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গ্রন্থাগার



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**Human Resource Management Practices  
in the Private Sector Banking in Bangladesh:  
A Case Study on Prime Bank Limited**

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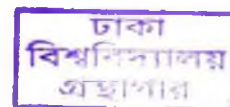
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ম্যানেজমেন্ট স্টাডিজ বিভাগ

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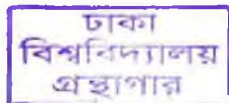
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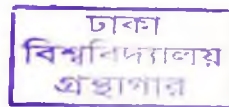
# Declaration

I declare that this Dissertation entitled **Human Resource Management Practices in the Private Sector Banking in Bangladesh: A Case Study on Prime Bank Limited** is ready for submission to the Department of Management Studies, University of Dhaka, Bangladesh, for the award of the degree of **Master of Philosophy**, apart from or else specifically mentioned, is to be in possession of my work. I have collected the data from field survey and have quoted with the help of various renowned and recognized authors widely in their own words.

Sadruddin Ahmad

February 2009

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# TO MVA Parents

## P r e f a c e

I have been in a great ambition for research in something since I was a student. In my practical life, I always try to mould this ambition for the implementation of this research work. In spite of various obstacles, as I am a Government servant I must follow the Rules & Regulations of Government of The People's Republic of Bangladesh. Suddenly in an auspicious moment, I go on my attempt to fulfill my aim. In 1998, I got myself admitted into Dhaka University for M Phil course; but financial cause made a barrier to my opportunity. At last, in 2006, I got a scholarship from The University Grants Commission of Bangladesh. I have got a chance to go on research on deputation. I began my work whole heartedly and I completed it in time. I also express gratitude to almighty Allah, Who gave me a great chance of fulfilling my aim by completing the *Research work*.

As we are moving in the 21 century, organizations are facing not only new opportunities but also greater threats. The changing centre of gravity of the economic world, moving from the West to the East, has brought many changes. Once comfortable, many western organizations have seen their markets vanish as more industrious countries; particularly those around the Pacific Rim take over the mantle of 'workshop of the world'. But adversity is a shrewd teacher and we are now seeing some western countries demonstrate that they can fight back and win. Underneath these observations lie deeper questions 'what does winning mean?' Perhaps we are entering an era when there will be a need to re-think the fundamental purposes of organizations.

Those who are responsible for the management organizations are constantly seeking ways to be competitive, adaptable, innovative threats! In this environmental changing situation of management, I want to start my research work in the South Asian country like Bangladesh which is a developing country and which is trying her best to develop her economy through organizational management system.

Sadrudin Ahmad

## A c k n o w l e d g e m e n t

Many people have contributed to the completion of this dissertation. However, some people more than others. They are my course supervisor, Bank authority, my friends and colleagues etc.

At first, I would like to offer warm gratitude to the authority of the **Prime Bank Limited** for giving me permission to conduct the research work on their reputed Bank in this concern; without their generous attitude, quick help, free understanding, support, and supply of required information & materials the research could not have been completed in time.

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In this moment, I remember my teachers (including my Father—who is also a teacher), whose vast sacrifice, earnest endeavor & activities, good hearted prayer & generous cooperation has guided and supervised me in all concern to make an improved career for my onward march. On behalf of all of them, I submit my generous respect to my favorite teacher Md. Azizur Rahman B. Sc., especially, who is more than others in my life.

Next, I wish to thank to Dr. Amir Hossain, (Vice President, Social Investment Bank Limited, Head office, Dhaka), Md Maruful Islam, Vice President, Md Shahed Ullah, Senior Officer & Abu Sharif, Management Trainee Officer of Prime Bank Limited (Head Office, Dhaka), who provided insight and instructions which have substantially improved the research and the dissertation, and many discussions that provided me with perspectives to write this work.

Thanks & debts go to classical and current literature on Banking is so great that even the great number of footnotes references to specific sources can't discharge it. Moreover, there has been such an exponential growth in the current literature that comprehensive referencing is not even possible, particularly in a book that covers the prevalent systems of conventional Private Sector Banking in Bangladesh.



My indebtedness to the authority of Dhaka University, Rajshahi University, Chittagong University, Islamic University Kushtia, Khulna University, North South University, Asian University of Bangladesh and their Libraries and I also owe to the Libraries of the Research Section of Bangladesh Bank, BIM & BIDS, British Council Library & American Centre Library for giving me permission to use the authentic, rare & exceptional collection of books, Theses & other materials restored in their outstanding Library.

