs of others inside the organisation is

considered an antecedent to external customer satisfaction. Only if internal customer relationships work can the quality of the outcome be excellent, thus creating satisfied, or even better, delighted external customers" (Gummesson, 2000, p.28).

A minimum retention rate

Simon Sadiq & Ulrika Åkerlind conducted a study about certain companies and wrote their thesis "A Strategic Tool in Internal Marketing to Motivate and Retain Employees".

All case companies had a very high employee retention rate. Some of them even stated that it was almost too high, and a problem for them. At Renova, many employees had stayed with the company for 20-30 years. At KappAhl and Nordea the situation was similar, and they stressed that it would actually be healthy for the companies if the employee turnover were somewhat higher than present, to get some "fresh blood", and new thinking in the organizations. Elisabeth Csepella of Nordea stressed,

"We should be a reflection of the society in that way, the spread of our employees should be the same as our customers, in different ages, from different cultures and so on, but we are mostly middle-aged women, and that's not good. It will be a huge problem for us soon, when everybody is getting older at the same time and retires".

a) Viewing Employees as Customers and the Focus on Employee Satisfaction

In the early development phase of the IM concept the focus was upon the issue of employee motivation and satisfaction. Berry (1981) defined IM as "viewing employees as internal customers, viewing jobs as internal products that satisfy the needs and wants of these internal customers while addressing the objectives of the organization", the term internal marketing entered popular discourse. The use of marketing techniques in the personnel area is also indicated by Sasser and Arbeit (1976) by their way of viewing jobs as products and employees as customers: "viewing their job offerings as products and

their employees as customers forces managers to devote the same care to their jobs as they devote to the purchasers of their services".

It was thought that by employing an IM approach the effect would be more satisfied customer-contact employees, which in turn would lead to greater customer satisfaction. The primary tool for achieving employee satisfaction in this approach is the treatment of employees as customers. For example, Berry and Parasuraman (1991) state: "Internal marketing is attracting, developing, motivating and retaining qualified employees through job-products that satisfy their needs. Rafiq and Ahmed (1993) propose a number of potential problems with this conceptualization of IM. One of these problems was that unlike external customers, employees might have no choice in the product they are being "sold", and may not want it in the first place.

b) Interactive Marketing and the Focus on Customer Orientation

The second major step in the development of the IM concept was undertaken by Grönroos (1981), who recognized that buyer-seller interactions not only have an impact on purchasing decisions, but also provide a marketing opportunity for the organization, and that contact-employees in services become involved in what he termed "interactive marketing". In this view, it is not sufficient that employees are motivated to perform better, but they must also be customer-oriented and sales-minded.

Furthermore, the aim of IM was to achieve effective co-ordination between contact staff and backroom support staff. Grönroos (1985) extended his original definition of the IM concept to include the use of "marketing-like" activities. George (1990) was of the same mind, and stated that employees are "best motivated for service-mindedness and customer oriented behaviour by an active marketing-like approach, where marketing-like activities are used internally".

c) Internal Marketing as a Means for Strategy Implementation

In the third phase of the development of the IM concept the emphasis was on the role of IM as an implementation tool to achieve organizational goals.

Winter (1985) was one of the early ones to stress that the role of IM is that of: "aligning, educating and motivating staff towards institutional objectives … the process by which personnel understand and recognize not only the program but their place in it" (p. 69). It was believed that if strategies are to be implemented more efficiently, internal conflicts must be overcome and internal communications improved.

Later Joseph (1996) argued that there are a number of clear similarities between consumer marketing and internal marketing: both are based on the concept of exchange and both necessitate efforts that help to influence, update, and change behaviour. Moreover, he stressed that no marketing plan could be considered complete unless it includes strategies for reaching and winning over its internal customers.

d) Internal Marketing at Present

As described above the term internal marketing was originally coined in the late 1970s for a management approach to building and retaining service delivery competence. Today, the term has been applied to a much broader range of management and social interests. By bringing together a multidisciplinary set of research contributions from the field of service marketing and management, IM identifies key themes and issues, including a social model of marketing, a human resource management perspective, marketing & service management, organizational development, corporate identity, image and communication (Varey and Lewis, 2000).

They propose the following definition, where the five elements are included: "Internal marketing is a planned effort using a marketing-like approach (1) to overcome organizational resistance to change and to align, motivate and interfunctionally co-

ordinate and integrate (2) employees towards the effective implementation of corporate and functional strategies (3) in order to deliver customer satisfaction (4) through a process of creating motivated and customer oriented employees (5)" (Rafiq and Ahmed, 2000).

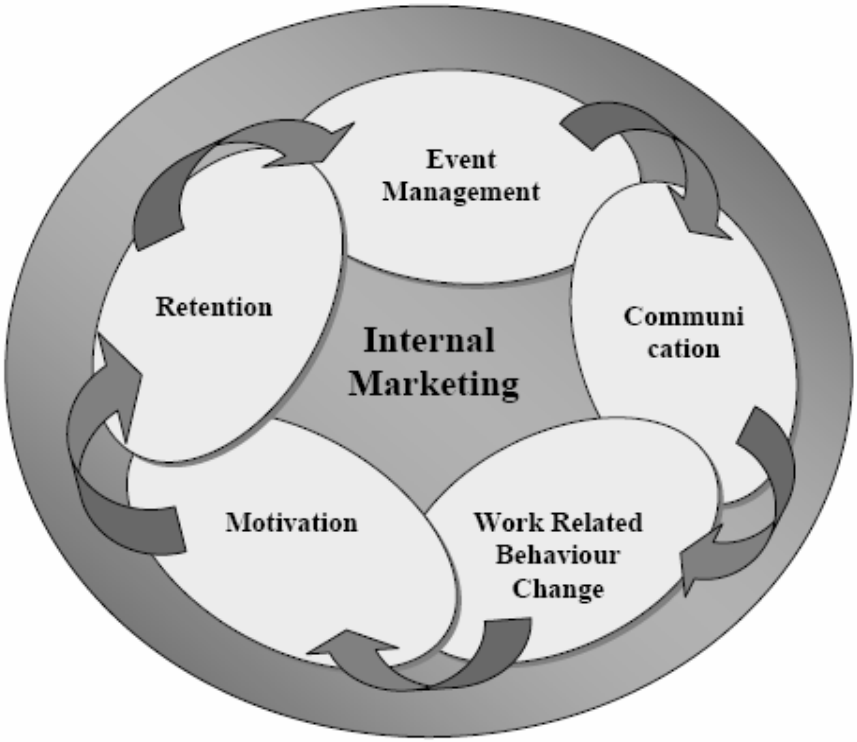
e) Internal Marketing - A Metaphor for Management of Organizational Culture

In service marketing and service management, in which internal marketing is an important part, the topic of organizational culture appears to be of particular relevance.

The concept of internal marketing is about selling the image and the service of the organization to its own employees first, who then adapt an orientation, which makes them effective marketers of what they believe in. Alvesson (2002) means that "managerial efforts to shape, maintain and strengthen a set of meanings, ideas and values around what a company stands for and the products/services it offers can sometimes be seen as simultaneously affecting organizational culture and conducting internal marketing".

Thus, internal marketing could be one metaphor for management of organizational culture. Alvesson (2002) ads that, "the 'metaphor' is at least relevant for conscious, perhaps manipulative work with those aspects of meaning patterns relating to customers, products and markets"

Figure 9: Internal Marketing



2.6 Employee's Surveys

There are certain important surveys carried out which are related to employee retention. The statistical information gives a certain direction about the satisfaction and retention of employees.

2.6a The Value of Recognition

Marcus Buckingham and Curt Coffman, from the Gallup Organization, interviewed more than 1 million workers with 12 questions such as:

- In the last seven days, have I received recognition or praise for doing good work?
- Does the mission/purpose of my company make me feel my job is important?
- Does my supervisor, or someone at work, seem to care about me as a person?

The results of their research, and all 12 questions can be found in their book, First, Break All the Rules: What the World's Greatest Managers Do Differently--Simon & Schuster, 1999. One of their research projects was 300 Best Buy stores. In the stores in which the employees answered these questions positively, they retained 1000 more employees.

2.6b Employee Retention/Succession Programs

Linked with Better Retention and ROI, Says Aberdeen Group - January 10, 2006

Key employee retention and succession programs do affect the bottom line and contribute to corporate success, according to new research by Aberdeen Group with the Human Capital Institute. Aberdeen Group research links program performance measures like lower cost from attrition and lower cost of a new hire -- with formalized human capital management (HCM) programs.

According to the analysts, many HR professionals cite an inability to connect formal employee retention and succession programs with an actual return on investment.

Aberdeen research indicates the greatest challenge for HR professionals is the inability to justify the cost of retention management with proof of ROI.

“A clear correlation exists between companies with formalized retention and succession programs and employee retention. Those with less than 5% in annual attrition had a formal retention and succession program,” says Dr. Katherine Jones, Aberdeen's HCM research director. “Every board of directors should insist on seeing a succession plan for all strategic positions.

Recent Aberdeen research shows corporate interest in retention management and succession planning is growing. 57% of companies fear the inability to address long-term workforce requirements, and 61% fear the potential cost of disruptive succession of company leaders.

2.6c Is Your Communication Reaching into the ‘Heart’ of Employee Engagement?

A professor at George Mason University conducted a survey about the satisfaction items on the workplace by the managers.
Communication, to be effective, must address the key drivers of employee motivation and engagement – and touch the heartstrings of what creates loyalty and commitment to the organization.

Many people are surprised to learn the answers to the exercise: What the workers most wanted in 1946 and 1986 are the items listed in descending order, from top to bottom, for each year shown. So, the top three priorities in 1946 were full appreciation of work done, a feeling of being in on things and help with personal problems. In 1986, people ranked at the top interesting work, full appreciation of work done and a feeling of being in on

things. A professor at George Mason University repeated the same survey in 1996 and found similar results.

Clearly, no matter what the generation, the economy, peacetime or wartime, people continue to seek the same type of experiences at work.

However, a survey of managers ranked the top priorities for 1946 and 1986 as job security and good wages! This "disconnect" is costly to companies, and is at the heart of most organizations' misunderstandings of the type of communication most valued by employees.1

2.6d Statistics show employees changing their jobs

Job market analysts and trend forecasters say predictions of a pending severe labor shortage in the United States are coming true. The follow statistics suggest that employees believe they will soon have greater opportunity in the workforce.

- Fifty two percent of survey respondents indicated a desire to change jobs, according to a 2003 study by Spherion Corporation. Among those surveyed, 75 percent indicated the intent to change jobs within the next 12 months.
- A 2003 study by the Society of Human Resources Management found that 83 percent of workers plan to look for a new job as the economy heats up.
- Even more disturbing is the fact that 32 percent of high performers are likely to look for a new job within the next 12 months, according to a survey by USA Today/Sibson Consulting.
- Other research from the Spherion study yields information regarding factors related to job satisfaction.
- Eighty-six percent of survey respondents cited work fulfillment and work-life balance as their number one career priority. Conversely, only 35 percent of

[1] info@employeeretentionstrategies.com

workers said being successful at work and moving up the ladder were their top priorities.

- Seventy-three percent of survey respondents said they were willing to curtail their careers to make time for family and personal fulfillment.
- Fifty-four percent of survey respondents said they were confident in their ability to earn a stable income outside the conventional work structure.

CHAPTER 3: FINDINGS

3.1 Bank's Profile

Out of the many banks that have been analyzed, three have been studied in-depth.the three banks are as under:

2. Habib bank
2. Khyber Bank Of Pakistan
2. Alfalah bank limited

The profile of the banks that are analyzed in this thesis, are given below:

3.1.a Habib Bank Limited

On 25th of August 1941, Habib Bank inaugurated its operations with the bank's first branch in Bombay. In 1947 Karachi saw its first commercial bank of the newly formed Islamic Republic of Pakistan, when the bank shifted its head office there. Throughout the decades, HBL has held the mantle of a dynamic leader, by adding value to the lives of its customers.

It was HBL that introduced products such as Credit Cards, ATMs, Traveller Cheques, etc., to the Pakistani market.

HBL has more than 1,425 branches all over Pakistan and presence in 26 countries across five continents. With a revamped customer oriented philosophy, they are pursuing new avenues of leadership through innovation, as they gear up to face the challenges of the new banks.

Values

HBL is firmly grounded with a corporate philosophy that incorporates five solid values which each individual associated with the bank abides by.

- **Humility**

  They encourage a culture of mutual respect and treat both the team members and customers with humility and care.

- **Integrity**

  Integrity means a synergic approach towards abiding their 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**

  Their 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.

3.1.b Khyber Bank of Pakistan

The Bank of Khyber (BoK) was established in 1991 as a provincial commercial bank through an act of the North West Frontier Province (NWFP) Assembly. BoK reached scheduled bank status in 1994. The provincial government is its major shareholder, holding 87% of the capital. It has a network of 29 branches serving more than 100,000 account holders.

In 1997, BoK extended its operations to rural areas, providing smaller loans to micro-enterprises and individual clients through its cooperation with NGOs and Rural Support Programs (RSP). In 1999 BoK created its Microfinance Unit as a separate profit centre, developing specific products and BoK knowledge of microfinance practices. BoK is the first formal and structured initiative by a commercial bank in Pakistan to broaden its client base and reach the micro-enterprise market.

3.1.c Bank Alfalah

It is one of the upcoming and new banks that is considered to be gathering its customers as well as its employees. Among the new banks, Bank Alfalah is well known and its' practices are contemporary as well.

The manner through which it handles its Human Resource practices is up to date and aligned. The trainings that it gives to its employees and the development centers are worthwhile.

Training & Development Centers

From the beginning, Bank Alfalah has been focused on providing skills and tools to their officers at all levels enabling them to assume key functions and management positions within the Bank.

Alfalah Training & Developing Centers (TDCs) at Karachi &Lahore, are better equipped to train the influx of both newly acquired as well as existing human resource. On its part, State Bank of Pakistan has time and again emphasized the need for all banks to ensure the availability of high quality training courses to their employees.

Last year, Bank Alfalah's TDC broke its previous records by offering 80 plus short courses to Alfalah employees in areas such as operations, trade finance, and credits. Today, BAL's total staff strength is over 3,500, spread in thirteen areas, six product divisions / departments and a number of Head Office Divisions.

To cater for training needs of this large population, TDCs have made elaborate plans to offer around 120 short courses on a variety of subjects. The key focus areas covered by these courses are operations, trade, finance, and credit. Additionally, a number of courses are being be offered to enhance professional skills in marketing, selling, and customer service. TDCs have also planned to offer a number of courses in areas of leadership and management skills development.

Management Development

The key challenges in senior-level assignments relate to satisfying the expectations of a number of diverse stakeholders. In order to help senior colleagues meet these challenges, Training and Development Centers occasionally invites seasoned trainers and consultants from abroad and from within Pakistan to offer training in leadership and management skills. All the Senior Executives including the CEO, Executives incharge, Area Managers, Chief Managers, and Branch Managers, attend the workshops.

3.2 Findings

The process of collecting data was carried out by conducting mostly employees survey through questionnaires **(Annex # 4)** and interviews, mainly in the three banks.

Three banks were analyzed and studied for this purpose in detail while some other banks were also studied. The three banks are Habib Bank Limited, Bank of Khyber and Bank Alfalah.

The major findings are concluded and analyzed below. It gives an idea about the condition of the banks and the level of employee's satisfaction in different banks. It shows the difference between different banks in Pakistan and their problems related to employee's satisfaction and retention.

3.2.a Habib bank limited Pakistan

For this purpose, interviews were carried out in seven branches of Habib Bank in Islamabad form around 21 people.

The seven branches include, G9 branch, Abpara branch, secretariat block A and C, Jinnah Avenue Branch, F-7 branch, F-6 Branch and main corporate towers of Habib Bank Limited in Blue area, Islamabad.

Survey results

The results of this survey are as represented below:

Sample size

The sample size is of two types in Habib Bank Limited, one consists of the older employees and other is of the younger employees. The breakdown is as follows:

Sample size: 21

No. Of senior employees: 17 / 21= 81%

No. Of younger employees: 4 / 21 = 19%

Job satisfaction

47% of the senior employees are satisfied with their job

35% of the senior employees are NOT satisfied with their job

17 % of the senior employees have moderate feelings of satisfaction

How long have they been in the bank and when was their last promotion?

The data that was retrieved from the survey showed the promotion policy of Habib Bank Limited. The 21 respondents shared their promotion data and the following table shows it in detail:

Sample size	**Time spend in the bank**	**Time since last promotion**
1	12 years	7 years ago
2	13 years	0 promotion
3	18 years	14 years ago
4	19 years	5 years ago
5	20 years	12 years ago
6	24 years	2 years ago
7	24 years	12 years ago
8	27 years	7 years ago
9	27 years	12 years ago
10	27 years	13 years ago
11	28 years	12 years ago
12	28 years	14 years ago
13	28 years	7 years ago
14	29 years	1 years ago
15	29 years	17 years ago
16	30 years	11 years ago
17	30 years	4 years ago
18	1.5 years	5 months ago
19	6 months	0 promotion
20	3 months	0 promotion
21	2 months	0 promotion

Major problem areas

There were a number of problems but the main problems identified by the respondents are as under:

Problem area	**Percentages**
Lack of promotion	**90%**
Lack of award and recognition	**85%**
Not enough benefits	**28%**
Lack of communication	**23%**
Work teams not cohesive	**23%**
Lack of enthusiasm towards work	**19%**
Lack of job security	**19%**
High level of responsibility	**14%**

3.2.b Bank of Khyber

The Head office branch of Khyber Bank has many departments like Operations, Human Resources, and Finance etc. The employees at Khyber bank of Pakistan were interviewed and surveyed. Nineteen questionnaires were distributed in the finance and Human resource Department in which ten employees were from human resource department while nine were finance employees.

Survey results

The results of this survey are as represented below:

Sample size

Sample size: 19

The sample size in Khyber bank also consists of two types of employees the older employees and the younger employees. The percentage is as under

No. Of senior employees: 14 / 19 = 73 %

No. Of younger employees: 5 /19 = 27 %

Job satisfaction

32% of the senior employees are satisfied with their job

39% of the senior employees are NOT satisfied with their job

29 % of the senior employees have moderate feelings of satisfaction

How long have they been in the bank and when was their last promotion?

The 19 employees that were taken as sample size of Khyber bank shared their promotion details and the following table shows the detail of their promotion and the time since their last promotion.

Sample size	**Time spend in the bank**	**Time since last promotion**
1	20 years	7 years ago
2	15 years	5 years ago
3	10 years	2 years ago
4	19 years	6 years ago
5	13 years	10 years ago
6	12years	8 years ago
7	9 years	4 years ago
8	16 years	11 years ago
9	19 years	9 years ago
10	14 years	12 years ago
11	19 years	5 years ago
12	20 years	5 years ago
13	12 years	11 years ago
14	15 years	6 years ago
15	1 years	0 promotion
16	2 years	1 years ago
17	3 years	2 years ago
18	1.5 years	1 year ago
19	3 years	0 promotion

Major problem areas

The major problem areas in Khyber bank are identified as under.

Problem area	**Percentages**
Nepotism	**95%**
Low pay	**92%**
Competitor's work environment	**70%**
Impossible to meet deadlines	**60%**
Work team not cohesive	**59%**
Low level of engagement	**33%**
Lack of promotion	**20%**
Assigned to a project unwillingly	**20%**

3.2.c Bank of Alfalah

The survey was conducted in the main branch of Bank Of Alfalah in Peshawar. Fifteen questionnaires were distributed in the bank and the results of this survey are as represented below:

Survey results

T The results of this survey are as represented below:

Sample size

The sample size of Bnak of Alfalah is as under:

Sample size: 15

The percentage of the younger and the older employees was such that the number of younger employees is more than that of older employees in Alfalah bank.

No. Of senior employees: 2 / 15 = 13 %

No. Of younger employees: 13 /15 = 86 %

Job satisfaction

98% of the employees are satisfied with their job

2% of the employees are NOT satisfied with their job

How long have they been in the bank and when was their last promotion?