Likewise, I wish to express my indebtedness to my respondents for their Cooperation and support while completing my work; without their understanding and support the research could not have been completed.

I also would like to offer profuse thanks and gratitude to my beloved wife, Anjuman Ara Begum (Assistant Professor of Islamic History, Chaprashirhat Ismail Degree College, Kabirhat, Noakhali), who provided personal support & understanding, sacrificed, encouraged and relieved me of many of the demanding family burdens all along the way; without whose sacrifice and good wishes, it would have been impossible to pursue my research work to an end.

Then thanks to my younger brother, Syed Sakhawatul Islam, Research Officer, Central Shariah Board for Islamic Banks of Bangladesh, who inspired me regularly and helped me to collect Banking materials.

Nevertheless to say, I owe to all my relatives & friends with my heart. My special thanks are due to my Parents, Father-in-Law, Mother-in-Law (who isn't present in this charming world; but I remember her cordially & pray to Allah for her departed soul, may Allah keep her soul in eternal peace), brothers & sisters, beloved son Naqib Hasan Turjo (who helped me directly in computing), lovely sweet daughter Qurratul Ayin Zahin (who keeps me in sound mind all the day and gave lots of timely diversion, fun and entertainment in her special way), my cousins (husband of my sister-in-law) Mofijul Islam Majumder, S M Abdul Mannan, Arizul Islam Khan and my nephew Fazley Rabbi (who is a computer engineer), helped me in all sides.

Finally, I remember Janab Mominul Huq (Retired English Teacher) for making the Language easy, my friend & colleague Professor Bikash Ranjan Deb and my student Aurjun Majumdar who inspired me always & another student Md. Manjur Hosen Shamim who has given a hard labor by typing the **Thesis** and make it visible from an invisible form.

**Sadrudin Ahmad**

# Human Resource Management Practices in the Private Sector Banking in Bangladesh: A Case Study on Prime Bank Limited

## Abstract

This dissertation examines how Human Resources are managed at selected Private Sector Banking in Bangladesh, how Bangladeshi Human Resource Management Practice is evolving, and how it can be improved. Strategic Human Resource Management suggests that Human Resource Management Practices are most effective when matched with strategic goals of organizations. The examination is qualitative and exploratory, since no such *Research* on Human Resource Management Practice has yet been conducted at Bangladeshi profit or non-profit organizations. An understanding of Human Resource Management Practice makes it possible to improve Bangladeshi Human Resource Management Practices, and thus to increase employee productivity.

The research claim is that Bangladeshi Human Resource Management Practices differ from Human Resource Management Practices in the West,<sup>1</sup> due to differences in cultural factors, economic systems, political systems, and legal & industrial relations. For this reason, Bangladeshi culture, politics, economy and legal and industrial relations have been analyzed.

The main finding of this study is that the importance of Human Resource Management is not uniformly understood at all the Bank companies. Although the multinational companies or Banks based in Bangladesh see their Human Resources as the companies' most important asset, as *Human Capital*, the local Banks generally do not.

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<sup>1</sup> By 'the West' is meant: Australia, Canada, New Zealand, the USA, and Western Europe.

The fact that respondents claim that Bangladesh has limited experience in industrialization and for this reason, Human Resource Management in Bangladeshi industries is rudimentary and still has a long way to go.

With this dissertation the researcher wants to contribute to improve Bangladeshi Human Resource Management Practice. Moreover, this dissertation may be used as a framework for similar research in other sectors or for more specific in-depth research. This dissertation may also serve as a knowledge base for company managers, business consultants, academicians and government officials of countries with a national culture similar to Bangladesh's culture, countries undergoing (or which have undergone) a recent transition to a free market economy, and countries facing similar macro-economic development.

Sadruddin Ahmad

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## List of Abbreviations

- BB - Bangladesh Bank.
- BIBM - Bangladesh Institute of Bank Management.
- CAMEL-Capital, Assets, Management, Earning & Liquidity.
- BIM- Bangladesh Institute Management
- GDP- Gross Domestic Product
- HDI- Human Development Index
- HR- Human Resources
- HRD- Human Resources Development
- HRIS- Human Resources Information System
- HRM -Human Resource Management
- HRMP- Human Resource Management Practice
- ICT- Information and Communication Technology
- ILO- International Labor Organization
- IT- Information Technology
- KSAAs- Knowledge, Skills, Attitudes, and Abilities
- KM -Knowledge Management
- NCB -Nationalized Commercial Banks
- NCBs - Nationalized Commercial Banks
- NIA - Negotiable Instrument Act
- PA-Performance Appraisal
- PSCBs - Private Sector Commercial Banks