The 15 employees that were taken as sample size of Alfalah bank shared their promotion details and the following table shows the detail of their promotion and the time since their last promotion.

Sample size	**Time spend in the bank**	**Time since last promotion**
1	11 months	0 promotion
2	2 years	7 months ago
3	3 months	0 promotion
4	1 year	1 month ago
5	5 years	3 month ago
6	1 years and 8 Months	6 months ago
7	4 ½ years	1 year ago
8	5 years	8 months ago
9	4 years	1 year ago
10	3 years	3 months ago
11	2 years	10 months ago
12	2 years	11 months ago
13	6 months	0 promotion
14	2 months	0 promotion
15	I ½ year	1 month ago

Major problem areas

The main problem faced by Alfalah bank are:

Problem area	**Percentages**
Work life imbalances	**93%**
Too many projects	**93%**
Lack of bonuses	**20%**

CHAPTER 4: ANALYSIS

4.1 Habib Bank's Analysis

4.1.a Major issues

As a result of the survey and the interviews carried out, following are the issues highlighted by the team:

- The main issue is that the ***development and career progression*** is still not linked to the PMS in an effective manner. There is an absence of promotion policy and people fail to see a clear gun sight ahead of them. This has brought about a lot of frustration and confusion for the employees.

- ***Award and recognition*** is the second biggest problem. Although base line salaries are satisfactory, yet employees are not rewarded or recognized for the extra effort they put into their work. Thus due to lack of monetary as well as non-monetary incentives and this discrepancy in reward structure leads to lack of motivation within the employees.

- The organization has also introduced a ***two tier society*** where by the older employees are being paid less as compared to the younger new recruits. Organization needs the new recruits who have a knowledge background of the latest technology and research whereas it is not easy to out rightly fire the older employees whose experience also carries weight.

- Another problem due to the Two-tier system is of ***accountability***. If anything goes wrong, the lower tier tends to put the blame on the upper tier and vice-versa. Thus the blame game starts with no constructive teamwork.

- The complete ***standardization of HBL*** in terms of the objective setting is not at all possible and is very unrealistic. This is because of the heterogeneous nature of Pakistan, where every region has a different mind set and very different market dynamics. A branch in Islamabad or Karachi should not be compared with a branch in Kotli.

- There is ***Lack of Involvement*** of the appraisee in the appraisal process. This further creates lack of motivation and ownership of the PMS process, as appraisee is just informed about his performance evaluation at the end of the year and he is left with only the formality of signing the document.

- There is a problem of "***personal biases and subjectivity"*** which has added to dissatisfaction of employees

4.1.b Positive aspects of the bank

- ***Employee loyalty*** was one of strengths of Habib Bank. The employees, among which most of them were senior employees were loyal to the bank to the extend that they admitted that they were not satisfied even then if they get another better job they would not leave Habib Bank.

- ***Highly Experienced employees is*** another of their asset. Almost all of the employees are highly experienced and had spent most of their lives in Habib Bank.

- ***Huge customer base and a large number of branches*** in every location of Pakistan is another reason why Habib Bank will continue to work in spite of its low skilled workers.

4.1.c Hierarchy of employees

In Habib bank, junior most staff is the non-clerical staff i.e. Drivers/ guards etc. Then there is clerical staff like cashiers, peons etc.

After this comes the level of officers which progresses as follows:

Junior officer, Grade 3, Grade 2, Grade 1, Assistant Vice President, Vice President, Senior Vice President, Executive Vice President, Senior Executive Vice President and President.

4.1.d Pay scales:

Pay scales vary from country to country and terms of employment. In Pakistan most of the executive staff is now hired on contract basis on a negotiated salary package which may range from Rs 70,000/- to Rs 500,000/- and even beyond. Salary packages of Private Banks are relatively better.

4.2 Khyber Bank's Analysis

4.2.a Major issues

The major issues concluded from the survey are:

- ***Nepotism*** is the biggest problem at the bank where the transfers were a common practice. Personal grudges would commonly end up in transfers from one region to region or from one department to another department.

  One of the internee told that in her two months of internship there were four transfers in one department. [1]

- ***Low pay*** was also a major issue and the employees were constantly suffering from the fact that there was no external equity when the pay was compared to the private banks. Although being a provincial bank they has

[1] Interview: Zainub Humayun Internee at the Human Resource Department of Khyber Bank

a lot of fringe benefits and job security but the based pay was relatively low.

Along with the external inequity in pay, there was internal inequity in the pay as well. The employees in the finance department were paid more as compared to the rest of the department and it was considered more important. It created conflicts and dissatisfaction among the employees.

- ***Competitor's work environment was preferred over their own***. As most of the employees were senior in the Human Resource Department and the employees at the Finance Department were young, therefore there was a lot of politic between the two departments and the two different age groups were being able to interact with each other effectively similar to the Habib Bank Case.

- ***Impossible to meet deadlines*** was also termed as an issue by 60% of the respondents. They employees complained about the unequal work supply to them, which ended up in delays, and making it impossible to meet deadlines.

- ***Work team not cohesive*** was in terms of the interdepartmental conflicts between the Finance and the Human Resource Department. Within the departments the culture was relaxed but when the dependence was on another department, there were a lot of problems. The reason for the conflicts was the age difference plus qualification differences as the senior employees lacked computer knowledge and the young employees of the Finance Department had the skills.

- ***Low level of engagement*** was also an issue. As it is a provincial bank and the bureaucracy is still present, in spite of the competition in the banking sector, the top managers took all the major decisions and they were delegated to the bottom managers. The concept of involvement and participation was missing. It may change when the next generation comes and take over Khyber Bank but at the moment the organization was quite mechanistic.

- ***Assigned to a project unwillingly*** was a common practice as there was no involvement and less level of communication therefore the employees were assigned d project unwillingly.

- ***Lack of promotion*** was another issue although not as severe as in the case of Habib Bank but it was not a consistent practice and it was mostly based on networking and contacts.

4.2.b Positives aspects Khyber Bank of Pakistan

- ***Job security/ No contractual jobs*** is one of the benefits of Khyber Bank for the employees and that is the reason they retain their employees in spite of the low pays.

- ***Environment and Culture*** within the department is very welcoming and friendly. Facilities like Cafeterias are provided to all the employees for whom they just have to pay 300 monthly. Other informal gatherings like tea parties, lunches, treats etc are regular aspect within each department.

- ***Fringe benefits*** provided to employees are really satisfactory as well. It includes House rents for all the employees. Telephone bill, medical charges, transport chargers etc. the employees get increments and allowances, car, mobile and the senior vice presidents and vice president have their own offices.

4.2.c Hierarchy of employees

The level of officers in the bank that progresses is as follows:

Junior officer , Grade 3, Grade 2, Grade 1, Managing Director, senior vice president, vice president, President.

4.3 Bank of Alfalah ‘s Analysis

The results that were concluded from the banks’ survey were relatively positive and satisfactory. The major issues were only three in number and the satisfaction level of employees was 98% that is very impressive.

4.3.a Major issues

The major issues concluded from the survey are as follows in which two were more important while the last one was not a major issue.

- ***Work life imbalances*** was the top most complaint of the employees of the Bank and they complained about the long working hours which caused them problem with their personal life.
- ***Too many projects*** was also an issue and the work load was more on the employees

Both the problems were interconnected in one way and another, that is that the employees workload was more and they needed to relax and distribute the work equally.

4.3.bPositives aspects of Bank of Alfalah

- **The level of learning and the environment** is one of the positive aspects of the bank. The kind of young culture that they have and the fresh blood is very refreshing for the customers. The employees are really satisfied with the culture and the environment of the bank.
- **Empowerment and delegation of authority** to the employees kept them satisfied and encouraged them to work harder.

4.3.c Hierarchy of employees

In Bank of Alfalah junior most staff is the non-clerical staff i.e. Drivers/ guards etc. Then there is clerical staff like cashiers, peons etc.

After this comes the level of officers which progresses as follows:

Junior officer, Grade 3, Grade 2, Grade 1, Assistant Vice President, Vice President, Senior Vice President, Executive Vice President, Senior Executive Vice President and President.

4.4 Miscellaneous Banks

Union bank limited, Faysal Bank Limited and Askari bank were also visited and some of the features noticed are that the new banks like Faysal Bank are very organized. The environment and the culture that they provide to their employees is really commendable. Along with the environment, the employees are mostly young and highly skilled. While the public banks like Askari bank has more of the older and low skilled employees. On the other hand the recently privatized banks like Union bank are in between as they are in the process of changing their environment and hiring more competitive employees is also one of their missions.

4.5 Conclusion of the analysis

As the study represents the banking sector in Pakistan therefore the overall main problems can be summarized as under:

0. Lack of promotion
0. Lack of award and recognition
0. Presence of two-tier society
0. Lack of decentralization
0. Lack of proper management of work
0. Adequate compensation and pay equity

The three banks were analyzed in detail and the rest were also viewed but the main observation made was that there are three types of banks in Pakistan.

Firstly, those that are the ancient banks like Habib Bank, Khyber Bank etc have experienced but elderly employees and lack of fresh blood.

Secondly there are these sets of newer banks, which are Alfalah Bank, Faysal Bank etc that are growing day by day as they have a learning environment, and satisfied employees but they lack loyalty of their employees and experience staff. They also do not have a huge number of centers.

The third type of Banks is Union Bank that is in transition phase and they are trying to alter their ways. They have changed their infrastructure to a certain extend as well as they have tried to improve their Customer service and employee relations but their environment still lacks that level of initiative which is found in the relatively newer banks.

The banks that I have studied from the sector represent all types of banks but the ones that have studied in detail represent the older and the newer banks. According to my findings and analysis the conclusion drawn can be that if they are to be ranked in a descending order, on the basis of how satisfied their employees are and how successful they would be in retaining their employees, the findings show that:

- Bank of Alfalah
- Khyber Bank of Pakistan
- Habib Bank limited

The satisfaction level of the employees in Bank of Alfalah was outstanding as compared to the employees in the Khyber bank and Habib Bank. The condition in the HBL was below satisfaction because the employees were complaining in these banks. Although the satisfaction percentage in Habib Bank was high but the reason behind that High percentage was because that the employees were older and they did not want to change their jobs at this stage of their lives. The situation in Khyber Bank was better than that og Habib Bank.

The bank's culture and environment plays an important role in retaining employees. Monetary benefits are almost the same in the banks as the private banks pay more and the other older banks provide different benefits and job security but the environment and the culture is very dynamic at Bank of Alfalah and other private banks.

But on the other hand these older banks have employee loyalty and they have a huge customer base. That is the reason they have a hold over the customers at the moment and they will continue to operate whether their employees are satisfied or not for the time being. But due to the changing trends they would face problem in near future as the rate with which the other banks are coming forward and gaining market share would affect them immensely.

CHAPTER 5 CONCLUSION AND RECOMMENDATIONS

One universal fact is that all individuals are different from each other and so are their needs and wants. One-person maybe satisfied by a certain thing while another person has some other set of criteria. Similarly the demands and needs change with culture-to-culture, organization-to-organization and with country to country. Therefore there is not set of rules to be followed to produce highly satisfied and motivated employees so that they can be retained. But there is always a minimum level of provision of different needs that can be provided to the employees to keep them satisfied.

5.1 Conclusion

The main aspects that we withdrew from the analysis of the banks are that there are three types of banks in Pakistan. One type is the new banks that have recently opened up in Pakistan, while the other are the ancient banks like Habib Bank Limited and lastly the third type are the ones that are in the transition to change their functions and operations.

Other banks were also studied in the process but deep analysis was only carried out about the three mentioned banks. Among all the other aspects it was found out that culture plays a very important role in the retention and satisfaction of the employees and it was clear from my research that it kept the turnover rate of those banks that had a nice and friendly atmosphere.

Traditional managers used to belief that monetary benefits hold the employees and could keep them satisfied but it is not the case anymore in today's world. They need non-monetary benefits as well.

The banks that were studied had advantages and disadvantaged related to employee retention and their workforce. The newer banks have young blood and a competitive and dynamic environment. On the other hand, the older banks have highly experienced workers and brand loyalty. They both have the missing items as well as the positive

aspects. For example, the new banks lack experienced employees and employee loyalty while the older banks lack fresh perspective and a drive for change management.

If these banks get these missing items, they can enhance their employee satisfaction and retention that in return would enhance organization's operations and customer base.

5.2 Recommendations

After the literature review and the analysis of the findings of the banks under study, the following recommendation can be provided to the banking sector in Pakistan. According to the analysis all of the banks have missing links as well as the positive aspects them therefore they can learn from each other and can improve their drawbacks.

The recommendation would be made keeping in mind the major problem areas in the banking sector of Pakistan. The main problem as stated in the conclusion of the analysis can be recommended about:

5.2.a Linkage of Promotion policy with PMS

The satisfaction level of the employees in Habib Bank and Khyber Bank was low and the main reason for that is lack of development and career progression. A clear promotional policy and a succession plan should be provided to each and every individual.

The promotion policy should be linked with their annual appraisal and performance management system like it was done in Alfalah Bank. The employees there had a consistent record of promotion. If they were not promoted then they were trained and developed adequately at Alfalah Bank. The employees were told how they were doing and what they should do to improve their activities.

5.2.b Recognition programs and titles

Lack of award and recognition was a major problem at Habib Bank but it can be solved by simply introducing programs and titles like employee of the month or branch of the year.

At Alfalah Bank one to one employee-manager talk was a really effective tool of recognizing an employee. Similarly in Khyber Bank the internal environment within the department was really friendly and the staff were supportive towards each other.

5.2.c Employee Development

The problem of two-tier society is present in the older banks where the older employees and the younger ones are not being able to interact with each other effectively.

This can only be solved if it is eliminated and that is what their top management thinks as well. They can eliminate it by developing the older employees and giving them a chance to fill the gap between them and the meager percentage of the newer blood. Even after that if the older employees lacks the skills and the capabilities then there should be targeted downsizing.

5.2.d Decentralization

It is time to delegate the powers in order to improve the turn-around time. There should be appropriate delegation of powers at various levels of management with checks and balance and accountability for results.

Decision-making should be done in a collaborative manner at the Management team levels and also at various levels in the hierarchy. Excessive layering should be reduced. At Alfalah Bank one of the positive aspects commented by the employees

was that there was delegation of authority and that they had empowerment that was missing in the other banks.

5.2.e Proper management of work

Work overload, lack of work-life balance, not meeting deadlines etc were another set of common problem in the banking sector of Pakistan. These problems were seen in almost all the banks to a certain extend, In case of a proper system and leadership, this would not happen.

Work life imbalances are the top most complaint of the employees of Alfalah Bank which can be solved with flexible work hours. It is concept, which is being used all around the world. They can experiment with one of the departments and can observe whether it can successful.

5.2.f Adequate compensation and pay equity

At Khyber bank internal pay inequity was an issue and the employees were dissatisfied of the employees was due to the internal equity.

Every organization has many departments in it but the successful organization is the one that provide similar resources, people, and facilities to each and every department, so that they can contribute their part fully and a team spirit is created, the way it was in Alfalah Bank. Therefore, Khyber Bank has to balance their pay scale in order to satisfy their employees.
This is how the politic between its two departments would end and the work environment would get better.

These were general guidelines for all the banks in Pakistan, that they can learn from each other and each one of them has their pros and cons.

ANNEXURES

Annex # 1

Effective Employee Retention By Roger E. Herman

Retention of competent workers hasn't been too much of a problem the past few years. During the go-go years of the late 1990s, holding onto good people was a real challenge. There were all sorts of jobs available; people could pick and choose where they wanted to work. Recruitment and retention were serious challenges for florists when every other employer in town wanted to hire the peoplewho were so essential to serving customers. When the economy slowed, so did employee turnover. For many employers, the problem all but disappeared. As the economy gradually improves, many companies — including other retailers who would love to have your fine people on their payroll — will be recruiting again.

How Vulnerable Are You?

Beware of the tendency to gloss over this question. Pause for a few minutes and give it some serious consideration. Talk with your partner or key manager about the stability of your workforce.

Look realistically at each and every employee — fulltime, part-time and occasional. Talk with your people. Conduct private interviews as if they were hiring interviews. Ask employees what they look for in a job, what they like best about their job, and what they'd change if they could. Listen to their words and be alert to their body language and their emotions. From these interviews, you'll gain a good sense of the stability of your workforce and what opportunities you might have to improve employee relations. Make the experience positive, by talking about the employee's career goals and how the employer can help achieve them. Incongruences will come out, when the conversational opportunity is presented. Assume that employees will stay and be long-term partners in the success of the company. If there are indications to the contrary, you'll see them in

most cases. Some people mask their hidden agendas pretty well, but most will be open when the employer is.

Based on what you learn, you will be able to forecast your hiring needs. Consider your growth potential. When people in your community have a little more money to spend — from a combination of a stronger economy and their own personal employment situations, would higher consumer confidence show up in your cash flow? If so, you'll want to be sure you're well-staffed so your customers feel cared for.

Why People Leave

You can improve your employee retention by being more sensitive to why people leave. Our ongoing research reveals the following five principal reasons.

1. It doesn't feel good around here. This is a company culture issue in most cases. Workers are also concerned with the company's reputation, physical conditions of comfort, convenience, and safety and the clarity of mission. Do all your employees agree about their shared purpose and values as members of your team?

2. They wouldn't miss me if I were gone. Even though leaders do value employees, they don't tell them often enough. If people don't feel important, they're not motivated to stay. No one wants to be a commodity, easily replaced by someone off the street. If they are regarded as expendable, they'll leave for a position where they're appreciated.

3. I don't get the support I need to get my job done.

Contrary to opinions heard all-too-often from management, people really do want to do a good job. When they're frustrated by too many rules, red tape, or incompetent supervisors or co-workers, they look for other opportunities. Check your systems: is everything working smoothly? Ask employees for suggestions on how to make it easier for them to work together to better serve customers. This discussion works well as a group brainstorming exercise.

4. There's no opportunity for advancement. No, we're not talking about promotions, although many deserving people would like to move up. The issue here is learning. People want to learn, to sharpen their skills and pick-up new ones. They want to improve their capacity to perform a wide variety of jobs. Call it career security — they desire training and development. If workers can't find growth opportunities with one company, they'll seek another employer where they can learn. Think about all you can teach your people about the floral industry. Share this magazine with them. Help them grow.

5. Compensation is the last reason most people leave.

That's a brash statement, but it's true. Workers want fair compensation, but the first four aspects must be strong. If they're not, but money's high, you'll hear people say "you can't pay me enough to stay here." Even with these values in place, there are a lot of employees who feel they can better themselves just by chasing more income. Your employees are your most valuable — and most volatile — resource. Give them the care they deserve!

Roger Herman, author of "Keeping Good People," is a business futurist and an HR and Management consultant based in Greensboro, N.C.

Annex # 2

Reasons Employees Leave

Summary of general reasons why people decide to leave their jobs and the suggested action items are listed after each reason

2. No one asked them to stay. (lack of personal "suasion")
   Talk to them one-on-one or

2. No one asked then what motivates them
   `Talk to them one-on-one.

2. They feel isolated and "in the dark"
   Increase communications with your employees.

2. They are unhappy with the mix of their job responsibilities
   Change job responsibilities / and increase their job challenges.

2. Lifestyle / work family conflicts
   Change their work schedule / location.

2. A lack of resources or support --
   Give them direct assistance or additional resources.

2. A feeling of isolation and lack of recognition --
   Increase their "exposure" opportunities.

2. They don't identify with the organization --
   Develop common goals / passion/ values /
   a sense of urgency / and a shared vision.

9. No personal ties to the team --
   Develop friendships, relationships and heroes.

10. They don't feel empowered, appreciated or that they are "members / owners" of the organization. --
    Develop a sense of ownership, identity / belonging / fit, etc., with the dept / product / team.

11. No compelling vision of the future
    Make the future look more promising and the prospects of leaving unpleasant.

12. No pride in the products / company --
    Improve our image / reputation.

13. A lack of authority / control / autonomy
    Increase their involvement / participation and control.

14. Not enough "toys"& great working conditions
    Change their physical environment.

15. Work isn't fun anymore --
    Make work fun / make it hard to quit.

16. Lack of equity
    Create a perception of fairness and equity

17. No group pressure to stay
    Develop a cohesive team

18. . They don't feel appreciated or" special"
Make each employee feel special / wanted / needed.