# Chapter 1

## I n t r o d u c t i o n

### General Identity of Bangladesh

Bangladesh emerged as an independent and sovereign country in 1971 following a nine months war of liberation. It is one of the largest deltas in the world with a total area of one 147,570 square km. With a unique communal harmony, Bangladesh has a population of about 140 million, making it one of the densely populated countries of the world. The majority (about 88%) of the people are Muslim. Over 98% of the people speak in Bangla. English, however, is widely spoken. The country is covered with a network of rivers and canal forming a maze of inter-connecting channels.<sup>1</sup>

Being an active partner, Bangladesh plays a vital role in the international and regional forum, particularly in the UN, Commonwealth, and South Asian Association for Regional Cooperation (SAARC).

### History of Bangladesh

Bangladesh has a glorious history and rich heritage. Once it was known as ‘Sonar Bangla’ or the Golden Bengal. The territory now constituting Bangladesh was under the Muslim rule for over five and a half centuries from 1201 to 1757 AD. Subsequently, it came under the British rule following the defeat of the sovereign ruler, Nawab Sirajuddaula, at the battle of Palassey<sup>2</sup> in 23 June, 1757. The British ruled over the Indian Sub-Continent including this territory for nearly 190 years from 1757 to 1947. During that period,

<sup>1</sup> Bangladesh Bureau of Statistics, Ministry of Planning, Government of The Peoples Republic of Bangladesh, Statistical Pocket Book of Bangladesh, 2006, p.3.

<sup>2</sup> Islam, Shirajul, (1995), History of Bengal (Culture), Asiatic Society of Bangladesh, Dhaka, p.5.

Bangladesh was a part of the British Indian provinces of Bengal and Assam. With the termination of British Rule in August 1947, the Sub-Continent was partitioned into India and Pakistan.<sup>3</sup> Bangladesh formed a part of Pakistan and was called 'East Pakistan'. It remained so for about 24 years from August 14, 1947 to March 25, 1971. Bangladesh Liberated on December 16, 1971 following the victory of the War of Liberation and appeared on the world map as an Independent and sovereign country.

The country is the pioneer in the Micro-credit concept for poverty reduction, which brought the Nobel Prize in Peace for the country in 2006. The founder of world reputed Grameen Bank Professor Dr. Muhammad Yunus is the Nobel Laureate.

### **Culture of Bangladesh**

Bangladesh is heir to a rich cultural legacy. In Two Thousand or more years of its chequered history, many illustrious dynasties of Kings and Sultans ruled the country and have left their mark in the shape of magnificent cities and monuments. Apart from this, the century old cultural traditions can be viewed in innumerable tangible and intangible heritages in archaeological sites, in sculptures, in stones and terracotta, in architectures, museums, archives, libraries, classical music, songs and dance, paintings, dramas, folk arts, festivals, games as well as ethnic cultural activities.<sup>4</sup>

The people of Bangladesh are very simple and friendly. A beautiful communal harmony among the different religions has ensured a very congenial atmosphere. More than 75% of the population lives in rural areas. Urbanization has, however, been rapid in the last decade.

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<sup>3</sup> Statistical Pocket Book Bangladesh 2006. Bangladesh Bureau of Statistics. Dhaka. p.3.

<sup>4</sup> Islami, Shirajul, (1995). History of Bengal (Culture). Asiatic Society of Bangladesh, Dhaka. p.7.

## **Economy of Bangladesh**

Bangladesh has an agrarian economy, although the share of agriculture to GDP has been decreasing over the last few years. Yet, it dominates the economy accommodating major labor force leaving in the rural areas. From marketing point of view, Bangladesh has been following a mixed economy that operates on free market principles.

## **Basic Information**

**Official Name:** The People's Republic of Bangladesh.<sup>5</sup>

**Location:** Bangladesh is situated in the Northeastern part of South Asia between 20°34' and 26°38' North latitude, and between 88°01' and 92°41' East longitude.<sup>6</sup>

**Boundary:** Bangladesh is bounded by India on the West (West Bengal), North (Tripura, and northeast (Assam, Meghalaya, and Mizoram) by Myanmar on the southeast and the Bay of Bengal on the South.<sup>7</sup>

**Area:** The Area of The People's Republic of Bangladesh is 56,977 sq. miles or 147,570 sq. km.

**Physiographic Feature:** It has low, flat, and fertile land except the hilly regions in the north-east and the south-east, and some areas of high lands in the North-Western part. Rivers and their tributaries number about 230 with a total length of 24140 km.