2. A lack of external pressure to stay
Involve their family and friends.

2. No prospects for a "new" job / promotion / growth
Offer new job responsibilities.

2. Having a "bad" manager
Avoid bad management actions (or in-actions) by individual managers.

2. Undefined or miscellaneous reasons for leaving
Miscellaneous retention strategies.

2. Perception of low pay / benefits, rewards or no vision of wealth
Change compensation / benefits.

2. Retention efforts came too late
Implement preventative strategies.

Annex # 3

Human Resource Management and Retention of Employees

Learn from Pulte Homes' processes for attracting and growing the right people to fuel their success

By Jennifer Kent December 1, 2004

An employee leaving a company is like a stone thrown in a still pond: ripples of disruption spread through the organization, creating unbalance. In any business, this unbalance can be expensive.

Turnover can cost a builder in recruiting and administrative fees, lack of attention to quality from employees on their way out, and slower productivity until new employees are up to speed. Damage to a builder's name and customer dissatisfaction, resulting from poor quality and delays can be even more costly. These costs may never be recouped.

To minimize turnover, Pulte Homes has established a three-pronged process for recruiting talented people, getting them up to speed quickly, and keeping them happy. In doing so, the company has harnessed the power of its people. This in turn has enabled Pulte to deliver quality homes, be a clear leader in customer satisfaction, and sustain record profitability.

Hire a Talented Crew

Hiring and recruiting a large number of people can be a logistical nightmare. Pulte Homes hires between 2,500 and 3,000 people a year. But because of the processes they have in place, they're able to maintain a relatively small human resources department. Says Elaine Kramer, vice president of leadership development and training, "We feel that the best people to select, hire, train and evaluate employees are our own managers."

Recruiting is done by managers in each division. For entry-level positions, they focus on college recruits, because it's the easiest way to hire a large number of qualified people who have the aptitude to learn and the attitude to become part of the company culture.

Another benefit to focusing on college recruits is lower turnover: 11-percent in the first year, compared with 29-percent companywide.

The division managers are given a template to follow and undertake a Talent Scout Training program that suggests ways to communicate with students, as well as strategies for presenting the Pulte organization. In addition, the program focuses on developing long-term partnerships with select colleges to generate good word of mouth among students. This eliminates the uncertainty of simply manning a booth at a career fair and hoping for a large turnout. Pulte also trains its managers on how to select and interview candidates.

The process is flexible enough to allow managers to incorporate their own ideas and practices. For example, some may arrange to teach a special course at a college, while other managers may have a career night with free pizza. The managers then share the most successful ideas with other divisions, which become best practices for everyone to implement.

Get Everyone on Board Before Setting Sail

Tossing new hires into new positions with no training sets up both the employees and your business for failure and can quickly lead to turnover.
This first stage of the employee's relationship with your company is critical. A consistent process for initial orientation and training efforts not only helps employees learn their tasks and responsibilities, but should also start to indoctrinate them into your company culture.

For Pulte, whose culture is embedded in a Customer Delight program, this part of the process — indeed, from the very the first day on the job — is critical. "What people learn first, they remember most," says Kramer.

Every person entering an entry-level position at Pulte goes through an orientation process called On-Boarding. Two days of every month are devoted to On-Boarding, in which new employees start off their careers by spending time with the divisional leadership team, which presents the values and philosophy of the company and discusses how Pulte's "Homeowner for Life" initiative is a core part of the company's philosophy.
"This is critical," says, Erik Pekarski, national vice president of customer care relations. "Think of the different messages you give a new employee if you start by telling them how to build a house, rather than telling them about your culture, which involves teamwork, ownership, responsibility and Pulte's focus on customers."

Get Them Headed in the Right Direction

Initial orientation and training efforts are key for setting the right tone. But to ensure satisfaction and continued growth — two critical areas for minimizing turnover — you must also give new hires the specific tools they need to succeed.

Through a 12- to 16-week mentoring process, new hires learn their new jobs at their own pace. They also get a feel for how the company culture and relationships with customers and trades are integrated with their daily tasks. The mentors are trained through Pulte's Top Gun program, an initiative Pulte has had in place for a decade.

Within these first few months, different disciplines have certain training classes in common, but the recruits primarily undergo on-the-job training targeted to their individual needs. Construction employees, for example, may take online training courses from BuildIQ on water management best practices or job-site safety. The sales team may rotate through the construction department to learn how a home is built.

Train for a Reason

Every training program should begin by aligning business objectives with individual needs. Before instituting any training program, part of Pulte's process is to review the

company's major business objectives. Then, management seeks the input of the teams to learn what's working and what's not.

This approach accomplishes two things: First, it enables Pulte to leverage its training dollars by focusing on areas that most need improvement. Second, it gives employees a voice, empowering them to dictate their own success by identifying and working on areas for improvement.

One example of Pulte's success using this process is the company's market leadership in customer satisfaction. With Customer Delight as a major business objective, Pulte began analyzing customer surveys differently several years ago to focus on grouped, instead of individual, surveys. Corporate gave each division the process and methodology to do the same analysis.

From this analysis, customer relations emerged as an area to be improved. To meet this need, Pulte developed several new processes and training classes. The analysis and subsequent training delivered huge advances in the overall customer satisfaction score: from 77-percent prior to this initiative to 93-percent currently. Pulte was recently honored with several major awards in the area of customer satisfaction.

Cris Cash, national vice president of construction quality, says, "We were able to realize these accomplishments partly by ensuring new employees in every department understand the company's focus on customers, so they know how to help ensure customer satisfaction through their own jobs.

"For example, we teach new hires on our construction team that the house isn't the final result; it's the customer's response to the finished house that matters," Cash continues. "We also provide training tailored for construction-team members on best practices for communicating with customers. This helps them pave the way for delighting the customer during the construction process."

Ensure Smooth Sailing

These days, a good base salary and bonus structure aren't enough. Employee satisfaction involves implementing initiatives aimed at recognition, growth and quality relationships. Pulte, for example, creates and maintains individual development plans for every employee. Annually, employees review their plans with their managers to discuss their strengths and weaknesses, and review their continued growth within Pulte. Each individual uses the standard forms and methodology to ensure consistency, but each employee and manager has the flexibility to carve out the employee's career path. "In this way, all employees know they have a future at Pulte in whatever they want to do," says Kramer.

Don't Make Waves

For a large homebuilder, creating and implementing a consistent but flexible process is critical for bringing in the right people, and giving them the tools they need to be successful.

For Pulte, implementing processes for hiring and growing employees has driven the company's success in key areas. First, by following a consistent process, each employee gets the knowledge he or she needs to build, sell and service quality homes. Through indoctrinating new hires into the company culture and training based on business objectives and individual needs, Pulte has excelled in customer satisfaction.

And, of course, delivering quality homes and satisfying the customer are key to maintaining profitability.

Annex # 4 **Questionnaire**

A questionnaire on employee retention in the banking sector

Designation _____ Grade_____

Bank _____

Q # How long have you been in this bank?

_____

Q # How long has it been since your last promotion?

_____

Q # Have you worked in a bank before this bank?

_____

Q # If yes then what were the reasons you left that job?

_____

_____

Q# What do you like about this bank and job / are you satisfied with this job?

_____

Q# Do you know the turnover rate of employees of the bank at the higher managerial level?

_____

Tick mark your choices and you can mark more than one of the following options:

Q # Why would you leave this bank if you get a chance?

1. Compensation

- Not enough stock options / low value
- Not enough benefits
- Lack of bonuses
- Lack of promotions
- Lack of awards and recognition
- Low pay

2. Lack of motivation

- Lack of enthusiasm towards work
- Work team not cohesive
- Lack of communication at work
- Assigned to a project unwillingly
- Low level of engagement

3. Stress

- Impossible to meet deadlines
- Too many projects on going
- Long working hours
- Work life imbalances
- Possible health problems i.e. blood pressure high, nervous breakdown, anxiety attack

4. Competitor's work environment

- Companies have reputation of being "fun places to work at." Therefore lack of fun at your bank

5. Others

- Lack of Job security
- Problem in Job content
- Low Level of responsibility
- High level of responsibility
- Lack of autonomy
- Company culture
- Caliber of Colleagues
- Supervisors
- Low growth potential
- Lack of developmental programs
- Lack of challenge
- Do not identify with the organization
- No future prospects
- Organizational policies
- Performance not being overseen
- Role conflicts
- Nepotism

Note: Thank you very much for taking the time out to fill this questionnaire

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CHAPTER 1 INTRODUCTION

There are price wars for service people fueled by the competition for good talent. Not only is it difficult to recruit skilled workers, but also to retain them. In the past, companies expected job loyalty, but today, we hear stories of employees accepting other job offers only weeks after being hired. We have to wonder if a person have changed or is it that employers are not able to satisfy employees. To win the battle for workforce share, companies must rethink their strategies to effectively recruit, motivate, and retain committed employees.

Today's high-performing employees are looking for more than compensation packages and benefits. Employees today might move to another job for better compensation, but they are also looking for growing, successful companies which provide an employee friendly environment where they can participate in the decision-making and be part of the team. Some agencies have found creative rewards, such as providing breakfast foods or fruit in the kitchen or free soft drinks, not just coffee and tea. Others designate employee committees to plan social functions or they take the office on trips when agency goals are achieved. The key is to have a positive work environment where employees are recognized and rewarded for good performance, where there is good communication, and where everyone shares in the excitement of being part of a successful firm.

The topic under consideration in this thesis is **"Employee satisfaction and retention in the banking industry of Pakistan"**, in which the importance of retention is studied and how it is affecting the recent boom in the banking industry in Pakistan.

1.1 Academic and practical importance of the topic

Whatever that I have learnt in my academics related to the satisfaction and retention of the employees can be applied to the topic e.g. what are the methods the banks can use to prevent turnover and retain their employees by satisfying their needs.

This topic has also its practical implications because retention is an important issue in today's world even in Pakistan. Although there is the problem of unemployment but the war for the skilled workforce is always underway and organizations in the competitive sectors are striving hard to retain their high skilled employees. Banking sectors is one of the ever-changing sectors in Pakistan and it is an issue for them as well.

This study would help them analyses their position among the other banks and it would help them retain their key employees in the competitive market.

1.2 Need for employee retention

Employee retention is critically important for a very important demographic reason. Over the next few years while Baby Boomers retire, the upcoming Generation X population numbers 44 million people, compared to 76 million Baby Boomers available for work. Simply stated: there are a lot fewer people available to work.[1]

Millions of baby boomers will retire between 2008 and 2010, with the trend likely peaking between 2015 and 2025. According to U.S. Bureau of Labor statistics, by 2010 there will be 168 million skilled jobs in the United States and only 158 million workers capable of performing them. While the situation in Pakistan and other under and developing countries is that they lack skilled workers and there is war for the talented employees.

Organizations also need to retain its employees, as the ultimate goal of every business organization is to earn profits. Therefore, with satisfies employees an organization gets satisfies and loyal customers and that how they achieve their profits.

[1] www.businesstrainingmedia.com

Figure 1: 21st Century Business Calculus

1.3 Strategic shift

Strategic shift of retention from personnel department records and reports to boardroom strategizing is underway.

Until recently, turnover and retention have initiated moderate to little interest in the hierarchy of corporations. Employee turnover and retention issues were more a matter of routine personnel department records and reports than boardroom strategizing. Typically, statistical information was dutifully recorded, studied, then filed.

This is no longer the case anymore. Retention is now into a position of priority on executive team and boardroom planning schedules. There is an increasing need for HR to become more proactive in its participation with top management to develop a company-wide retention process. What was once considered a bothersome turnover situation has developed into substantive money issues for organizations. As a stable workforce

becomes a contradiction in terms, companies are finding it more challenging than ever to identify, recruit, hire, train and retain qualified and productive employees. With less people in the workforce, and with many of the employed unqualified to do the work, skilled labor shortages have created employee competition battle lines throughout globe, while in Pakistan can be seen from a different perspective. Retention is an issue but the retention of the skilled workers is the key problem. As the bottom line suffers exorbitant costs of turnover, companies are forced to examine or reexamine why employees leave, and why they stay.

Retention must be viewed as a strategic business issue. The only approach that has the possibility of a successful outcome is a systemic one. It requires full commitment of management in addition to full alliance with the Human Resource Department.

Retention of employees will require a comprehensive process that aligns appropriate employee wants and needs with corporate culture, structure and strategies.

The internal and external situations that cause organizational turnover are vast and complex. Organizations can do little to control the country's economy or an employee's preference for mobility. An enterprise can, however, design internal culture, structures, strategies and programs that retain valuable employees.

To accomplish this task it is necessary to determine which specific components constitute a strategic retention program for a particular organization. Additionally, individual employee differences, along with current market realities, require examination for alignment with corporate goals. Which factors need to be aligned to ensure retaining qualified and productive employees? Are there programs that, if initiated, will assist an organization in reducing turnover? Retention and turnover issues are the result of very complex and multifaceted phenomenon. There is not just one strategy, methodology or program that is the definitive answer to turnover issues and retention of valued employees. A comprehensive retention strategy is needed.

The twentieth century belief that employees need their companies more than a company needs them is dangerously outdated. In today's marketplace, it's a seller's market. Motivated, qualified and capable employees are the ones who are selling.

1.4 Scope of the study

There are almost fifteen private banks in Pakistan while some other are government banks but three have been taken as a sample size among them for detailed study about their employees. Some other banks are also studied broadly and their features have been highlighted. The competition for the talent and for the employees is the same for all the banks. The banks that are chosen for the research are:

- Bank Alfalah Limited
- Khyber Bank of Pakistan
- Habib Bank Limited

1.5 Objectives of the study

The objective of the study is to find the impact of employee retention on today's organizations in general and in the banking sector of Pakistan in particular. To find about the costs of employee turnover and see how the organizations can focus their energy in a proactive manner to help them keep their talented employees.

Retaining good employees who have a future in the banks requires more than just thinking. For banks to remain competitive, it has to be a reality. They need proactive, creative, and integrated strategies for keeping their key workers.

A huge industrialist once commented, “Take away my factories, my plants; take away my railroads, my ships, my transportation, take away my money; strip me of all of these but leave me my key people, and in two or three years, I will have them all again.”

The aim of the thesis is to find ways and methods to retain the key employees in the banking sector because job hoping is becoming common due to various reasons that is costing the banks monetary and non-monetary loss.

1.6 Research questions

Some of the key research questions that would be highlighted and studied in this thesis would be as under:

- What is the cost of employee turnover?
- Why employees leave i.e. Why are the employees are switching from one bank to another? What are the reason and the causes of the turnover and employee dissatisfaction?
- Are the banks recruiting the right people?
- Are the selection strategies and criteria right?
- Is there an effective orientation program?
- Is performance being overseen?
- Are the employees being offered any development program?
- What is the effect of benefits packages and organizational policies?
- Are the banks meeting individual needs?
- Are the banks creating a supportive work environment?

1.7 Data Collection Instruments

Questionnaire was the primary data collection instrument; it is appropriate to discuss here that other quantitative technique have also been used. In addition to questionnaires, the banks provided various written information, such as corporate annual statements, co-worker magazines, and brochures and leaflets describing corporate policies and philosophies.

1.7a Employee's surveys (questionnaire)

It would be helpful in getting large amount of information in a more quantitative manner. At least a sample size of fifty employees would be questioned in each bank to have a reliable database about the issues related to the retention of employees.

1.7b Interviews

Interviews help in getting the information that cannot be gathered through the questionnaires, therefore some of the top executives from each bank are interviewed as well, to have a two-way communication and to resolve some untapped areas. Top management plays a huge role in the retention of employees.

1.7c Secondary data

Literature review would be carried out to gather existing information and research studies about the issue and to analyze the issues through certain best practices through out the world. Theories, articles and some surveys are used and highlighted as to gather information about employee satisfaction and retention rate.

1.7dExtensive on-line search

Internet is used to gather information and literature review as well as to gather information about how to solve the issue.

CHAPTER 2: LITERATURE REVIEW

2.1 Motivational Perspectives And Theories

2.1a Employee Retention Perspectives

By looking in a dictionary we are given that the word "retention" has synonyms like preservation, maintenance, withholding and custody. Not just the meaning, the concept of retention has different perceptions for the employees and organizations. In this part, we strive to look at the issue through the lens of employees and management.

a) Employee Perspective

The reason to leave an organization may vary from person to person and from organization to organization. In one of the articles "Focus on Talent", Tayler stated, "people join organizations for things such as pay and benefits, but they leave for other reasons". He discussed the issue and suggested that very few employees leave a job without a good reason, which can be personal (external) or work related (internal).

Although different authors approached retention differently, their research considered both monetary and non-monetary elements to keep the employees.

- The editor of Personnel Today (2003) argued that pay and benefits do matter, however, employees are more concerned with the level of fulfilment they get from their jobs.

- Wilson (2003) emphasized that employees want to know what to expect every day, and stated, "employees expect a fair day's work for a fair day's pay".

- Pennington (2003) further developed the idea by stressing, "people want to work in a place where they can succeed and feel their contribution is appreciated". Pennington (2003) emphasized the weight of creating a good working environment. She stated that employees are happy and stay in environments that

promote laughter. This contributes to higher moral, improved productivity, and creates lower stress. Having fun is not just playing games or dressing up on holidays. The ability to be relaxed and enjoy oneself creates a bond between team members.

- Moreover, the editor of Personnel Today (2003) stressed that employees feel that working with an understanding supervisor or manager is important.

b) Managerial Perspective

It costs less to retain an employee than to replace an existing one. In fact, the American Management Association estimates that the cost of replacing an employee is equal to 30% of his or her salary (Brown and Alleyne, 2003).

The Editor of Personnel Today (2003) cited a similar finding on cost of replacing employees. The cost of replacing an employee ranges from 29 to 46 percent of the person's salary. This figure includes the cost of advertising, travel, interviewing time (spent by managers), lost productivity and other associated expenses. On average, the cost of replacing a manager is three times that of replacing a non-manager.

Many organizations are under the impression that if they provide competitive pay, better health care, or other benefits it may retain employees. However, Woodard-Chavez (2003) argues that the common misperception with most incentive/motivation/recognition programs is that it is always about money.

She stressed, “Every one of our staff has economic requirements, but when it comes to retention, you cannot buy their love so to speak. The money is only one component of the package - not the entire package so to speak”.
There are a number of authors in favour of benefits and incentives to retain employees, while others are supportive of manager’s strategies and skills to keep the employees happy and working efficiently.

- Forte (2003) argues that a manager has a great ability to impact the way an employee feels about his work environment. In fact, “people quit people before they quit companies”. Employees are generally first dissatisfied with their manager and the way the manager deals with the employees, before they find fault with the company.

- Concerning employee turnover reasons, Satava, (2003) found that employees leave due to an inadequate career path, management style, and lack of fulfilment. Taking into consideration the significance of retention in different industries he suggested that from all the factors influencing staff retention the easiest thing to change is how employees are supervised.

Overall, a company’s employees want fair pay and opportunities to learn, advance and experience a feeling of accomplishment. They want to work for well-managed organizations and their efforts to be meaningful to others. Further, he pointed out some A to Z strategies or factors through which partners and managers can put an effort to improve the working environment. Some of the factors are Acknowledgment, Balance-Communication, Development, Education, Helpfulness, Justice, Laughter, Motivation, Opportunity, Promotion, Recognition, Supervision, Training and Willingness.

- The editor of Personnel Today (2003) suggests that organizations should focus on making sure that the people they hire are a good match for the job and the work culture. One way to help keep staff onboard and happy is to recognize them for their hard work and dedication to the organization. 1Organizations that understand retention and its causes will experience a competitive edge. Every time a position becomes vacant, an organization becomes less capable of meeting its goals.

[1] cited by the editor of Club Industry, 2003

2.1b Motivational Theories

There are several early and contemporary motivational theories that are discussed below. They give an idea about different perspectives and views about motivation and satisfaction of employees.

a) Early Motivation Theories

There are many theories that have been written about motivation and these are some classic ones:

i)Theory 'X' – Douglas McGregor

According to Douglas McGregor theory X suggests that people are lazy; they hate work to the extent that they avoid it; they have no ambition, take no initiative and avoid taking any responsibility; all they want is security, and to get them to do any work, they must be rewarded, coerced, intimidated and punished. To get work done they have to police their staff and monitoring is necessary for them.

ii) Theory 'Y' – Douglas McGregor

This is in sharp contrast to theory 'X'. McGregor believed that people want to learn and that work is their natural activity to the extent that they develop self-discipline and self-development. The leader no longer have to use power, he or she lets people develop freely, and may even enjoy watching the development and actualizations of people by themselves. Everyone most of all the organization, gains as a result.

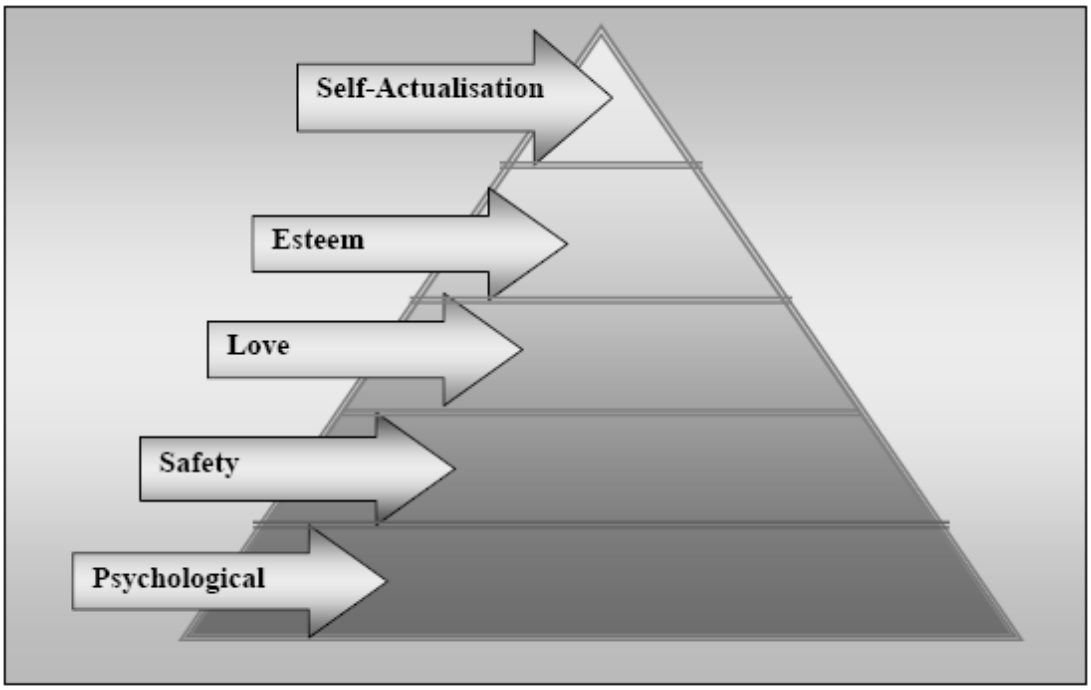
ii) Maslow's Hierarchy of Needs - Abraham Maslow

Maslow in 1970 is known for establishing the theory of a hierarchy of needs, writing that human beings are motivated by unsatisfied needs. A person’s behavior is seen as dominated by his/her unsatisfied needs and when one need is satisfied he/she aspires for the next higher one.

According to Maslow, there are general types of needs (physiological, safety, love, and esteem) that must be satisfied before a person can act unselfishly. He called these needs "deficiency needs." As long as we are motivated to satisfy these cravings, we are moving towards growth, toward self-actualization.

The five basic human needs, according to Maslow, are: (1) Physiological (2) Safety; (3) Belonginess (4) Esteem: (5) Self-actualization

Figure 2: Maslow's Hierarchy of Needs



iv) Motivation Hygiene Theory - Frederick Herzberg

According to this theory the intrinsic factors are related to job satisfaction and motivation while the extrinsic factors are related to the job dissatisfaction.

Herzberg suggests that people's needs are of two types: animal needs (hygiene factors) and human needs (motivators). Hygiene factors are those which are the basic needs and when they are absent an employee is dissatisfied and demotivated while when they are present there is no motivation neither there is any dissatisfaction. While on the other hand the factors which motivated employees were motivators.

b) Contemporary motivational theories

The theories that would be discussed now represent the current status of motivation. Although they are not as famous as the early theories but they hare based on extensive research.

i) Three needs theory - David McClelland

McClelland (1968) argues that there are three needs that are essential factors to get motivation. These needs are achievement, affiliation and power.

The need of affiliation is the desire for close and friendly interpersonal relationships at the workplace. While the need of power is the need to make people behave in the manner which they would not have behaved otherwise.

The need of achievement has been researched more extensively as compared to the others.

ii) Goal setting theory

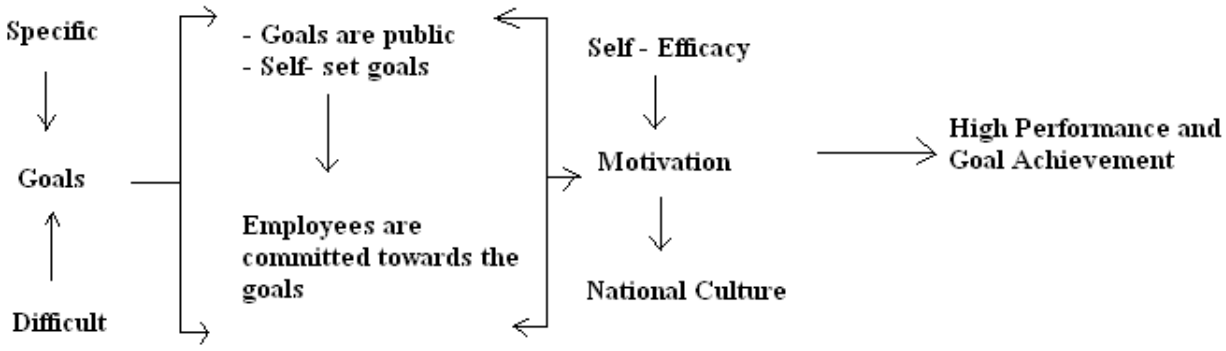
This theory states that specific goals tend to increase the performance and difficult goals when accepted results in higher performance than do easy goals.

Research has proved that specific and hard goals are a motivating factor and they tend to give a specific direction.

Here there seems to be a contradiction between the need for achievement in the three need theory and the goal setting theory. According to the need of achievement motivation is done by moderately challenging goals while the goals setting theory depicts that motivation is maximized by difficult goals.

Here the explanation is that the need of achievement differs from economy to economy; in the developed countries it is high but very low in the under developed countries. While the goal setting theory is applied to people in general.

Figure 3: Goal setting theory



iii) Reinforcement theory

The theory states that behavior is the function of its consequences. It proposes that behavior is externally caused. The key to the theory is that it ignores factors such as goals, expectations and needs, instead it focuses solely on what happens to the person when he / she takes some action.

Reinforcers shape behavior and help people to learn but the theory is also widely believed to help motivation. According to BF. Skinner the reinforcement theory can be explained as follows:

People will most likely engage in a behavior if they are rewarded for doing so; these rewards are most effective if they are immediately followed by a desired behavior, and the behavior that is not rewarded or is punished is less likely to be repeated.

There are three types of reinforcement

- Positive reinforcement
- Negative reinforcement
- Non - reinforcement

iv) Job characteristic model

As managers are interested in motivating the employees as to increase the productivity, there they need to design jobs in such a way as to motivate employees. Job deign refers to the way tasks are designed to complete a job. Some of the ways of designing job are job rotation, job enrichment and job enlargement.

Job characteristic model (JCM) is a framework for analyzing and designing jobs that identifies five primary job characteristics, their interrelationships and their impact on outcomes.

According to the JCM, any job can be described in terms of the five core dimensions defined as follows:

- ***Skill variety***

The degree to which a job require a variety of activities so that an employees can use a number of skills and talents.

- ***Task identity***

The degree to which a job requires completion of a whole and identifiable piece of work.

- ***Task significance***

The degree to which a job has a substantial impact on the lives or work of the other people.

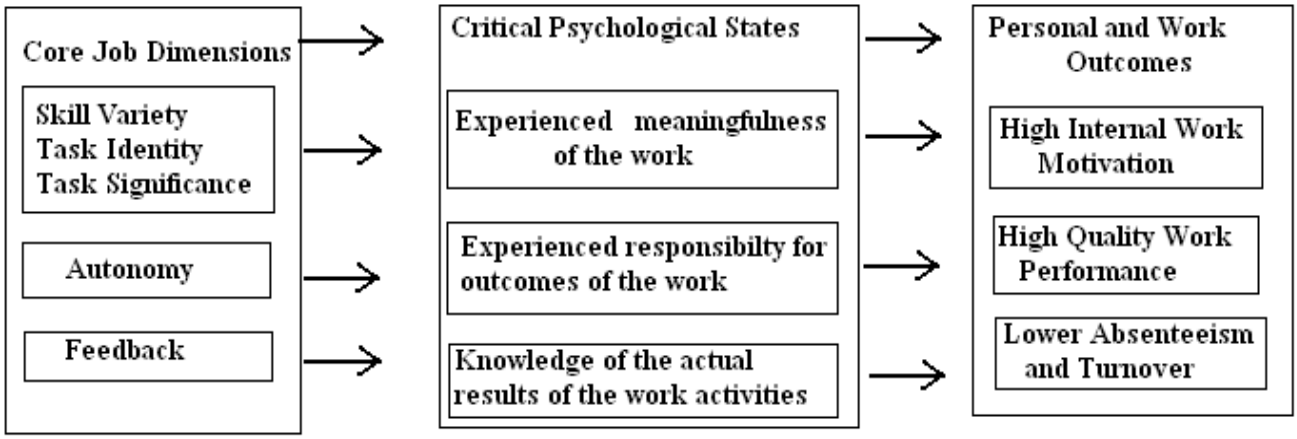
- ***Autonomy***

The degree to which a job provides substantial freedom, independence and discretion to the individual in scheduling the work and determining the procedures to be used in carrying it out.

- ***Feedback***

The degree to which carrying out work activities required by a job results in the individual's obtaining direct and clear information about the effectiveness of his/her performance.

Figure 4 : Job characteristic model



Source: JR. Hackman and J.L. Suttle (eds) in improving life at work

From a motivational standpoint the model suggests that internal rewards are obtained when an employee is given feedback (feedback) and he/she has personally performed well (autonomy) on the task about which he/ she cares (experienced meaningfulness of the work). The more of theses three conditions are present the more motivational the job is and the employees satisfied.

v) Equity theory

It is human being's tendency that they compare themselves with each other all the time. This theory developed by J. Stacey Adams, proposes that an employee compare his/her job's input / outcomes ratio with that of relevant others and then correct any inequity.

If an employee perceives his/her input and output to be equal to others the state of equity remains. However if the ratio is not perceived to be equal and the inequity exists then the employee views himself /her self as over or under rewarded.

There are certain expected outcomes and behaviors that are displayed by the employees when they perceive that they are treated unequally as compared to others.

- Change their input and effort
- Change others input or outputs
- Choose a different person and start comparing themselves with them
- Increase absenteeism
- Quit the job

Equity theory is not without its flaws as well. There is the problem that how to define inputs and outputs, how they change over a period of time, and how do people choose others to whom, they compare themselves.

vi) Expectancy Theory - Victor Vroom

According to Vroom's "expectancy theory", it states that an individual tends to act in a certain manner based on the expectations that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual.

It includes three variables that are as under:

- ***Expectancy or the effort – performance linkage***

The expectations of an individual that a certain level of effort put in to accomplish a job will give a certain level of performance.

- ***Instrumentality or the performance - reward linkage***

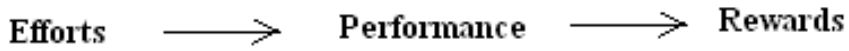
The degree to which a certain performance will help attain a certain reward.

- ***Valence or the attractiveness of the reward***

Valence is the degree to which the reward has value to the individual performing the job. The answer lies in understanding their inner motives and then providing them with appropriate rewards.

This theory contributes an insight into the study of motivation by explaining how individual goals influence individual performance.

Figure 5: Expectancy Theory



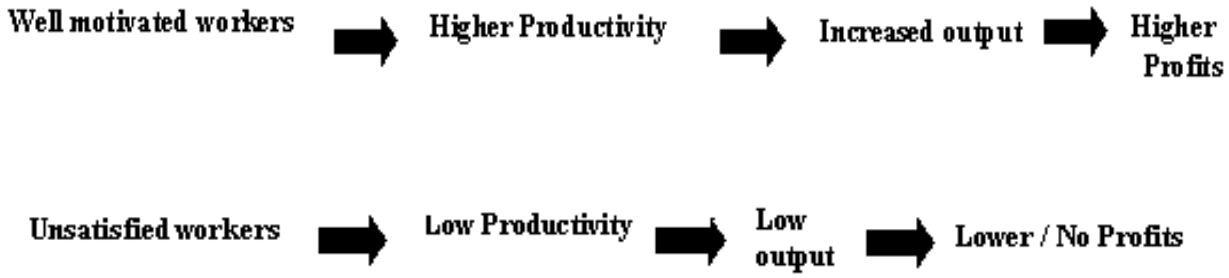
To sum up, the theories discussed above show that people have inner motives, needs and desires that drive them. Different authors have different approaches, some believe in monetary rewards while others suggest non-monetary rewards.

2.2 Motivation And Retention Of Employees

2.2a Motivation

Motivation is the reason why employees want to work hard and effectively for the business. People work for a variety of reasons, some want to earn money while other do it to fulfill their inner needs. There is a wide range of motivators to motivate people and they differ from individual to individual. Highly motivated employees increase the productivity level and thus the profits are increased and vice versa.

Figure 6: Motivation and profit



There is always a chance that the output is increased due to new technology and improved external conditions but the quality of the output always relies on how well motivated the employees are and how satisfied they are with their job.

2.2b Sources of Motivation:

When an employee is satisfied he/she is motivated to work and thus he/she is retained[1]. There can be number of motivating factors as shown in the figure which can be put into main sources of motivation which are:

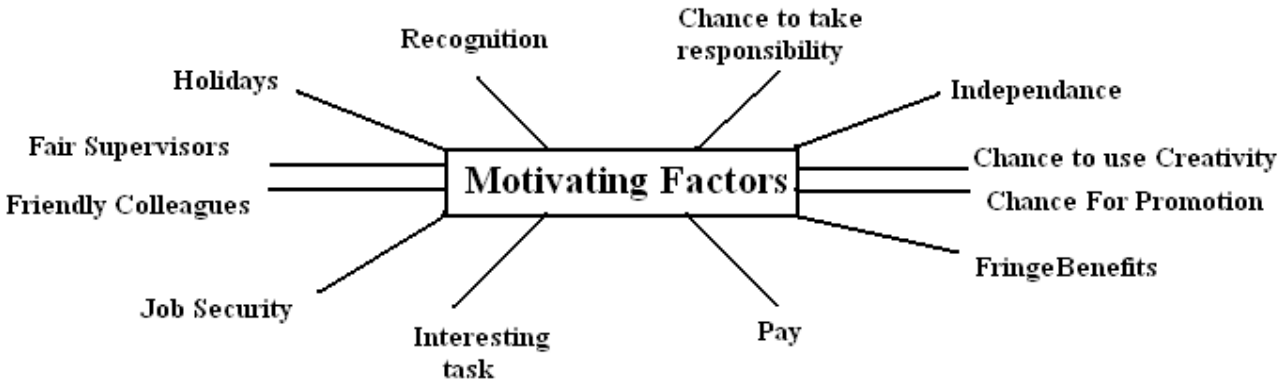
- Monetary
- Non-monetary

[1] *Management"* by Robbins &Coulter, 7th Edition, pg.420

Therefore, they can be termed as rewards given to employees that may result in their satisfaction and retention. They are as under:

- Intrinsic rewards –these rewards are related to the internal satisfaction of the employee e.g. it includes recognition, awards, moral satisfaction etc.
- Extrinsic rewards- theses rewards are related to the external factors of satisfaction of the employee e.g. bonuses, promotion, benefits etc.

Figure 7: Motivating Factors



2.2c Voluntary turnover:

In today's competitive labor market, many companies are faced with the challenging and expensive task of originating and hiring talented new employees to replace ones who have voluntarily left their company. The question is, why are some of our best employees choosing to leave and what is being done?

In businesses across the globe, voluntary turnover is on the rise. Much of this turnover reflects the confluence of three important trends: industry changes; increased labor market transparency via the internet; and a growing free agent mentality among many

employees. If this isn't enough, heap on low unemployment and unfavorable demographics over the next decade or more and it becomes evident that the "war for talent" is just beginning.

2.2d Cost of employee turnover

Employee retention matters a lot in today's world. Organizational issues such as training time and investment; lost knowledge; mourning, insecure coworkers and a costly candidate search aside, failing to retain a key employee is costly. Various estimates suggest that losing a middle manager costs an organization up to 100 percent of his salary. The loss of a senior executive is even more costly. The cost of employee turnover is from 40--100% of an employee's annual salary, when you consider lost productivity, recruiting costs, training costs, reduced efficiency in transition and time.

2.2e Voluntary Turnover reasons

When an employee is motivated he/she is satisfied and retained but when he/she is demotivated and unsatisfied he/she may likely leave the organization. There might be a number of different reasons why employees leave. **(Annex # 1)**

Some of the general reasons why people decide to leave their jobs and the suggested action items are listed after each reason are given in the annex **(Annex #2)**

a) Sources of job dissatisfaction

There are many sources of job dissatisfaction. According to research the top reasons why people leave their jobs are:

i) Harvard Business Review

- Job content
- Level of responsibility

- Company culture
- Caliber of Colleagues
- Salary

ii) California Strategic HR Partnership (CSHRP) Result

- Low growth potential
- Lack of challenge
- Lack of autonomy
- Not enough money
- Work environment issues

iii) Roger Herman, author of "Keeping Good People," stated "Why People Leave":

The ongoing research by Roger Herman revealed the following five principal reasons.[1]

1. It doesn't feel good around here
2. They wouldn't miss me if I were gone
3. I don't get the support I need to get my job done
4. There's no opportunity for advancement

5. Compensation is the last reason most people leave

[1] Roger Herman, author of "Keeping Good People," is a business futurist and an HR and Management consultant based in Greensboro.

3.5a.4 General four reasons

Even with these values in place, there are a lot of employees who feel they can better themselves just by chasing more income.
These are the common reasons of turnover and they can be applied to the banking sector as well. Therefore, they can be mainly categorized into four areas:

1) Personal dispositions
2) Tasks and roles
3) Supervisors and coworkers
4) Compensation

1) Personal dispositions:

Dissatisfaction with a job is related ultimately to the individual that performs the job. There is a term called ***"Negative affectivity*** "which mean that there are individual differences in satisfaction with any or all aspects of life.

The individuals with high negative affectivity display a higher level of dissatisfaction with job and non-job environment. The feelings of anger, fear, guilt etc more often displayed and they are more negative minded.

There is another concept of ***"core self evaluation"*** which is an individual's opinion about him/her self. The positive core self evaluation contributes towards the overall job satisfaction and it helps in the retention of employees. On the other hand a negative core evaluation results in avoiding challenging work and adapting to change.
Other personal problems like family etc can also contribute to job dissatisfaction.

2) Tasks and roles

The tasks can also be one of the main reasons of job dissatisfaction. There can be many aspects to it but main three are as under

- ***Job complexity***

It refers to the type of work, whether it is repetitive or challenging. It should change with different levels within the organization. At the upper level more of the challenging work should be given to satisfy and retain the employees while at the lower level repetitive work can be given.

- ***The degree of physical exertion and strain***

It refers to the physical stress that is experience by the employees. Technology can remove this to a large extend and it can help in facilitating the employees.

- ***The degree of value correlation***

This refers to the degree to which employees relate to the work and find it meaningful. The importance given to this aspect is really low in Pakistan.