**Flora and Fauna:** It has forest land covers 14% of total land areas (what are the major forestry products, animals, birds).

**Climate and Rainfall:** In Bangladesh there are Sub-tropical monsoon climate of the six seasons, three are important winter (Nov-Dec), summer (May-June), and Monsoon (July-

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<sup>5</sup> Statistical Pocket Book Bangladesh 2006, Bangladesh Bureau of Statistics, p.6.

<sup>6</sup> Bangladesh Statistical Year Book, 2001- 2006 p.6, 7,9,10.

<sup>7</sup> Bangladesh Statistical Year Book, 2006, p.6, 7,9,10.

Oct). Maximum rainfall is in Chittagong and Sylhet, and the minimum in western and northern parts of the country.<sup>8</sup>

### Population<sup>9</sup>

Population as per January 2001 Census: 130.03 million

Estimated Population in June 2005: 137.00million

Population Growth Rate: 1.48%

Population density: 928 per sq. km

Urban – Rural Population Ratio: 20:80

Muslim population: 88 %

Hindu: 11%

Buddhist: 0.6%

And Christian: 0.3%

Male – Female Ratio (2001): 103.8

Number of Households: 19.4 million

Number of Villages: 85,500

Total Union: 4,498

Total Thana: 596

Total Upazilla: 481

District: 64

### Human Development Indicators:<sup>10</sup>

Adult Literacy (15+): 65%

Primary School Enrollment: 95%

Secondary School Enrollment: 35%

<sup>8</sup> Bangladesh Statistical Year Book, 2001- 2006 p.6, 7,9,10.

<sup>9</sup> Bangladesh Statistical Year Book, 2006, p.6, 7,9,10 and p.12.

<sup>10</sup> Bangladesh Statistical Year Book, 2006, Dhaka, p.6, 7,9,10, p.13.

Life Expectancy at Birth: 64.9 years

Infant Mortality Rate (Per thousand live births): 53.27

Maternal Mortality Rate (Per thousand live births): 2.3

Total Fertility Rate (TER): 2.56

Access to safe drinking water: 97%

Arsenic pollution has now become a menace for about 50 percent of the country's population

### **Poverty and Income Distribution (2004)**<sup>11</sup>

Poverty is rampant although there has been significant reduction in poverty during the past two decades. About 42.1 percent of the people are below the level of 'absolute poverty' defined as taking less than 2122 calories per day per person (Table 1), and 18.27 percent of the people are below the 'hard core' poverty line defined as taking less than 1805 calories per day per person (Table-1.2).

**Table -1.1: Poverty Estimate on the basis of FEI (Food Energy Intake) and DCI (Direct Calorie Intake) methods**<sup>12</sup>

Region	Energy Intake Method Head Count Ratio (%)		Direct Calories Intake Method (%)	
	1999	2004	1999	2004
National	44.7	42.1	46.2	40.9
Urban	43.3	37.9	49.9	43.6
Rural	44.9	43.3	45.6	40.1

Source: Government of the People's Republic of Bangladesh, Ministry of Planning, Bangladesh Bureau of Statistics, Poverty Monitoring Survey (2004). Dhaka vol. No. 2. p.16.

<sup>11</sup> Bangladesh Statistical Year Book, Dhaka, 2006, p.6, 7,9,10, p.13.

<sup>12</sup> BBS, Poverty Monitoring Survey, (2004). Ministry of Planning, Govt. of The Peoples Republic of Bangladesh. p.12, 17, 9, 20, 33.



**Table – 1.2: Hard-Core Poverty Trends under Direct Calorie Intake Method**

Absolute Poverty (<1805Kil Cal, %)	Region	1999	2004
	National	24.9	18.7
	Urban	27.3	20.8
	Rural	24.5	18.2

Source: Government of the People's Republic of Bangladesh, Ministry of Planning, Bangladesh Bureau of Statistics, Poverty Monitoring Survey (2004), Dhaka, vol. No. 2, p.16.