Task related interventions

There are a few task related intervention like Job enrichment (making the task more challenging and meaningful), Job enlargement (adding more responsibility and authority to the job) and Job rotation (circulating the individual from one job to another to increase his/he5r skill base and knowledge) that can be applied to the tasks.

Roles on the other hand are also very vital and they are the expected behavior that an individual has to display on the job. There are three aspects to the role as well.

- ***Role ambiguity***

It refers to the uncertainty about what an organization expects from the employee in terms of what to do and how to do it. It can associated with the schedules and the work itself and can create a lot of confusion resulting in the job dissatisfaction.

- ***Role conflict***

It refers to the incompatibility and the contradictory demands from a certain role. It can happen if an employee and holding more than one role therefore he/she has to handle more than one role.

- ***Role overload/ role underload***

Role overload refers to the state in which too many expectations and demands are placed on the person while role underload is the state in which there are too few expectations are placed on the person.

Role related interventions

In order to remove role conflict plans like flextime, childcare center, elders center can be provided to the females and other family members to deal with the dual roles.

3) Supervisors and coworkers

These are the two primary set of people that affect an employee's satisfaction level. They contribute to reasons of satisfaction like positive support and leadership provide by the supervisor, good working relationship with the coworkers, sharing the same values and thinking etc.

4) Compensation

Work is the source of income for all the people around the world and it has the monetary value to it. The compensation has the pay, benefits, pensions, and other monetary outlays.

A Changing Work Force and Workplace

Fundamental changes are taking place in the work force and the workplace that promise to radically alter the way companies relate to their employees. Hiring and retaining good employees have become the chief concerns of nearly every company in every industry. Companies that understand what their employees want and need in the workplace and make a strategic decision to proactively fulfill those needs will become the dominant players in their respective markets.

The fierce competition for qualified workers results from a number of workplace trends, including:

- A robust economy
- Shift in how people view their careers
- Changes in the unspoken "contract" between employer and employee
- A new generation of workers
- Baby boomers striking out on their own after hitting corporate ceilings
- Changes in social mores
- Life balance

Concurrent with these trends, the emerging work force is developing very different attitudes about their role the workplace. Today's employees place a high priority on the following:

- Family orientation
- Sense of community
- Quality of life issues
- Volunteerism
- Autonomy
- Flexibility and nonconformity

To hold onto your people, you have to work counter to prevailing trends causing the job churning. Smart employers make it a strategic initiative to understand what their people want and need and then give it to them.

2.3 Ways To Increase Employee Retention

2.3a Strategic Retention Process

The Strategic Retention Process is a five phase process.

The first one is called “Awareness Phase”, which is a time for information gathering, “Assessment Phase” which is a time for conducting a current employee risk assessment, “Design Phase” which is a time to evaluate the employee data, “Synergy Phase” which is a time for an integration check of structure and strategies, and an “Implementation Phase” which is the time to design the comprehensive corporate action plan.

The retention process methodology involves the following steps:

- Decide on the department and span of time to be studied.
- Review employee Turnover Statistics for all staff who have been separated in the studied time.
- Chart reasons for employee separation from the organization.
- Survey employees who have voluntarily left the organization in the studied time through phone, mail or one-on-one interviews.
- Perform an in-house Employee Opinion Assessment to determine risk of current employees.
- Tally assessment findings
- Evaluate the findings
- Develop the Strategic Retention Process custom-designed for the organization
- Advise in the implementation of the program.

2.3b Ways To Increase Employee Retention

Key employee retention is critical to the long term health and success of a business. Managers readily agree that retaining your best employees ensures customer satisfaction,

product sales, satisfied coworkers and reporting staff, effective succession planning and deeply imbedded organizational knowledge and learning.

a) Culture

In these days of tight labor markets, company culture can go a long way toward determining how successful companies are in recruiting and keeping top employees.

The Initiation Process

Key factors in creating an attractive culture are the recruitment and orientation processes. Prospective employees should be interviewed by executives or managers skilled in both drawing information out of the individuals, and explaining the company's attractions.

b) Retention bonuses

Retention bonuses, also known as pay-to-stay bonuses, have become common practice since the early 1990's and it is a useful way to help reorganization by maintaining those most valuable employees. Key employees, generally executive and top-level management, are considered likely to leave for more secure and less stressful opportunities in the face of uncertainty. Retention plans is very important for key employees as it helps eliminate employees' fears, reward employees for hard work and dedication, prevent the loss of critical employees, and save the cost of replacing key employees.

c) Problem with the retention bonuses

Key Employee Retention Plans (KERP) rarely faced obstacles or criticism. However, in the wake of numerous high profile bankruptcy filings, people have developed negative feelings towards these plans.

The Unions are not the only group to challenge these sometimes-excessive retention plans. Politicians all over the world have also become more aware and involved. When Enron executives were awarded lavish bonuses in 2001, eyebrows were raised and it seems that there is something wrong when a company in a troubled state or a failing state,

have to use large amounts of money to hold onto people that they ought to be able to hold onto some other way.

Corporations should consider the backlash of these retention plans from unions, and the general public. Creditors too, although not yet creating large resistance to employee bonuses, are likely not far behind. .

d) Control and Ownership

Quality improved as employees took ownership of the production and the number of cars requiring rework after they had come off the line fell by 97%. The backlog of union grievances in the facility plummeted from an average of well over 200 to an average of less than 12. Tom Peters, in *A Passion for Excellence,* claims that the change in attitudes was as extreme as the numbers. One old pro on-the-line commented, "It's like they opened the window and we can breathe." Another described the foremen under the new team-based approach, "They're no longer policemen, but advisers."[1]

e) Increase Trust

When Captain Michael Abrashoff took command of the USS Benfold the retention rate in the Navy was 18%. In two years it climbed to over 99%. How did he change the culture on that ship? Michael says, "Soon after arriving at this command I realized that the young folk on this ship are smart and talented. And I realized that my job was to listen aggressively—to pick up all the ideas that they had for improving how we operate. The most important thing a captain can do is to see the ship from the eyes of the crew.

f) Feedback

Managers often wait until performance review time to give feedback that should not be done.

[1] www.allbusiness.com

Some years ago a secretary, quit her previous job to stay at home with her young children. She worked for a boss who did not give much feedback. When she handed in her resignation, he went on and on about how much she had contributed to their work team and how much he would miss her. She commented to us how much she would have loved to have heard those words more than once or twice a year at performance review.

g) Employee recognition

Aside from obvious recognition like salary and benefits, companies need to focus on the less-obvious attractions to employees. Everyone wants to feel they are part of a winning team, as well as to be recognized. Small companies can capitalize on these needs by encouraging an atmosphere of cooperation among groups of employees that need to work on particular projects or research. Recognition can take the form of incentives, prizes, and just a note or expression of thanks from the company president.

h) Using fun to Retain Employees

Simply having music in the workplace a better place. Asking the coworker what song do they want to hear? It is a famous practice in Mobilink Peshawar and one of their employee said, “It’s our way of keeping up morale,” “We’re so overwhelmed, so stressed, so burned out. This is how we keep our sanity.”

And most organizations are not going to promote humor as part of their culture because some may feel that it can be a little unprofessional, So any discussion of the benefits of laughter needs to be more tangible and focused on addressing positive morale, a major factor contributing to the retention of valued employees. Though, humor is a coping mechanism to aid in employee retention, not a cure-all for other systemic problems affecting organizations.

It is a way of working which would be a need in future as the Generation X work force want challenging, meaningful work with friendship and fun. It is important to a work/life balance, companies that figure out how to do good work and be a fun workplace will be the ones attracting and retaining the talent.

i) Exit interviews

Exit interviews with departing employees provide valuable information organizations can use to retain remaining staff. There can be significant source of data.

j) Clear expectations

Management thinkers from Ferdinand Fournies (Why Employees Don't Do What They're Supposed to Do and What to Do About It) to Marcus Buckingham and Curt Coffman (First Break All the Rules) agree that a satisfied employee knows clearly what is expected from him / her every day at work..

Changing expectations keep people on edge and create unhealthy stress. They rob the employee of internal security and make the employee feel unsuccessful.

k) Leadership

- The quality of the supervision an employee receives is critical to employee retention. People leave managers and supervisors more often than they leave companies or jobs. It is not enough that the supervisor is a nice person, starting with clear expectations of the employee, the supervisor has a critical role to play in retention. Anything the supervisor does to make an employee feel unvalued will contribute to turnover.

l) Communication

The ability of the employee to speak his or her mind freely within the organization is another key factor in employee retention. When an organization provide such an environment where employee can express his/her ideas and in which people are comfortable providing feedback, it can be used as a retention tool.

There are many other ways to achieve employee motivation.

2.4 Human Resource And Retention

Effective human resource practices play an important role in the retention and satisfaction of the employees. The importances of the aligned human resource practices are very vital in the retention of the employees as at every step an organization retain its employees. From the orientation of the employees till their fair compensation play an important role in retaining an organization's employees. Finding the right people and then holding on to them is central to any HR strategy.

2.4a Recruitment

Progressive companies know that the old aged people are your most important asset is incorrect. People are not a company's most important asset but the right people are.

Effective managers take time during the hiring process to identify the right people for their organization. They make their decisions based on character traits and innate capabilities, rather than only relying on the specific knowledge, background and skills. They also define and communicate the requirements employees need to be successful.

To minimize turnover, Pulte Homes has established a three-pronged process for recruiting talented people, getting them up to speed quickly, and keeping them happy. **(Annex # 3)**

When in doubt about a candidate, a wise manager doesn't hire; he or she keeps looking for an employee with the qualifications to deliver great results.

One organization with a proven track record in hiring the right employees uses recruitment tactics such as an employee referral program, realistic job previews and assessment of candidate qualifications in key areas.

1) *Employee referral program:*

   The *employee referral program* consists of a tiered bonus program that provides substantial payouts at key milestones of the new employee's first

two years, including hire date, 90-day evaluation period, and one- and two-year anniversaries.

2) *Realistic job preview*

The *realistic job preview* is, in fact, a job interview that reduces unrealistic expectations in the key areas of job duties. It provides facts about education and training programs, basis for performance evaluations, traits of current successful employees in the job, promotion and advancement opportunities, work performance and attitude expectations, and determinants of long-term success in the company.

3) Assessment process

The assessment process involves administering tests to determine how candidates' expectations of the job compare with what the organization offers. Tests also measure areas of competency, work characteristics, and preferences regarding organizational culture as a means of assessing whether a candidate is a good fit for the company.

a) Recruiting through referrals

Most agencies use a variety of methods to attract job candidates, including newspaper ads, Internet job sites, referrals and recruiters. I have worked with a few organizations whose turnover is minimal. In fact, they have a waiting list of talented people who have the desire to work for their agency. These agencies realize that attraction and retention are both marketing issues. They have developed a positive image in the marketplace and are constantly selling prospective job candidates on the advantages of working for their agency as well as reminding their employees of these advantages.

They have also made a commitment to create a workplace with purpose, excitement, and mutual alignment and re-focused their energy on the needs of their employees from a whole-life prospectus. In these organizations, the most effective method for recruiting

people is employee referrals. The agency employees can interest their friends and associates in working at the agency and selling them on the many benefits of working for it.

b) Other recruiting methods

Another effective method of finding new employees is to use recruiters who will search for job candidates in the area. If you enter into these agreements, it is important to find recruiters who can source quality people, rather than merely provide resumes. Agency managers should work with the recruiter to provide a profile of the skills and qualities the recruiter should look for and expect that the candidate be pre-screened. There should also be an agreement that the recruiter will not solicit the agency's employees for other clients. Internet sites can be effective for identifying candidates who may be moving into the area.

Newspaper ads are usually the least effective methods of recruiting, as the people who may be the best candidates does generally not read them. With critical skills in high demand, top performers who want to make a job change are not looking in the classifieds but are seeking out employers who provide outstanding work environments and continual learning and advancement opportunities.

2.4b Selection

Too many hiring decisions are made because a manager has a "gut feeling" about the candidate that is not substantiated. When new employees are hired, agency managers will spend time training and coaching them. An employee who never should have been hired will cost the agency, not just in salary and benefits, but in the time of other employees who are involved with them. Poor performers drain overall productivity because they force managers to allocate additional resources to get the job done. They also create resentment in good performers.

To assess service skills, the interviewer might ask how the CSR handled a difficult client or provided assistance to someone else in the agency. Creating a standard list of questions

used which is used by all the agency interviewers assures that good interviewing is accomplished, but also that the interviewing team can compare notes.

Pre-employment assessment tools can also avoid costly hiring mistakes. Insurance tests can identify the level of knowledge an individual has, but you can also ask an employee to demonstrate their proficiency with the computer system or other software commonly used. Candidates for CSR positions can be further qualified when their peer CSRs interview them to assess their knowledge and skills.

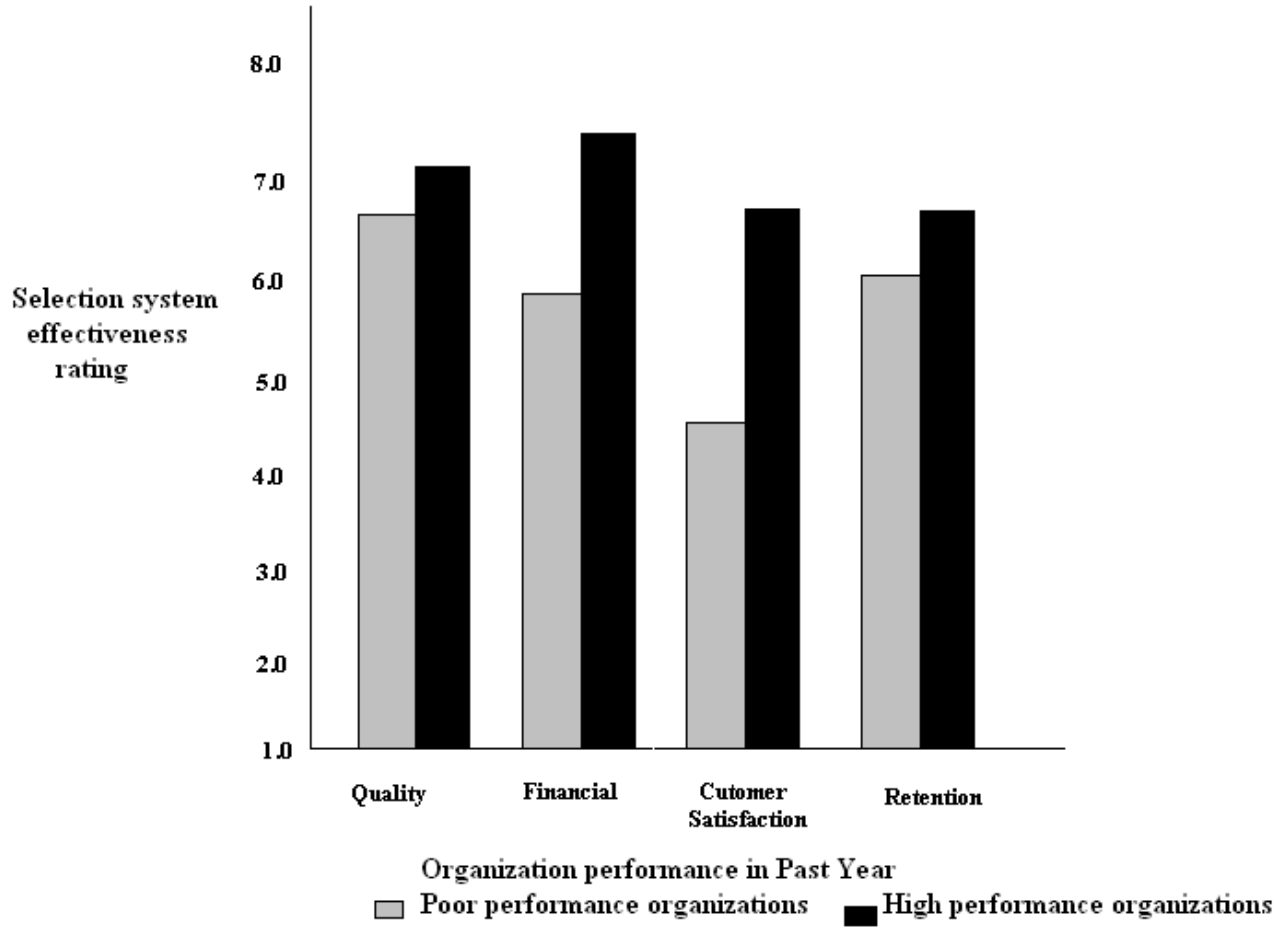
Even with good screening, employees will turn down offers. In some cases, their compensation expectations may be beyond what is realistic or they may just be testing the marketplace. But in other cases, the offer is rejected because the agency made a poor impression on the employee. Agencies known for their ability to attract and hire good employees go to great lengths to maintain an upbeat, positive relationship with all applicants, even those not hired. They treat applicants like their customers, provide them with feedback in a timely manner, and are always recruiting (selling), even during the job interview.

Correlation of selection system with retention of employees:

Analysis revealed that more organizations with highly effective selection systems were significantly more likely to have had success and they tend to hire the best employees who are best suited and they tend to remain with the organization.

Thus by using a good selection system to hire employees, organizations can reduce turnover, increase employee's retention and ultimately increase and improve business outcomes.

Figure 8 : Correlation between selection system and retention



2.4c Compensation

Compensation programs, both fixed and incentive-based, are another means of recognizing employees. Although pay is not often cited as the only reason for staying with a company, it is often cited as a reason for leaving.

In the new job economy, an organization's compensation system must be perceived to be competitive from a recruitment perspective. For this reason, it is imperative that organizations review their current systems and evaluate their competitiveness with the external market, making adjustments as necessary. Current employees must feel the

organization’s compensation system is equitable and understandable. These factors, which influence employees’ perception of fairness in the workplace, can have significant impact on retention.

Every agency today is aware of the need to manage compensation costs. The challenge, however, is to also make sure employees are paid competitive wages. Finding sources of salary information, conducting your own salary surveys or sharing information with a group of competitors can help retain employees who might leave because they are underpaid.

Without accurate survey data, agency owners risk overpaying or underpaying employees. Many agencies are adapting a pay for performance compensation system, which rewards employees for achieving results related to the agency's business goals. An agency's compensation plan should connect employee performance to overall business goals.

But employees also value rewards that are not monetary. Surveys conducted by the Society of Human Resources Management indicate employees ranked interesting work, employer flexibility, feeling valued, having training, and advancement opportunities as top factors influencing their decision to change jobs.

In smaller agencies, promotional opportunities may be fewer, but there should always be new skills to learn and the opportunity to feel job satisfaction. Setting milestones for education and developing performance-based criteria can enhance the job and help reduce turnover. Higher-level positions, such as the Senior CSR position, can also be used to reward performance that is beyond normal expectations. Higher-level skills or additional job duties should be the criteria for promoting an individual to a senior position. If the CSR is an agency automation expert, for example, or can take on part-time responsibility for conducting quality audits or training, you can create a career path where one may not have existed.

Offering perks can also be a cost-effective way to attract and retain employees. For example, casual dress, flexible starting times, earning time-off (comp days, floating

holidays or summer hours), job sharing, or using part-time positions provide the agency with a powerful advantage in the job market.

Promotion policies and practices support retention efforts by following equitable and understandable guidelines. Promotions should recognize employees who learn and grow within the company.

2.4d Performance management

There are a number of strategies that can be used to retain one's key employees. But the most effective strategy can be to use the performance review as a tool to create a stronger bond between the employee and the manager.

Performance evaluations are formal processes organizations use to provide recognition and to encourage employee development. To be effective, the process must support the business goal of retaining a company's best people. It should assist managers by providing a means for recognizing star performers and confronting poor performers in a timely manner.

If you ask any employee, "What do you want most from your manager?" you will often hear the response, "I want to know how I'm doing and how I can improve."[1]

The annual performance review is designed to create an opportunity for the manager and employee to sit down at least once a year to do just that. Yet, many managers do not like giving performance reviews. Some dread a confrontation; others just do not want to spare the time. But ignoring these activities here often leads to more time spent on filling jobs when employees leave.

Performance reviews are a great opportunity to revisit expectations and goals. It gives the employee a chance to discuss their own perception of their performance. In addition, it opens the door to talk about the employee's career goals and how their performance ties to career growth.

[1] Interview: Taimur khan (bank of Alfalah, Peshawar Branch)

Some of the items that help in conducting an appropriated performance review are: [1]

- Keep specific notes and examples throughout the evaluation period. Don't just rely on the most recent projects. One easy way to do this is to create a performance file for each employee. During the year, slip in things such as complimentary letters from customers, copies of their good work and notes to yourself. Ask your employees to keep their own file, too.
- Seek input from other observers when appropriate. Ask for specific examples from people who work with your employees. Sometimes this information comes unsolicited, but often, you need to ask customers and co-workers what they think.
- Allow plenty of time to prepare evaluations. Don't work under pressure and never complete an evaluation when you are angry or frustrated. One of the advantages of asking others for their opinion is that you tend to get a more complete, balanced perspective, rather than just your own view.

A good approach is to let them take the lead in discussing areas of their own performance. Saying things such as, "I see from your self-evaluation, we pretty much agree with this (positive) point." "What did you find most rewarding this year?" "What would you do differently if you could do it over again?"

- Make sure you have plenty of specific examples to make your observations clear. Concentrate exclusively on factors directly related to job performance. Use language that paints a picture for the employee. For example, "You usually don't speak in client meetings and you don't ask questions when you're stuck on a project, which contributes to a higher rate of errors and missed deadlines" is better than, "You're a poor communicator."

- Don't put anything in writing that you wouldn't say to the employee in person. If checklists and ratings are part of the evaluation, be sure written comments are

[1] HR Tips from the HR Council's Monthly Newsletter, Council on Education, Steve Hewitt, SPHR, April 2003.

consistent with the items checked. The review is just that – a review. There should be nothing that hasn't been talked about sometime in the past. If you find that you've saved up too much feedback for the formal review process, it's a signal that you haven't been talking enough throughout the year. Another hint that you're not having enough on-going dialogue is the length of the review. If you're review goes over an hour and a half, it's a message that your communication needs to be increased throughout the year.

2.5 Articles

There are some recent and important articles related to employee retention and satisfaction in general organizations and in banks specifically. Through these articles we get a glimpse of what is happening in the world and what are the general practices. It helps us to understand and adopt international practices.

2.5a "Banks say they value employee retention most" by Tmnet

The Portland Business Journal - November 29, 2002

Community bank executives almost unanimously consider employee retention the most important element in keeping their banks successful and competitive, a new study shows. How they entice those employees to stay, however, doesn't vary widely.

Most executives said they use competitive compensation, including generous benefit packages, to retain employees. However, there were a few differences in the types of benefits offered to key management vs. key staff employees.

The "Ninth Annual Survey of Community Bank Executives" by Grant Thornton, a global accounting, tax and management-consulting firm, reported for the second year in a row that the largest percentage (91 percent) of community bank executives name "retaining key employees" as a major factor in their continued success, and most executives (80 percent) say the major compensation tactic they use is a "competitive benefits package" across the board.

The survey, which includes chief executives and other senior officers from 429 community banks across the country, also found that salary in-creases are generally tied to formal, annual reviews (almost 80 percent) and almost 75 percent offer 401(k) plans with employer matches. Eighteen percent offer employee stock ownership plans, and 7 percent offer "phantom stock options" to key management employees.

Management is more likely to be rewarded based on overall bank performance (78 percent) than staff employees (60 percent).

The same goes for bonuses based on personal performance—56 percent of community banks award management this way, while 44 percent apply this incentive to staff employees.

2.5b Effective recognition programs should help stimulate employees By Eric Zoeckler, Business Columnist

The Herald - Monday, March 1, 2004

These are the stories of two sales managers.

One, a button-down, do-it-by-the-book kind of boss, judges his employees by the numbers: goals met, revenue generated, sales increase percentages -- a seemingly endless list. The best are rewarded, usually by cash bonuses, a salesperson of the month plaque and a private "atta boy" in a 30-second trip to the boss's office.

The second manager, when employees exceed their monthly sales quota by at least 10 percent, asks them, "How would you like us to recognize this achievement?" Some ask for a day off. Another winner asked that everyone in his department be treated to a professional massage.

One employee, named John, asked that the entire company celebrate "John Day." Banners were draped throughout the building, and receptionists told callers the company was celebrating "John Day" and why. John also was allowed to use the boss's office for his day.

Though this may be begging the question, is there any doubt which manager has the lower sales incentive budget but a higher, more consistent sales growth and lower employee turnover?

Although being personally recognized for good work consistently ranks high on the wish list of most employees, many managers continue to struggle with delivering anything but cash as a reward. "I know I should be more sensitive to the needs and desires of my employees," an advertising manager once told me. "I was just brought up in the business with the attitude that their paycheck is their reward."
Organizations that value their employees' hard work with creative recognition programs do so because they communicate best the values and behaviors important in reaching strategic goals and objectives, said Theresa Chambers, an employee recognition consultant and board member of the National Association of Employee Recognition.

An effective employee recognition strategy usually relies on three components: day-to-day recognition usually executed by peers; informal, usually manager-drive recognition such as celebrations, end-of-project events, group and team accomplishment parties; and more formal companywide annual reward and recognition events. "The real creativity comes in the frequent recognition ideas that often are put into the hands of employees," said Chambers, chief motivation employee of her Kirkland-based Arial (soon to be Recognition Works) consulting firm. She also works with the city of Seattle in employee development.

Though some recognition programs can border on the trite and cheesy, employees like them because they appreciate the attention. The California Public Employee Retirement System was recognized nationally for its "Solid as a Rock" program. In it, each employee was given thank-you note pads cut in the shape of rocks. When they saw a co-worker handle a project, problem or customer complaint exceptionally well, they wrote it upon a "rock." "Employees took great pride in how many rocks they could post in their cubicles," Chambers said.

One sales organization created a Golden Banana Award for sales excellence when a manager wanted to publicly congratulate an employee and the only available "trophy" was a ripe banana on a nearby desk.

Employee recognition can go far beyond items presented for excellent work. "A work unit that's experiencing performance problems might want to step back and make sure employees know exactly what's expected of them," said Chambers. They also should be open to hearing what employees expect from managers so that they can better do their jobs.

Stand-alone recognition that involves the manager telling an employee "thanks for the good job" one-on-one can be a most powerful and inexpensive motivator.

2.5c " Job Embeddedness as a Predictor of Employee Turnover"

By California State University March 1, 2004

Study shows why employees stay

It's an eternal business question - how do you spot the best potential worker among a pool of candidates and how do you keep them from leaving once they're hired?

To organizational behavior and environment professor Chris Sablynski, the key is "job embeddedness," a concept that focuses on why people choose to stay with a job rather than why they choose to leave a job.

"Most traditional research is concerned with why people leave jobs but we flipped it around and asked, 'Why do people stay?'" says Sablynski, whose work has appeared in the *Academy of Management Journal* and other publications. The distinction may seem subtle but the difference is profound.

"We find that it's actually a web of forces that determines how well suited someone is to a job, how productive they are and how likely they are to stay," Sablynski says. Based on initial findings, job embeddedness also seems to be a much more powerful predictor of turnover, absenteeism, job performance and workplace citizenship than traditional concepts.

"Job embeddedness is a powerful indicator because it accounts for far more than simply salary or whether or not a person likes their boss," he says. "It is a stronger predictor of turnover than traditional ideas about employee retention because it taps into more components of a person's life and includes non-work factors."

Sablynski breaks embedded ness down into three basic categories - "fit," "links" and "sacrifice." Each of these categories involves both on-the-job and off-the-job factors.

A person who fits well with their work, their workplace and the community where they live is much more likely to be a productive employee. They are also much less likely to leave their job, regardless of the incentives or opportunity to go elsewhere. "In other words, if someone is thinking about taking a job in Seattle but hates the rain, doesn't really like the values of the organization and does not fit the community outside of work, no matter how well qualified they think they are, they should think twice about taking the job - it's not a good fit," he says.

The second category of job embeddedness, links, includes factors that make a person feel connected to a job, a company and a community. The key to forming links is personal relationships, Sablynski says.

On-the-job links come through personal relationships between coworkers, friendships that create emotional ties to a job that transcend the actual work. Sablynski says people who are members of several work teams and have co-workers depending on them are also much less likely to leave that job.

Off-the-job links come through the personal relationships someone establishes in their community. A person with several strong friendships is emotionally invested in a community and much less likely to want to leave that community to take another job.

The third category of job embeddedness, sacrifice, involves those things a person must give up in order to take a new job. People, who feel they have such things as a good

benefits plan, opportunities for promotion and the respect of management, face the prospect of tremendous sacrifice in leaving a job.

Employers can encourage embeddedness in a variety of ways, Sablynski says, and it starts with the hiring process. "Hire a qualified applicant who you think fits well not only with the work they will be doing but also with the people they will be working with, the work environment, the business philosophy and the community they'll be living in," he says.

Links can be fostered through company mentoring programs, teams and committees, especially ones that bring together employees with similar off-the-job interests. Businesses can also foster community links by forming company-sponsored sports teams, supporting and sponsoring community events and getting involved in other community programs.

Offering perks is another strategy companies can use to help promote embeddedness. Sablynski lists on-site day care as one example of an especially attractive perk provided by some companies. Even small perks, such as flex time, can go a long way in making an employee reluctant to leave a job. "Allow employees to be human," Sablynski says. "Recognize that people are individuals with unique situations and concerns, and design perks that treat them accordingly."

However, he cautions, such policies should not to be implemented half-heartedly. "If upper management doesn't buy into this approach it will fail."

2.5d Internal Marketing by Simon Sadiq & Ulrika Åkerlind

The Development and the Basic Ideas of Internal Marketing

During the early eighties the cross-disciplinary nature of services marketing research was becoming increasingly evident in the literature, and stemming from the services marketing discipline, the internal marketing (IM) area became a specific research topic

(Fisk et al., 1993). According to Rafiq and Ahmed (2000), Berry et al (1976) were the first to propose IM to be the solution to the problem of delivering consistently high service quality.

Although the literature on IM grew rapidly during this period, very few organizations actually applied the concept in practice. One of the main problems contributing to this was the lack of a single unified concept of what is meant by IM, and yet there is still much discussion over its definition and scope (Rafiq and Ahmed, 2000). However, despite the confusion of what IM is, what it is supposed to do, how it is supposed to do it and who is supposed to do it, a careful examination of the literature over the last 20 years, conducted by Rafiq and Ahmed (2000), indicates the existence of three separate yet closely intertwined strands of theoretical development of the IM conceptualization.

They term these development phases: (1) the employee motivation and satisfaction phase, (2) the customer orientation phase, and (3) the strategy implementation/change management phase.

Two basic ideas underlie the concept of IM, and seeds of both ideas emerged in the early services literature. The first one is that internal customers must be sold on the service and be happy in their jobs before they can effectively serve the final customer. This idea suggests that marketing tools and concepts, e.g. segmentation and marketing research, can be used internally with employees (Berry, 1981). The second central idea is that "everyone in the organization has a customer"(Grönroos, 1981). It is just not contact personnel who need to be concerned with satisfying their customers. Everyone in the organization has someone whom he or she must serve.

The fundamental premise of IM is that satisfied employees, or well-served internal customers, will lead to satisfied customers, or well-served external customers (Fisk et al, 1993). Gummesson (2000) supports the notion that "to have satisfied customers, the firm must also have satisfied employees" (George, 1977, p.91). He summarizes: "An employee's ability to influence and satisfy the needs of others inside the organisation is

considered an antecedent to external customer satisfaction. Only if internal customer relationships work can the quality of the outcome be excellent, thus creating satisfied, or even better, delighted external customers" (Gummesson, 2000, p.28).

A minimum retention rate

Simon Sadiq & Ulrika Åkerlind conducted a study about certain companies and wrote their thesis "A Strategic Tool in Internal Marketing to Motivate and Retain Employees".

All case companies had a very high employee retention rate. Some of them even stated that it was almost too high, and a problem for them. At Renova, many employees had stayed with the company for 20-30 years. At KappAhl and Nordea the situation was similar, and they stressed that it would actually be healthy for the companies if the employee turnover were somewhat higher than present, to get some "fresh blood", and new thinking in the organizations. Elisabeth Csepella of Nordea stressed,

"We should be a reflection of the society in that way, the spread of our employees should be the same as our customers, in different ages, from different cultures and so on, but we are mostly middle-aged women, and that's not good. It will be a huge problem for us soon, when everybody is getting older at the same time and retires".

a) Viewing Employees as Customers and the Focus on Employee Satisfaction

In the early development phase of the IM concept the focus was upon the issue of employee motivation and satisfaction. Berry (1981) defined IM as "viewing employees as internal customers, viewing jobs as internal products that satisfy the needs and wants of these internal customers while addressing the objectives of the organization", the term internal marketing entered popular discourse. The use of marketing techniques in the personnel area is also indicated by Sasser and Arbeit (1976) by their way of viewing jobs as products and employees as customers: "viewing their job offerings as products and

their employees as customers forces managers to devote the same care to their jobs as they devote to the purchasers of their services".

It was thought that by employing an IM approach the effect would be more satisfied customer-contact employees, which in turn would lead to greater customer satisfaction. The primary tool for achieving employee satisfaction in this approach is the treatment of employees as customers. For example, Berry and Parasuraman (1991) state: "Internal marketing is attracting, developing, motivating and retaining qualified employees through job-products that satisfy their needs. Rafiq and Ahmed (1993) propose a number of potential problems with this conceptualization of IM. One of these problems was that unlike external customers, employees might have no choice in the product they are being "sold", and may not want it in the first place.

b) Interactive Marketing and the Focus on Customer Orientation

The second major step in the development of the IM concept was undertaken by Grönroos (1981), who recognized that buyer-seller interactions not only have an impact on purchasing decisions, but also provide a marketing opportunity for the organization, and that contact-employees in services become involved in what he termed "interactive marketing". In this view, it is not sufficient that employees are motivated to perform better, but they must also be customer-oriented and sales-minded.

Furthermore, the aim of IM was to achieve effective co-ordination between contact staff and backroom support staff. Grönroos (1985) extended his original definition of the IM concept to include the use of "marketing-like" activities. George (1990) was of the same mind, and stated that employees are "best motivated for service-mindedness and customer oriented behaviour by an active marketing-like approach, where marketing-like activities are used internally".

c) Internal Marketing as a Means for Strategy Implementation

In the third phase of the development of the IM concept the emphasis was on the role of IM as an implementation tool to achieve organizational goals.

Winter (1985) was one of the early ones to stress that the role of IM is that of: "aligning, educating and motivating staff towards institutional objectives … the process by which personnel understand and recognize not only the program but their place in it" (p. 69). It was believed that if strategies are to be implemented more efficiently, internal conflicts must be overcome and internal communications improved.

Later Joseph (1996) argued that there are a number of clear similarities between consumer marketing and internal marketing: both are based on the concept of exchange and both necessitate efforts that help to influence, update, and change behaviour. Moreover, he stressed that no marketing plan could be considered complete unless it includes strategies for reaching and winning over its internal customers.

d) Internal Marketing at Present

As described above the term internal marketing was originally coined in the late 1970s for a management approach to building and retaining service delivery competence. Today, the term has been applied to a much broader range of management and social interests. By bringing together a multidisciplinary set of research contributions from the field of service marketing and management, IM identifies key themes and issues, including a social model of marketing, a human resource management perspective, marketing & service management, organizational development, corporate identity, image and communication (Varey and Lewis, 2000).

They propose the following definition, where the five elements are included: "Internal marketing is a planned effort using a marketing-like approach (1) to overcome organizational resistance to change and to align, motivate and interfunctionally co-

ordinate and integrate (2) employees towards the effective implementation of corporate and functional strategies (3) in order to deliver customer satisfaction (4) through a process of creating motivated and customer oriented employees (5)" (Rafiq and Ahmed, 2000).

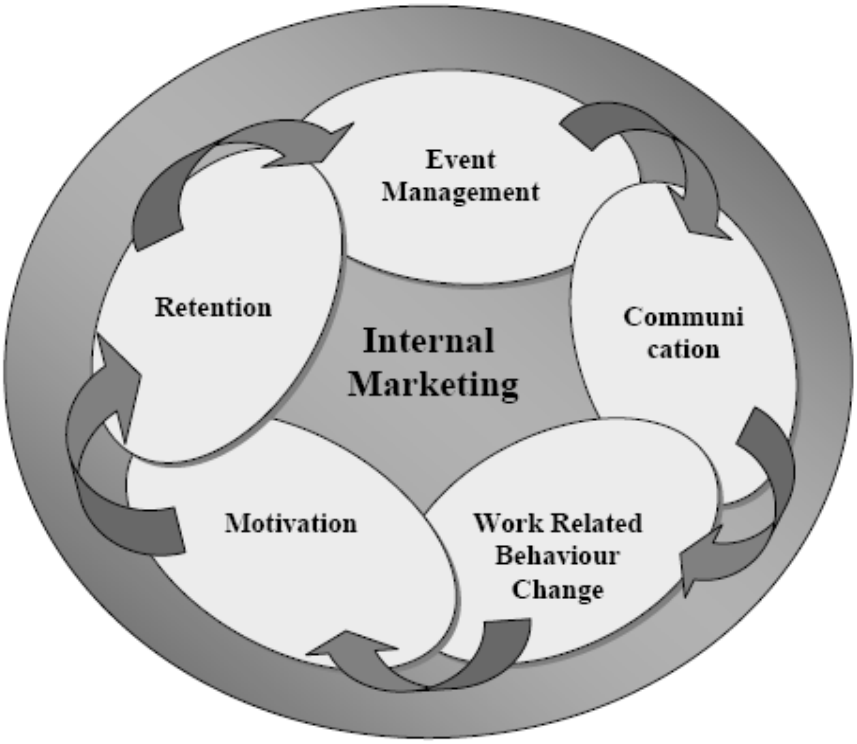
e) Internal Marketing - A Metaphor for Management of Organizational Culture

In service marketing and service management, in which internal marketing is an important part, the topic of organizational culture appears to be of particular relevance.

The concept of internal marketing is about selling the image and the service of the organization to its own employees first, who then adapt an orientation, which makes them effective marketers of what they believe in. Alvesson (2002) means that "managerial efforts to shape, maintain and strengthen a set of meanings, ideas and values around what a company stands for and the products/services it offers can sometimes be seen as simultaneously affecting organizational culture and conducting internal marketing".

Thus, internal marketing could be one metaphor for management of organizational culture. Alvesson (2002) ads that, "the 'metaphor' is at least relevant for conscious, perhaps manipulative work with those aspects of meaning patterns relating to customers, products and markets"

Figure 9: Internal Marketing



2.6 Employee's Surveys

There are certain important surveys carried out which are related to employee retention. The statistical information gives a certain direction about the satisfaction and retention of employees.

2.6a The Value of Recognition

Marcus Buckingham and Curt Coffman, from the Gallup Organization, interviewed more than 1 million workers with 12 questions such as:

- In the last seven days, have I received recognition or praise for doing good work?
- Does the mission/purpose of my company make me feel my job is important?
- Does my supervisor, or someone at work, seem to care about me as a person?

The results of their research, and all 12 questions can be found in their book, First, Break All the Rules: What the World's Greatest Managers Do Differently--Simon & Schuster, 1999. One of their research projects was 300 Best Buy stores. In the stores in which the employees answered these questions positively, they retained 1000 more employees.

2.6b Employee Retention/Succession Programs

Linked with Better Retention and ROI, Says Aberdeen Group - January 10, 2006

Key employee retention and succession programs do affect the bottom line and contribute to corporate success, according to new research by Aberdeen Group with the Human Capital Institute. Aberdeen Group research links program performance measures like lower cost from attrition and lower cost of a new hire -- with formalized human capital management (HCM) programs.

According to the analysts, many HR professionals cite an inability to connect formal employee retention and succession programs with an actual return on investment.