### Millennium Development Goals (MDGs)

Bangladesh is a signatory to the UN Millennium Declaration 2000 which lays down eight speech time bound goals (MDGs) to be achieved by 2015. These goals are (a) having poverty, (b) universal primary education,<sup>13</sup> (c) gender equality and women empowerment, (d) reducing child mortality, (e) improving maternal health, (f) combating malaria, HIV etc. (g) environmental sustainability, and (h) establishment partnership for development (between rich and poor countries). Bangladesh has achieving some, not all, of these goals.<sup>14</sup>

### Labor Force

According to the FY 2002-03 Labor Force Survey, civilian labor force was 44.3 million, of which 34.5 million were male and 9.8 million female. Agriculture employs 51.69 percent of labor force. Mining and quarrying employs 0.23%, manufacturing 9.71%, power, gas and water 0.23%, construction 3.39%, trade, hotels and restaurants 15.34% transport, storage and communications 6.77%, public administration and defense 6.32% personal

<sup>13</sup> Bangladesh Educational Statistics 2006. BANBEIS. Dhaka pp.10-16.

<sup>14</sup> Bangladesh Statistical Year Book. Ministry of Planning. Govt. of The Peoples Republic of Bangladesh. Dhaka. 2006, p.17.

service 5.64% and all other occupations employ 0.68%, of the labor force. Unemployment and under-employment together is about 30% of labor force.<sup>15</sup>

According to the 2002-03 LFS, 18.28% of labor force are family labor, 44% self-employed, 20.09% day labor, and 13.77% are formally employed. About 209000 workers work abroad.<sup>16</sup>

### International Relations

Bangladesh is a member of the UN (191 members), SAARC (8 members with Afghanistan), OIC (57 members), D-8, IOR-ARC (17 members), the British Commonwealth of Nations (54 members), and BIMSTEC (7 members). It maintains diplomatic missions in 47 countries and has 45 foreign missions in the country.

### Transport

National Highway: 3723 km; Regional Highway: 4832 km; District Road: 13823 km; Upazilla Road 36343 km; Union Road 43674 km; Village Road 138891 km; Total : 241286 km.

## II. The Economy and Resources

### GDP and Structural Change in the Economy

Total GDP at current prices in 2004/05 was TK 3684.8 billion or US \$ 60.41 billion; compared to TK 3329.7 billion or US\$ 56.49 billion in 2003/04 per capita GDP at current prices in 2004/05 was TK 26898 or US\$ 445. The estimate for 2003/04 was TK 24628 or US\$ 418.<sup>17</sup> Within the country, the highest per capita income is in Chittagong Hill Tracts, followed by the districts of Chittagong, Khulna, and Dhaka in that order. Table 3 shows the

<sup>15</sup> Statistical Pocket Book Bangladesh 2006, Bangladesh Bureau of Statistics, Ministry of Planning, Dhaka, p.17.

<sup>16</sup> Statistical Pocket Book Bangladesh 2006, Bangladesh Bureau of Statistics, Ministry of Planning, Dhaka, p.17.

<sup>17</sup> Statistical Pocket Book Bangladesh 2006, Bangladesh Bureau of Statistics, Ministry of Planning, Dhaka, p.17.

share of different sectors in GDP. The desired structural change in the economy has not occurred. The manufacture sector is stagnant, which has great implications for employment and poverty alleviation. The decline in the share of agriculture in GDP has been taken up services.

### **Agriculture**

Agriculture, which includes crop and non-crop sector—forestry, fisheries, and livestock—is the main occupation and contributes 21.9 percent of GDP (as of 2004/05). The growth rate in agriculture has fluctuated considerably in the recent years -3.1% in FY01, 0.0%, in FY02, 3.1% in FY03, 4.1% in FY04, and just 0.3% in FY05.<sup>18</sup>

### **Industry**

The industry sector, which comprises of mining and quarrying, manufacturing, electricity, gas and water, and construction, contributes 28.4 percent of GDP (as of FY2004/05), of which manufacturing contributes 16.6 %. The large and medium scale industries contribute 11.7 % and small – scale industries contribute 4.9 %. The manufacturing sub – sector is dominated by jute processing; cotton textile, cigarettes and readymade garments (RMG).

### **Mineral Resources**

These are very few. Mining and quarrying accounts for only 1.1 % of the country's GDP. Averse annual growth of this sub-sector in the past few years has been about 7-8%. Besides natural gas, there are some coal deposits, hard rock, lignite, silica sand, and white clay.

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<sup>18</sup> Statistical Pocket Book Bangladesh 2006. Bangladesh Bureau of Statistics, Ministry of Planning, Dhaka, pp.13-17.

## **Electricity, Gas, and Water**

The overall contribution of electricity, gas, and water to GDP is 1.6 %. Their average growth rate has been about 8% in the recent years. The electricity sub-sector contributes 1.38% of the country's GDP. Gas and water together contributes another 0.26%. Both thermal and hydroelectric process produces electricity. Installed capacity up to April 2005 was 5025 megawatt (mw) and operational capacity 3900 mw. Maximum electricity generation was in April 2005 (3652 mw). Systems loss as of March 2005 was 9.55 percent of total production of electricity.