Aberdeen research indicates the greatest challenge for HR professionals is the inability to justify the cost of retention management with proof of ROI.

“A clear correlation exists between companies with formalized retention and succession programs and employee retention. Those with less than 5% in annual attrition had a formal retention and succession program,” says Dr. Katherine Jones, Aberdeen's HCM research director. “Every board of directors should insist on seeing a succession plan for all strategic positions.

Recent Aberdeen research shows corporate interest in retention management and succession planning is growing. 57% of companies fear the inability to address long-term workforce requirements, and 61% fear the potential cost of disruptive succession of company leaders.

2.6c Is Your Communication Reaching into the ‘Heart’ of Employee Engagement?

A professor at George Mason University conducted a survey about the satisfaction items on the workplace by the managers.
Communication, to be effective, must address the key drivers of employee motivation and engagement – and touch the heartstrings of what creates loyalty and commitment to the organization.

Many people are surprised to learn the answers to the exercise: What the workers most wanted in 1946 and 1986 are the items listed in descending order, from top to bottom, for each year shown. So, the top three priorities in 1946 were full appreciation of work done, a feeling of being in on things and help with personal problems. In 1986, people ranked at the top interesting work, full appreciation of work done and a feeling of being in on

things. A professor at George Mason University repeated the same survey in 1996 and found similar results.

Clearly, no matter what the generation, the economy, peacetime or wartime, people continue to seek the same type of experiences at work.

However, a survey of managers ranked the top priorities for 1946 and 1986 as job security and good wages! This "disconnect" is costly to companies, and is at the heart of most organizations' misunderstandings of the type of communication most valued by employees.[1]

2.6d Statistics show employees changing their jobs

Job market analysts and trend forecasters say predictions of a pending severe labor shortage in the United States are coming true. The follow statistics suggest that employees believe they will soon have greater opportunity in the workforce.

- Fifty two percent of survey respondents indicated a desire to change jobs, according to a 2003 study by Spherion Corporation. Among those surveyed, 75 percent indicated the intent to change jobs within the next 12 months.
- A 2003 study by the Society of Human Resources Management found that 83 percent of workers plan to look for a new job as the economy heats up.
- Even more disturbing is the fact that 32 percent of high performers are likely to look for a new job within the next 12 months, according to a survey by USA Today/Sibson Consulting.
- Other research from the Spherion study yields information regarding factors related to job satisfaction.
- Eighty-six percent of survey respondents cited work fulfillment and work-life balance as their number one career priority. Conversely, only 35 percent of

[1] info@employeeretentionstrategies.com

workers said being successful at work and moving up the ladder were their top priorities.

- Seventy-three percent of survey respondents said they were willing to curtail their careers to make time for family and personal fulfillment.
- Fifty-four percent of survey respondents said they were confident in their ability to earn a stable income outside the conventional work structure.

CHAPTER 3: FINDINGS

3.1 Bank's Profile

Out of the many banks that have been analyzed, three have been studied in-depth.the three banks are as under:

1. Habib bank
2. Khyber Bank Of Pakistan
3. Alfalah bank limited

The profile of the banks that are analyzed in this thesis, are given below:

3.1.a Habib Bank Limited

On 25th of August 1941, Habib Bank inaugurated its operations with the bank's first branch in Bombay. In 1947 Karachi saw its first commercial bank of the newly formed Islamic Republic of Pakistan, when the bank shifted its head office there. Throughout the decades, HBL has held the mantle of a dynamic leader, by adding value to the lives of its customers.

It was HBL that introduced products such as Credit Cards, ATMs, Traveller Cheques, etc., to the Pakistani market.

HBL has more than 1,425 branches all over Pakistan and presence in 26 countries across five continents. With a revamped customer oriented philosophy, they are pursuing new avenues of leadership through innovation, as they gear up to face the challenges of the new banks.

Values

HBL is firmly grounded with a corporate philosophy that incorporates five solid values which each individual associated with the bank abides by.

- **Humility**

  They encourage a culture of mutual respect and treat both the team members and customers with humility and care.

- **Integrity**

  Integrity means a synergic approach towards abiding their 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**

  Their 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.

3.1.b Khyber Bank of Pakistan

The Bank of Khyber (BoK) was established in 1991 as a provincial commercial bank through an act of the North West Frontier Province (NWFP) Assembly. BoK reached scheduled bank status in 1994. The provincial government is its major shareholder, holding 87% of the capital. It has a network of 29 branches serving more than 100,000 account holders.

In 1997, BoK extended its operations to rural areas, providing smaller loans to micro-enterprises and individual clients through its cooperation with NGOs and Rural Support Programs (RSP). In 1999 BoK created its Microfinance Unit as a separate profit centre, developing specific products and BoK knowledge of microfinance practices. BoK is the first formal and structured initiative by a commercial bank in Pakistan to broaden its client base and reach the micro-enterprise market.

3.1.c Bank Alfalah

It is one of the upcoming and new banks that is considered to be gathering its customers as well as its employees. Among the new banks, Bank Alfalah is well known and its' practices are contemporary as well.

The manner through which it handles its Human Resource practices is up to date and aligned. The trainings that it gives to its employees and the development centers are worthwhile.

Training & Development Centers

From the beginning, Bank Alfalah has been focused on providing skills and tools to their officers at all levels enabling them to assume key functions and management positions within the Bank.

Alfalah Training & Developing Centers (TDCs) at Karachi &Lahore, are better equipped to train the influx of both newly acquired as well as existing human resource. On its part, State Bank of Pakistan has time and again emphasized the need for all banks to ensure the availability of high quality training courses to their employees.

Last year, Bank Alfalah's TDC broke its previous records by offering 80 plus short courses to Alfalah employees in areas such as operations, trade finance, and credits. Today, BAL's total staff strength is over 3,500, spread in thirteen areas, six product divisions / departments and a number of Head Office Divisions.

To cater for training needs of this large population, TDCs have made elaborate plans to offer around 120 short courses on a variety of subjects. The key focus areas covered by these courses are operations, trade, finance, and credit. Additionally, a number of courses are being be offered to enhance professional skills in marketing, selling, and customer service. TDCs have also planned to offer a number of courses in areas of leadership and management skills development.

Management Development

The key challenges in senior-level assignments relate to satisfying the expectations of a number of diverse stakeholders. In order to help senior colleagues meet these challenges, Training and Development Centers occasionally invites seasoned trainers and consultants from abroad and from within Pakistan to offer training in leadership and management skills. All the Senior Executives including the CEO, Executives incharge, Area Managers, Chief Managers, and Branch Managers, attend the workshops.

3.2 Findings

The process of collecting data was carried out by conducting mostly employees survey through questionnaires **(Annex # 4)** and interviews, mainly in the three banks.

Three banks were analyzed and studied for this purpose in detail while some other banks were also studied. The three banks are Habib Bank Limited, Bank of Khyber and Bank Alfalah.

The major findings are concluded and analyzed below. It gives an idea about the condition of the banks and the level of employee's satisfaction in different banks. It shows the difference between different banks in Pakistan and their problems related to employee's satisfaction and retention.

3.2.a Habib bank limited Pakistan

For this purpose, interviews were carried out in seven branches of Habib Bank in Islamabad form around 21 people.

The seven branches include, G9 branch, Abpara branch, secretariat block A and C, Jinnah Avenue Branch, F-7 branch, F-6 Branch and main corporate towers of Habib Bank Limited in Blue area, Islamabad.

Survey results

The results of this survey are as represented below:

Sample size

The sample size is of two types in Habib Bank Limited, one consists of the older employees and other is of the younger employees. The breakdown is as follows:

Sample size: 21

No. Of senior employees: 17 / 21= 81%

No. Of younger employees: 4 / 21 = 19%

Job satisfaction

47% of the senior employees are satisfied with their job

35% of the senior employees are NOT satisfied with their job

17 % of the senior employees have moderate feelings of satisfaction

How long have they been in the bank and when was their last promotion?

The data that was retrieved from the survey showed the promotion policy of Habib Bank Limited. The 21 respondents shared their promotion data and the following table shows it in detail:

Sample size	**Time spend in the bank**	**Time since last promotion**
1	12 years	7 years ago
2	13 years	0 promotion
3	18 years	14 years ago
4	19 years	5 years ago
5	20 years	12 years ago
6	24 years	2 years ago
7	24 years	12 years ago
8	27 years	7 years ago
9	27 years	12 years ago
10	27 years	13 years ago
11	28 years	12 years ago
12	28 years	14 years ago
13	28 years	7 years ago
14	29 years	1 years ago
15	29 years	17 years ago
16	30 years	11 years ago
17	30 years	4 years ago
18	1.5 years	5 months ago
19	6 months	0 promotion
20	3 months	0 promotion
21	2 months	0 promotion

Major problem areas

There were a number of problems but the main problems identified by the respondents are as under:

Problem area	**Percentages**
Lack of promotion	**90%**
Lack of award and recognition	**85%**
Not enough benefits	**28%**
Lack of communication	**23%**
Work teams not cohesive	**23%**
Lack of enthusiasm towards work	**19%**
Lack of job security	**19%**
High level of responsibility	**14%**

3.2.b Bank of Khyber

The Head office branch of Khyber Bank has many departments like Operations, Human Resources, and Finance etc. The employees at Khyber bank of Pakistan were interviewed and surveyed. Nineteen questionnaires were distributed in the finance and Human resource Department in which ten employees were from human resource department while nine were finance employees.

Survey results

The results of this survey are as represented below:

Sample size

Sample size: 19

The sample size in Khyber bank also consists of two types of employees the older employees and the younger employees. The percentage is as under

No. Of senior employees: 14 / 19 = 73 %

No. Of younger employees: 5 /19 = 27 %

Job satisfaction

32% of the senior employees are satisfied with their job

39% of the senior employees are NOT satisfied with their job

29 % of the senior employees have moderate feelings of satisfaction

How long have they been in the bank and when was their last promotion?

The 19 employees that were taken as sample size of Khyber bank shared their promotion details and the following table shows the detail of their promotion and the time since their last promotion.

Sample size	**Time spend in the bank**	**Time since last promotion**
1	20 years	7 years ago
2	15 years	5 years ago
3	10 years	2 years ago
4	19 years	6 years ago
5	13 years	10 years ago
6	12years	8 years ago
7	9 years	4 years ago
8	16 years	11 years ago
9	19 years	9 years ago
10	14 years	12 years ago
11	19 years	5 years ago
12	20 years	5 years ago
13	12 years	11 years ago
14	15 years	6 years ago
15	1 years	0 promotion
16	2 years	1 years ago
17	3 years	2 years ago
18	1.5 years	1 year ago
19	3 years	0 promotion

Major problem areas

The major problem areas in Khyber bank are identified as under.

Problem area	**Percentages**
Nepotism	**95%**
Low pay	**92%**
Competitor's work environment	**70%**
Impossible to meet deadlines	**60%**
Work team not cohesive	**59%**
Low level of engagement	**33%**
Lack of promotion	**20%**
Assigned to a project unwillingly	**20%**

3.2.c Bank of Alfalah

The survey was conducted in the main branch of Bank Of Alfalah in Peshawar. Fifteen questionnaires were distributed in the bank and the results of this survey are as represented below:

Survey results

T The results of this survey are as represented below:

Sample size

The sample size of Bnak of Alfalah is as under:

Sample size: 15

The percentage of the younger and the older employees was such that the number of younger employees is more than that of older employees in Alfalah bank.

No. Of senior employees: 2 / 15 = 13 %

No. Of younger employees: 13 /15 = 86 %

Job satisfaction

98% of the employees are satisfied with their job

2% of the employees are NOT satisfied with their job

How long have they been in the bank and when was their last promotion?

The 15 employees that were taken as sample size of Alfalah bank shared their promotion details and the following table shows the detail of their promotion and the time since their last promotion.

Sample size	**Time spend in the bank**	**Time since last promotion**
1	11 months	0 promotion
2	2 years	7 months ago
3	3 months	0 promotion
4	1 year	1 month ago
5	5 years	3 month ago
6	1 years and 8 Months	6 months ago
7	4 ½ years	1 year ago
8	5 years	8 months ago
9	4 years	1 year ago
10	3 years	3 months ago
11	2 years	10 months ago
12	2 years	11 months ago
13	6 months	0 promotion
14	2 months	0 promotion
15	I ½ year	1 month ago

Major problem areas

The main problem faced by Alfalah bank are:

Problem area	**Percentages**
Work life imbalances	**93%**
Too many projects	**93%**
Lack of bonuses	**20%**

CHAPTER 4: ANALYSIS

4.1 Habib Bank's Analysis

4.1.a Major issues

As a result of the survey and the interviews carried out, following are the issues highlighted by the team:

- The main issue is that the ***development and career progression*** is still not linked to the PMS in an effective manner. There is an absence of promotion policy and people fail to see a clear gun sight ahead of them. This has brought about a lot of frustration and confusion for the employees.

- ***Award and recognition*** is the second biggest problem. Although base line salaries are satisfactory, yet employees are not rewarded or recognized for the extra effort they put into their work. Thus due to lack of monetary as well as non-monetary incentives and this discrepancy in reward structure leads to lack of motivation within the employees.

- The organization has also introduced a ***two tier society*** where by the older employees are being paid less as compared to the younger new recruits. Organization needs the new recruits who have a knowledge background of the latest technology and research whereas it is not easy to out rightly fire the older employees whose experience also carries weight.

- Another problem due to the Two-tier system is of ***accountability***. If anything goes wrong, the lower tier tends to put the blame on the upper tier and vice-versa. Thus the blame game starts with no constructive teamwork.

- The complete ***standardization of HBL*** in terms of the objective setting is not at all possible and is very unrealistic. This is because of the heterogeneous nature of Pakistan, where every region has a different mind set and very different market dynamics. A branch in Islamabad or Karachi should not be compared with a branch in Kotli.

- There is ***Lack of Involvement*** of the appraisee in the appraisal process. This further creates lack of motivation and ownership of the PMS process, as appraisee is just informed about his performance evaluation at the end of the year and he is left with only the formality of signing the document.

- There is a problem of "***personal biases and subjectivity"*** which has added to dissatisfaction of employees

4.1.b Positive aspects of the bank

- ***Employee loyalty*** was one of strengths of Habib Bank. The employees, among which most of them were senior employees were loyal to the bank to the extend that they admitted that they were not satisfied even then if they get another better job they would not leave Habib Bank.

- ***Highly Experienced employees is*** another of their asset. Almost all of the employees are highly experienced and had spent most of their lives in Habib Bank.

- ***Huge customer base and a large number of branches*** in every location of Pakistan is another reason why Habib Bank will continue to work in spite of its low skilled workers.

4.1.c Hierarchy of employees

In Habib bank, junior most staff is the non-clerical staff i.e. Drivers/ guards etc. Then there is clerical staff like cashiers, peons etc.

After this comes the level of officers which progresses as follows:

Junior officer, Grade 3, Grade 2, Grade 1, Assistant Vice President, Vice President, Senior Vice President, Executive Vice President, Senior Executive Vice President and President.

4.1.d Pay scales:

Pay scales vary from country to country and terms of employment. In Pakistan most of the executive staff is now hired on contract basis on a negotiated salary package which may range from Rs 70,000/- to Rs 500,000/- and even beyond. Salary packages of Private Banks are relatively better.

4.2 Khyber Bank's Analysis

4.2.a Major issues

The major issues concluded from the survey are:

- ***Nepotism*** is the biggest problem at the bank where the transfers were a common practice. Personal grudges would commonly end up in transfers from one region to region or from one department to another department.

  One of the internee told that in her two months of internship there were four transfers in one department. [1]

- ***Low pay*** was also a major issue and the employees were constantly suffering from the fact that there was no external equity when the pay was compared to the private banks. Although being a provincial bank they has

[1] Interview: Zainub Humayun Internee at the Human Resource Department of Khyber Bank

a lot of fringe benefits and job security but the based pay was relatively low.

Along with the external inequity in pay, there was internal inequity in the pay as well. The employees in the finance department were paid more as compared to the rest of the department and it was considered more important. It created conflicts and dissatisfaction among the employees.

- ***Competitor's work environment was preferred over their own***. As most of the employees were senior in the Human Resource Department and the employees at the Finance Department were young, therefore there was a lot of politic between the two departments and the two different age groups were being able to interact with each other effectively similar to the Habib Bank Case.

- ***Impossible to meet deadlines*** was also termed as an issue by 60% of the respondents. They employees complained about the unequal work supply to them, which ended up in delays, and making it impossible to meet deadlines.

- ***Work team not cohesive*** was in terms of the interdepartmental conflicts between the Finance and the Human Resource Department. Within the departments the culture was relaxed but when the dependence was on another department, there were a lot of problems. The reason for the conflicts was the age difference plus qualification differences as the senior employees lacked computer knowledge and the young employees of the Finance Department had the skills.

- ***Low level of engagement*** was also an issue. As it is a provincial bank and the bureaucracy is still present, in spite of the competition in the banking sector, the top managers took all the major decisions and they were delegated to the bottom managers. The concept of involvement and participation was missing. It may change when the next generation comes and take over Khyber Bank but at the moment the organization was quite mechanistic.

- ***Assigned to a project unwillingly*** was a common practice as there was no involvement and less level of communication therefore the employees were assigned d project unwillingly.

- ***Lack of promotion*** was another issue although not as severe as in the case of Habib Bank but it was not a consistent practice and it was mostly based on networking and contacts.

4.2.b Positives aspects Khyber Bank of Pakistan

- ***Job security/ No contractual jobs*** is one of the benefits of Khyber Bank for the employees and that is the reason they retain their employees in spite of the low pays.

- ***Environment and Culture*** within the department is very welcoming and friendly. Facilities like Cafeterias are provided to all the employees for whom they just have to pay 300 monthly. Other informal gatherings like tea parties, lunches, treats etc are regular aspect within each department.

- ***Fringe benefits*** provided to employees are really satisfactory as well. It includes House rents for all the employees. Telephone bill, medical charges, transport chargers etc. the employees get increments and allowances, car, mobile and the senior vice presidents and vice president have their own offices.

4.2.c Hierarchy of employees

The level of officers in the bank that progresses is as follows:

Junior officer , Grade 3, Grade 2, Grade 1, Managing Director, senior vice president, vice president, President.

4.3 Bank of Alfalah 's Analysis

The results that were concluded from the banks' survey were relatively positive and satisfactory. The major issues were only three in number and the satisfaction level of employees was 98% that is very impressive.

4.3.a Major issues

The major issues concluded from the survey are as follows in which two were more important while the last one was not a major issue.

- ***Work life imbalances*** was the top most complaint of the employees of the Bank and they complained about the long working hours which caused them problem with their personal life.
- ***Too many projects*** was also an issue and the work load was more on the employees

Both the problems were interconnected in one way and another, that is that the employees workload was more and they needed to relax and distribute the work equally.

4.3.bPositives aspects of Bank of Alfalah

- **The level of learning and the environment** is one of the positive aspects of the bank. The kind of young culture that they have and the fresh blood is very refreshing for the customers. The employees are really satisfied with the culture and the environment of the bank.
- **Empowerment and delegation of authority** to the employees kept them satisfied and encouraged them to work harder.

4.3.c Hierarchy of employees

In Bank of Alfalah junior most staff is the non-clerical staff i.e. Drivers/ guards etc. Then there is clerical staff like cashiers, peons etc.

After this comes the level of officers which progresses as follows:

Junior officer, Grade 3, Grade 2, Grade 1, Assistant Vice President, Vice President, Senior Vice President, Executive Vice President, Senior Executive Vice President and President.

4.4 Miscellaneous Banks

Union bank limited, Faysal Bank Limited and Askari bank were also visited and some of the features noticed are that the new banks like Faysal Bank are very organized. The environment and the culture that they provide to their employees is really commendable. Along with the environment, the employees are mostly young and highly skilled. While the public banks like Askari bank has more of the older and low skilled employees. On the other hand the recently privatized banks like Union bank are in between as they are in the process of changing their environment and hiring more competitive employees is also one of their missions.