## **Construction**

The construction sub-sector contribute 9.1 percent to GDP this sub-sector has maintained a steady growth rate at about 8 percent in the past half decade, the industry sector has registered only a modest growth in recent years-7.3% in FY 03 and 7.6 % in FY and 8.5 % in FY 05

## **Causes of Industrial Sector Stagnation**

The stagnation of industrial sector growth is due to poor physical infrastructure, the crisis in the electricity sub-sector, production deficit in the gas sector, reduced availability of bank credit for both working capital and Paid up Capital, insufficient investment (both domestic and foreign), poor law and order situation, political instability, in efficiency of public sector enterprises and bureaucratic corruption, inefficiency and red tape. Faster Economic reforms, improvement of infrastructure, restructuring and/or privatization of SOE's and measure encouraging the private sector will be needed to improve industrial sector performance.

## Services

The service sector contributes 49.7% of GDP. The contributions of different sub-sectors are wholesale and retail trade 14.1%, transport and communication 10.0%, real estate 8.1%, community and social service 7.5%, hotels and restaurants 0.7% financial services 1.7%, public administration and defense 2.8%, education 2.5 % and health and social welfare 2.3%. The services sector growth overall was 6.6 % in 05 compared to 5.7 % in FY05/06.<sup>19</sup>

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<sup>19</sup> Statistical Pocket Book Bangladesh --2006. Bangladesh Bureau of Statistics, Ministry of Planning, Dhaka. pp.13-17.

**Table No- 1.3 # Growth of GDP and Sector's (%) (At 1995 -96 Prices)** <sup>20</sup>

Sector	FY01	FY02	FY03	FY04	FY05	Sector wise Share in GDP FY05
1. Agriculture :	3.10	0.10	3.10	4.10	0.30	21.9
(a) Crops & Vegetables	6.18	-2.30	2.88	4.27	-3.30	12.1
(b) Livestock	2.81	4.70	4.51	4.98	7.82	3.0
(c) Forestry	4.85	4.91	4.43	4.18	4.25	1.8
(d) Fisheries	-4.53	2.22	2.33	3.09	4.02	5.0
2. Industry	7.40	6.50	7.30	7.60	8.60	28.4
(a) Mining & quarrying	9.75	4.3	7.17	7.66	8.40	1.1
(b) Manufacturing	6.68	5.48	6.75	7.10	8.43	16.6
(i) Large & Medium	6.65	4.60	6.65	6.95	8.65	11.7
(ii) Small	7.02	7.69	7.21	7.45	7.91	4.9
(c) Electricity, Gas, Water	7.40	7.63	8.02	9.09	9.08	1.6
(d) Constriction	8.65	8.61	8.09	8.25	8.69	9.1
3. Services	5.50	5.40	5.40	5.70	6.60	49.70
(a) Wholesale-Ret. Trade	6.40	6.60	6.10	6.60	6.90	14.10
(b) Hotel & Restaurant	7.00	6.90	7.00	7.10	7.30	0.70
(c) Trans., Store & Com	7.90	6.60	6.30	6.60	8.10	10.00
(d) Financial intermediary	5.50	6.70	6.70	7.00	9.00	1.70
(e) Real Estate & Others	3.40	3.40	3.50	3.60	3.60	8.10
(f) Public Admin & Defense	5.90	5.90	5.20	7.10	11.20	2.80
(g) Education	7.10	7.60	7.60	7.70	8.40	2.50
(h) Health & S. Welfare.	4.90	5.30	5.60	6.20	6.90	2.30
(i) Community, Social & Personnel Services	3.10	3.20	3.30	4.00	4.80	7.50
Total GDP	5.27	4.42	5.26	6.27	5.38	100.00

### III. Public Sector Performances

The public sector in Bangladesh despites various reforms. Programs, including privatization of enterprises, is involved is wide areas of the nation's economic activity covering manifesting industry, power, gas transport and communications and various services suitors. There are several hundreds of Public Sector Enterprises (PSEs) that

<sup>20</sup> Statistical Pocket Book Bangladesh 2006. Bangladesh Bureau of Statistics, Ministry of Planning, Dhaka, pp.13-17.

operate under 44 (forty four) non-financial public sector corporations/boards according to Bangladesh standard Industrial classification (BSIC), these 44 corporations/ boards are classified into seven board sectors as shown in Table 4.<sup>21</sup>

There are also three departmental type PSE s Bangladesh Railway, Bangladesh Telephone and Telegraph Board, and the Postal Department .In addition, there are the state owned Banks, Insurance Companies and several specialized financed Institutions, which aren't discussed here.<sup>22</sup>

With the exceptions in the Construction sector, and a few others in the services sector, performance of all PSEs has been pitifully poor. The total net loss of the 44 corporation/ bounds in 2004-2005 was TK 549 crore in 2003-2004.<sup>23</sup>

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<sup>21</sup> Statistical Pocket Book Bangladesh 2006. Bangladesh Bureau of Statistics, Ministry of Planning, Dhaka, pp.13-17.

<sup>22</sup> Statistical Pocket Book Bangladesh 2006. Bangladesh Bureau of Statistics, Ministry of Planning, Dhaka, pp.13-17.

<sup>23</sup> Statistical Pocket Book Bangladesh 2006. Bangladesh Bureau of Statistics, Ministry of Planning, Dhaka, pp.13-17.

## Table-1.4: Public Sector Corporation

Some Public Sector Corporations are working in Bangladesh these Corporations are vested on different activities like:

Sector	Names of Corporations/Boards
Industry (06)	Bangladesh Textile Mills Corporation, Bangladesh steel & engineering Corporation, Bangladesh Sugar and Food industries Corporation, Bangladesh Chemical Industries Corporation, Bangladesh Jute Mills Corporation.
Power, Gas& Water (05)	Bangladesh Oil, Gas and Mineral Resources Corporation Bangladesh Power Development Board, Dhaka Electric Supply Authority, Dhaka Water Supply Authority, Chittagong Water Supply Authority.
Transport & Communications (10)	Bangladesh Shipping Corporation, Bangladesh inland Water Transport Corporation, Bangladesh Biman Corporation, Bangladesh Road Transport Corporation, Chittagong Port Authority, Chittagong Dock Workers Management Board, Mongla Port Authority, Mongla Dock Workers Management Board, Bangladesh Land Port Authority, Jamuna Multipurpose Bridge Authority.
Trade(3)	Bangladesh Petroleum Corporation, Bangladesh Jute Corporation (Now defunct), Trading Corporation of Bangladesh (TCB).
Agriculture & Fisheries (02)	Bangladesh Agricultural Development Corporation, Bangladesh Fisheries Development Corporation.
Constriction(04)	Rajdhani Unnayan Karttripakkha (RAJUK), Chittagong Development Authority, Khulna Development Authority, Rajshahi Development Authority.
Services(14)	Bangladesh Freedom Fighters Welfare Trust, Bangladesh Film Development Corporation, Bangladesh Parjatan Corporation, Bangladesh Civil Aviation Authority, Bangladesh Small & Cottage Industries Corporation, Bangladesh inland Water Transport Authority, Rural Electrification Board, Bangladesh Export Processing Zone Authority, Bangladesh Handloom Board, Bangladesh Sericulture Board, Bangladesh Water Development Board, Bangladesh Tea Board, Export Promotion Bureau, Bangladesh Telecommunication Regulatory Commission.

Source: Statistical Pocket Book Bangladesh (2003-2006), Bangladesh Bureau of Statistics, Ministry of Planning, Dhaka.

### Other Indications of Poor Perform of PSEs are as Follows <sup>24</sup>

(1) They have been receiving huge subsidy every year. In 2002/03 enjoyed by 14 selected SOEs was TK 322.56 crore. In 2003/2004, the account of subsidy was TK389.51 crore. The amount increased to TK 502.26 crore in 2004-2005.

(2) Total debt Service Liability (DSL) of the 44 corporations in FY 2003/2004 was TK1488.96 crore, but DSL actually paid to government was just TK 1290.45 crore during that year, which means that the shortfall in DSL, payment was 13% of the total. In

<sup>24</sup> Statistical Pocket Book Bangladesh 2006, Bangladesh Bureau of Statistics, Ministry of Planning, Dhaka, p.17-21.



2004/2005, total DSL of this corporation was TK 1485.71 crore, out of which only TK 778.28 crore (or 52%) was realized by May 2005. In other words, the shortfall during the year was 48%.<sup>25</sup>

(3) As of March 2005 the total outstanding debt of the sector Corporations /Boards to the Banking system was TK 8739.18 crore of which about 19% or TK 1674.30 crore was under default. The large debtors are BPS (TK3/55 crore) BJMC (TK2807crore), BFSIC (TK509 crore), BTMC (TK481crore), BFDB (TK 880crore), BSEC (TK 183 crore), BCIC ( TK 183crore)and BADC(TK 115 crore).