4.5 Conclusion of the analysis

As the study represents the banking sector in Pakistan therefore the overall main problems can be summarized as under:

1. Lack of promotion
2. Lack of award and recognition
3. Presence of two-tier society
4. Lack of decentralization
5. Lack of proper management of work
6. Adequate compensation and pay equity

The three banks were analyzed in detail and the rest were also viewed but the main observation made was that there are three types of banks in Pakistan.

Firstly, those that are the ancient banks like Habib Bank, Khyber Bank etc have experienced but elderly employees and lack of fresh blood.

Secondly there are these sets of newer banks, which are Alfalah Bank, Faysal Bank etc that are growing day by day as they have a learning environment, and satisfied employees but they lack loyalty of their employees and experience staff. They also do not have a huge number of centers.

The third type of Banks is Union Bank that is in transition phase and they are trying to alter their ways. They have changed their infrastructure to a certain extend as well as they have tried to improve their Customer service and employee relations but their environment still lacks that level of initiative which is found in the relatively newer banks.

The banks that I have studied from the sector represent all types of banks but the ones that have studied in detail represent the older and the newer banks. According to my findings and analysis the conclusion drawn can be that if they are to be ranked in a descending order, on the basis of how satisfied their employees are and how successful they would be in retaining their employees, the findings show that:

- Bank of Alfalah
- Khyber Bank of Pakistan
- Habib Bank limited

The satisfaction level of the employees in Bank of Alfalah was outstanding as compared to the employees in the Khyber bank and Habib Bank. The condition in the HBL was below satisfaction because the employees were complaining in these banks. Although the satisfaction percentage in Habib Bank was high but the reason behind that High percentage was because that the employees were older and they did not want to change their jobs at this stage of their lives. The situation in Khyber Bank was better than that og Habib Bank.

The bank's culture and environment plays an important role in retaining employees. Monetary benefits are almost the same in the banks as the private banks pay more and the other older banks provide different benefits and job security but the environment and the culture is very dynamic at Bank of Alfalah and other private banks.

But on the other hand these older banks have employee loyalty and they have a huge customer base. That is the reason they have a hold over the customers at the moment and they will continue to operate whether their employees are satisfied or not for the time being. But due to the changing trends they would face problem in near future as the rate with which the other banks are coming forward and gaining market share would affect them immensely.

CHAPTER 5 CONCLUSION AND RECOMMENDATIONS

One universal fact is that all individuals are different from each other and so are their needs and wants. One-person maybe satisfied by a certain thing while another person has some other set of criteria. Similarly the demands and needs change with culture-to-culture, organization-to-organization and with country to country. Therefore there is not set of rules to be followed to produce highly satisfied and motivated employees so that they can be retained. But there is always a minimum level of provision of different needs that can be provided to the employees to keep them satisfied.

5.1 Conclusion

The main aspects that we withdrew from the analysis of the banks are that there are three types of banks in Pakistan. One type is the new banks that have recently opened up in Pakistan, while the other are the ancient banks like Habib Bank Limited and lastly the third type are the ones that are in the transition to change their functions and operations.

Other banks were also studied in the process but deep analysis was only carried out about the three mentioned banks. Among all the other aspects it was found out that culture plays a very important role in the retention and satisfaction of the employees and it was clear from my research that it kept the turnover rate of those banks that had a nice and friendly atmosphere.

Traditional managers used to belief that monetary benefits hold the employees and could keep them satisfied but it is not the case anymore in today's world. They need non-monetary benefits as well.

The banks that were studied had advantages and disadvantaged related to employee retention and their workforce. The newer banks have young blood and a competitive and dynamic environment. On the other hand, the older banks have highly experienced workers and brand loyalty. They both have the missing items as well as the positive

aspects. For example, the new banks lack experienced employees and employee loyalty while the older banks lack fresh perspective and a drive for change management.

If these banks get these missing items, they can enhance their employee satisfaction and retention that in return would enhance organization's operations and customer base.

5.2 Recommendations

After the literature review and the analysis of the findings of the banks under study, the following recommendation can be provided to the banking sector in Pakistan. According to the analysis all of the banks have missing links as well as the positive aspects them therefore they can learn from each other and can improve their drawbacks.

The recommendation would be made keeping in mind the major problem areas in the banking sector of Pakistan. The main problem as stated in the conclusion of the analysis can be recommended about:

5.2.a Linkage of Promotion policy with PMS

The satisfaction level of the employees in Habib Bank and Khyber Bank was low and the main reason for that is lack of development and career progression. A clear promotional policy and a succession plan should be provided to each and every individual.

The promotion policy should be linked with their annual appraisal and performance management system like it was done in Alfalah Bank. The employees there had a consistent record of promotion. If they were not promoted then they were trained and developed adequately at Alfalah Bank. The employees were told how they were doing and what they should do to improve their activities.

5.2.b Recognition programs and titles

Lack of award and recognition was a major problem at Habib Bank but it can be solved by simply introducing programs and titles like employee of the month or branch of the year.

At Alfalah Bank one to one employee-manager talk was a really effective tool of recognizing an employee. Similarly in Khyber Bank the internal environment within the department was really friendly and the staff were supportive towards each other.

5.2.c Employee Development

The problem of two-tier society is present in the older banks where the older employees and the younger ones are not being able to interact with each other effectively.

This can only be solved if it is eliminated and that is what their top management thinks as well. They can eliminate it by developing the older employees and giving them a chance to fill the gap between them and the meager percentage of the newer blood. Even after that if the older employees lacks the skills and the capabilities then there should be targeted downsizing.

5.2.d Decentralization

It is time to delegate the powers in order to improve the turn-around time. There should be appropriate delegation of powers at various levels of management with checks and balance and accountability for results.

Decision-making should be done in a collaborative manner at the Management team levels and also at various levels in the hierarchy. Excessive layering should be reduced. At Alfalah Bank one of the positive aspects commented by the employees

was that there was delegation of authority and that they had empowerment that was missing in the other banks.

5.2.e Proper management of work

Work overload, lack of work-life balance, not meeting deadlines etc were another set of common problem in the banking sector of Pakistan. These problems were seen in almost all the banks to a certain extend, In case of a proper system and leadership, this would not happen.

Work life imbalances are the top most complaint of the employees of Alfalah Bank which can be solved with flexible work hours. It is concept, which is being used all around the world. They can experiment with one of the departments and can observe whether it can successful.

5.2.f Adequate compensation and pay equity

At Khyber bank internal pay inequity was an issue and the employees were dissatisfied of the employees was due to the internal equity.

Every organization has many departments in it but the successful organization is the one that provide similar resources, people, and facilities to each and every department, so that they can contribute their part fully and a team spirit is created, the way it was in Alfalah Bank. Therefore, Khyber Bank has to balance their pay scale in order to satisfy their employees.
This is how the politic between its two departments would end and the work environment would get better.

These were general guidelines for all the banks in Pakistan, that they can learn from each other and each one of them has their pros and cons.

ANNEXURES

Annex # 1

Effective Employee Retention By Roger E. Herman

Retention of competent workers hasn't been too much of a problem the past few years. During the go-go years of the late 1990s, holding onto good people was a real challenge. There were all sorts of jobs available; people could pick and choose where they wanted to work. Recruitment and retention were serious challenges for florists when every other employer in town wanted to hire the peoplewho were so essential to serving customers. When the economy slowed, so did employee turnover. For many employers, the problem all but disappeared. As the economy gradually improves, many companies — including other retailers who would love to have your fine people on their payroll — will be recruiting again.

How Vulnerable Are You?

Beware of the tendency to gloss over this question. Pause for a few minutes and give it some serious consideration. Talk with your partner or key manager about the stability of your workforce.

Look realistically at each and every employee — fulltime, part-time and occasional. Talk with your people. Conduct private interviews as if they were hiring interviews. Ask employees what they look for in a job, what they like best about their job, and what they'd change if they could. Listen to their words and be alert to their body language and their emotions. From these interviews, you'll gain a good sense of the stability of your workforce and what opportunities you might have to improve employee relations. Make the experience positive, by talking about the employee's career goals and how the employer can help achieve them. Incongruences will come out, when the conversational opportunity is presented. Assume that employees will stay and be long-term partners in the success of the company. If there are indications to the contrary, you'll see them in

most cases. Some people mask their hidden agendas pretty well, but most will be open when the employer is.

Based on what you learn, you will be able to forecast your hiring needs. Consider your growth potential. When people in your community have a little more money to spend — from a combination of a stronger economy and their own personal employment situations, would higher consumer confidence show up in your cash flow? If so, you'll want to be sure you're well-staffed so your customers feel cared for.

Why People Leave

You can improve your employee retention by being more sensitive to why people leave. Our ongoing research reveals the following five principal reasons.

1. It doesn't feel good around here. This is a company culture issue in most cases. Workers are also concerned with the company's reputation, physical conditions of comfort, convenience, and safety and the clarity of mission. Do all your employees agree about their shared purpose and values as members of your team?

2. They wouldn't miss me if I were gone. Even though leaders do value employees, they don't tell them often enough. If people don't feel important, they're not motivated to stay. No one wants to be a commodity, easily replaced by someone off the street. If they are regarded as expendable, they'll leave for a position where they're appreciated.

3. I don't get the support I need to get my job done.

Contrary to opinions heard all-too-often from management, people really do want to do a good job. When they're frustrated by too many rules, red tape, or incompetent supervisors or co-workers, they look for other opportunities. Check your systems: is everything working smoothly? Ask employees for suggestions on how to make it easier for them to work together to better serve customers. This discussion works well as a group brainstorming exercise.

4. There's no opportunity for advancement. No, we're not talking about promotions, although many deserving people would like to move up. The issue here is learning. People want to learn, to sharpen their skills and pick-up new ones. They want to improve their capacity to perform a wide variety of jobs. Call it career security — they desire training and development. If workers can't find growth opportunities with one company, they'll seek another employer where they can learn. Think about all you can teach your people about the floral industry. Share this magazine with them. Help them grow.

5. Compensation is the last reason most people leave.

That's a brash statement, but it's true. Workers want fair compensation, but the first four aspects must be strong. If they're not, but money's high, you'll hear people say "you can't pay me enough to stay here." Even with these values in place, there are a lot of employees who feel they can better themselves just by chasing more income. Your employees are your most valuable — and most volatile — resource. Give them the care they deserve!

Roger Herman, author of "Keeping Good People," is a business futurist and an HR and Management consultant based in Greensboro, N.C.

Annex # 2

Reasons Employees Leave

Summary of general reasons why people decide to leave their jobs and the suggested action items are listed after each reason

1. No one asked them to stay. (lack of personal "suasion")
   Talk to them one-on-one or

2. No one asked then what motivates them
   `Talk to them one-on-one.

3. They feel isolated and "in the dark"
   Increase communications with your employees.

4. They are unhappy with the mix of their job responsibilities
   Change job responsibilities / and increase their job challenges.

5. Lifestyle / work family conflicts
   Change their work schedule / location.

6. A lack of resources or support --
   Give them direct assistance or additional resources.

7. A feeling of isolation and lack of recognition --
   Increase their "exposure" opportunities.

8. They don't identify with the organization --
   Develop common goals / passion/ values /
   a sense of urgency / and a shared vision.

9. No personal ties to the team --
   Develop friendships, relationships and heroes.

10. They don't feel empowered, appreciated or that they are "members / owners" of the organization. --
    Develop a sense of ownership, identity / belonging / fit, etc., with the dept / product / team.

11. No compelling vision of the future
    Make the future look more promising and the prospects of leaving unpleasant.

12. No pride in the products / company --
    Improve our image / reputation.

13. A lack of authority / control / autonomy
    Increase their involvement / participation and control.

14. Not enough "toys"& great working conditions
    Change their physical environment.

15. Work isn't fun anymore --
    Make work fun / make it hard to quit.

16. Lack of equity
    Create a perception of fairness and equity

17. No group pressure to stay
    Develop a cohesive team

18. . They don't feel appreciated or" special"
    Make each employee feel special / wanted / needed.

19. A lack of external pressure to stay
    Involve their family and friends.

20. No prospects for a "new" job / promotion / growth
    Offer new job responsibilities.

21. Having a "bad" manager
    Avoid bad management actions (or in-actions) by individual managers.

22. Undefined or miscellaneous reasons for leaving
    Miscellaneous retention strategies.

23. Perception of low pay / benefits, rewards or no vision of wealth
    Change compensation / benefits.

24. Retention efforts came too late
    Implement preventative strategies.

Annex # 3

Human Resource Management and Retention of Employees

Learn from Pulte Homes' processes for attracting and growing the right people to fuel their success

By Jennifer Kent December 1, 2004

An employee leaving a company is like a stone thrown in a still pond: ripples of disruption spread through the organization, creating unbalance. In any business, this unbalance can be expensive.

Turnover can cost a builder in recruiting and administrative fees, lack of attention to quality from employees on their way out, and slower productivity until new employees are up to speed. Damage to a builder's name and customer dissatisfaction, resulting from poor quality and delays can be even more costly. These costs may never be recouped.

To minimize turnover, Pulte Homes has established a three-pronged process for recruiting talented people, getting them up to speed quickly, and keeping them happy. In doing so, the company has harnessed the power of its people. This in turn has enabled Pulte to deliver quality homes, be a clear leader in customer satisfaction, and sustain record profitability.

Hire a Talented Crew

Hiring and recruiting a large number of people can be a logistical nightmare. Pulte Homes hires between 2,500 and 3,000 people a year. But because of the processes they have in place, they're able to maintain a relatively small human resources department. Says Elaine Kramer, vice president of leadership development and training, "We feel that the best people to select, hire, train and evaluate employees are our own managers."

Recruiting is done by managers in each division. For entry-level positions, they focus on college recruits, because it's the easiest way to hire a large number of qualified people who have the aptitude to learn and the attitude to become part of the company culture.

Another benefit to focusing on college recruits is lower turnover: 11-percent in the first year, compared with 29-percent companywide.

The division managers are given a template to follow and undertake a Talent Scout Training program that suggests ways to communicate with students, as well as strategies for presenting the Pulte organization. In addition, the program focuses on developing long-term partnerships with select colleges to generate good word of mouth among students. This eliminates the uncertainty of simply manning a booth at a career fair and hoping for a large turnout. Pulte also trains its managers on how to select and interview candidates.

The process is flexible enough to allow managers to incorporate their own ideas and practices. For example, some may arrange to teach a special course at a college, while other managers may have a career night with free pizza. The managers then share the most successful ideas with other divisions, which become best practices for everyone to implement.

Get Everyone on Board Before Setting Sail

Tossing new hires into new positions with no training sets up both the employees and your business for failure and can quickly lead to turnover.
This first stage of the employee's relationship with your company is critical. A consistent process for initial orientation and training efforts not only helps employees learn their tasks and responsibilities, but should also start to indoctrinate them into your company culture.

For Pulte, whose culture is embedded in a Customer Delight program, this part of the process — indeed, from the very the first day on the job — is critical. "What people learn first, they remember most," says Kramer.

Every person entering an entry-level position at Pulte goes through an orientation process called On-Boarding. Two days of every month are devoted to On-Boarding, in which new employees start off their careers by spending time with the divisional leadership team, which presents the values and philosophy of the company and discusses how Pulte's "Homeowner for Life" initiative is a core part of the company's philosophy.
"This is critical," says, Erik Pekarski, national vice president of customer care relations. "Think of the different messages you give a new employee if you start by telling them how to build a house, rather than telling them about your culture, which involves teamwork, ownership, responsibility and Pulte's focus on customers."

Get Them Headed in the Right Direction

Initial orientation and training efforts are key for setting the right tone. But to ensure satisfaction and continued growth — two critical areas for minimizing turnover — you must also give new hires the specific tools they need to succeed.

Through a 12- to 16-week mentoring process, new hires learn their new jobs at their own pace. They also get a feel for how the company culture and relationships with customers and trades are integrated with their daily tasks. The mentors are trained through Pulte's Top Gun program, an initiative Pulte has had in place for a decade.

Within these first few months, different disciplines have certain training classes in common, but the recruits primarily undergo on-the-job training targeted to their individual needs. Construction employees, for example, may take online training courses from BuildIQ on water management best practices or job-site safety. The sales team may rotate through the construction department to learn how a home is built.

Train for a Reason

Every training program should begin by aligning business objectives with individual needs. Before instituting any training program, part of Pulte's process is to review the

company's major business objectives. Then, management seeks the input of the teams to learn what's working and what's not.

This approach accomplishes two things: First, it enables Pulte to leverage its training dollars by focusing on areas that most need improvement. Second, it gives employees a voice, empowering them to dictate their own success by identifying and working on areas for improvement.

One example of Pulte's success using this process is the company's market leadership in customer satisfaction. With Customer Delight as a major business objective, Pulte began analyzing customer surveys differently several years ago to focus on grouped, instead of individual, surveys. Corporate gave each division the process and methodology to do the same analysis.

From this analysis, customer relations emerged as an area to be improved. To meet this need, Pulte developed several new processes and training classes. The analysis and subsequent training delivered huge advances in the overall customer satisfaction score: from 77-percent prior to this initiative to 93-percent currently. Pulte was recently honored with several major awards in the area of customer satisfaction.

Cris Cash, national vice president of construction quality, says, "We were able to realize these accomplishments partly by ensuring new employees in every department understand the company's focus on customers, so they know how to help ensure customer satisfaction through their own jobs.

"For example, we teach new hires on our construction team that the house isn't the final result; it's the customer's response to the finished house that matters," Cash continues. "We also provide training tailored for construction-team members on best practices for communicating with customers. This helps them pave the way for delighting the customer during the construction process."

Ensure Smooth Sailing

These days, a good base salary and bonus structure aren't enough. Employee satisfaction involves implementing initiatives aimed at recognition, growth and quality relationships. Pulte, for example, creates and maintains individual development plans for every employee. Annually, employees review their plans with their managers to discuss their strengths and weaknesses, and review their continued growth within Pulte. Each individual uses the standard forms and methodology to ensure consistency, but each employee and manager has the flexibility to carve out the employee's career path. "In this way, all employees know they have a future at Pulte in whatever they want to do," says Kramer.

Don't Make Waves

For a large homebuilder, creating and implementing a consistent but flexible process is critical for bringing in the right people, and giving them the tools they need to be successful.

For Pulte, implementing processes for hiring and growing employees has driven the company's success in key areas. First, by following a consistent process, each employee gets the knowledge he or she needs to build, sell and service quality homes. Through indoctrinating new hires into the company culture and training based on business objectives and individual needs, Pulte has excelled in customer satisfaction.

And, of course, delivering quality homes and satisfying the customer are key to maintaining profitability.

Annex # 4 **Questionnaire**

A questionnaire on employee retention in the banking sector

Designation _____ Grade_____

Bank _____

Q # How long have you been in this bank?

_____

Q # How long has it been since your last promotion?

_____

Q # Have you worked in a bank before this bank?

_____

Q # If yes then what were the reasons you left that job?

_____

_____

Q# What do you like about this bank and job / are you satisfied with this job?

_____

Q# Do you know the turnover rate of employees of the bank at the higher managerial level?

_____

Tick mark your choices and you can mark more than one of the following options:

Q # Why would you leave this bank if you get a chance?

1. Compensation

- Not enough stock options / low value
- Not enough benefits
- Lack of bonuses
- Lack of promotions
- Lack of awards and recognition
- Low pay

2. Lack of motivation

- Lack of enthusiasm towards work
- Work team not cohesive
- Lack of communication at work
- Assigned to a project unwillingly
- Low level of engagement

3. Stress

- Impossible to meet deadlines
- Too many projects on going
- Long working hours
- Work life imbalances
- Possible health problems i.e. blood pressure high, nervous breakdown, anxiety attack

4. Competitor's work environment

- Companies have reputation of being "fun places to work at." Therefore lack of fun at your bank

5. Others

- Lack of Job security
- Problem in Job content
- Low Level of responsibility
- High level of responsibility
- Lack of autonomy
- Company culture
- Caliber of Colleagues
- Supervisors
- Low growth potential
- Lack of developmental programs
- Lack of challenge
- Do not identify with the organization
- No future prospects
- Organizational policies
- Performance not being overseen
- Role conflicts
- Nepotism

Note: Thank you very much for taking the time out to fill this questionnaire

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