(4)The PSEs employ a quarter of a million people, hold fixed assets equivalent to 32% of the country's GDP and invest annually about 10% of GDP. The annual output is however, barely 1% of the country's GDP.<sup>26</sup>

Recent estimates show that the losses of the PSEs and the subsidy elements of off-budget and budgetary financing (implicit interest subsidy, equity, financing, capital restructuring etc.) Result in massive wastages of public amounting to around 3% of GDP every year.<sup>27</sup>

The solution of PSEs problems lies in restructuring and privatization. If the enterprises don't become economically viable, these should be closed down Forthwith (immediately).

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<sup>25</sup> Statistical Pocket Book Bangladesh 2006, Bangladesh Bureau of Statistics, Ministry of Planning, Dhaka, p.17-21.

<sup>26</sup>Statistical Pocket Book Bangladesh 2006, Bangladesh Bureau of Statistics, Ministry of Planning, Dhaka. p.17-21.

<sup>27</sup> Statistical Pocket Book Bangladesh 2006, Bangladesh Bureau of Statistics, Ministry of Planning, Dhaka, p.17-21.

## **IV. Savings and Investment**

Savings and investment have remained stagnant since FY2000 as Table 5 indicates. Much faster generation of savings and investment is needed for enhancing the rate of economic growth.

**Table-1.5 # Gross Investment and Saving (as % of GDP) <sup>28</sup>**

Subject Matters	FY02	FY03	FY04	FY05
Investment	23.2	23.4	24.0	24.4
Private	16.8	17.2	17.8	18.5
Public	6.4	6.2	6.2	5.9
Domestic	18.2	18.6	19.5	20.2
Savings	17.1	17.4	18.2	18.7
Public	1.1	1.2	1.3	1.4
National Savings	23.4	24.9	25.4	26.5
Savings Investment gap	-5.0	-4.8	-4.5	-4.2

Source: Bangladesh Bureau of Statistics. National Accounts Statistics, June, 2006, p.16.

## **V. Money, Banking, and Credit**

Since 2000, the monetary policy pursued by the Government has become somewhat restrictive (Table6). The rate of growth of the supply of M1 declined from 12.4 % in FY01 to 8.1% in FY02. After increasing to 10.7% in FY03 & 14.0% in FY04, The supply of M1 fell to 6.8% in FY05. The supply of M2 rose slightly from 16.0% in FY01 to 16.8% in FY05.<sup>29</sup>

<sup>28</sup> Bangladesh Bureau of Statistics, National Accounts Statistics, June, 2006, Dhaka, p.16.

<sup>29</sup> Bangladesh Bureau of Statistics, National Accounts Statistics, June, 2006, p.16.

**Table -1.6 # Growth of Money Supply & and Domestic Credit (%)** <sup>30</sup>

Fiscal Year	M1	M2	Domestic Credit	Credit to Govt. & Pub. Sector	Credit to Private Sector
FY01	12.4	16.6	17.1	19.2	16.2
FY02	8.1	13.4	12.4	2.7	13.5
FY03	10.7	15.6	8.2	3.7	12.7
FY04	14.0	13.8	14.2	15.3	14.2
FY05	6.8	16.8	17.5	19.4	17.0

Source: Bangladesh Bank, Annual Report, 2005.

Despite recent and some success in the recovery of overdue loans, loan default is the biggest problem in the country's financial sector. In 2001 the amount of classified loans in the banking system was 31.49%. The ratio came down to 22.13% in 2003. In 2001, the classified loans of NCB and specialized Banks, PCBs and foreign Banks were 37.02%, 61.8%, 16.98% and 4.33% respectively. These percentages came down to 29.03%, 47.41%, 12.43%, & 2.68%, respectfully in 2003. There have no doubt been significant improvements thereafter, but more needs to be done to further improve the recovery.<sup>31</sup>

Total domestic increased by 17.1% in FY01, declined to 8.2% in FY03, but rose to 17.5% in FY05. Net credit growth to Government, including other public sector, was 19.1% in FY05. Disaggregated data show that net credit growth to other sector declined by 0.5% in that year. Credit to the private sector increased only mildly from 16.2% in FY01 to 17.0% in FY05.

Changes in the Bank rate and statutory reserve requirements are the major tools in the hands of the central Bank to influence credit. These rates have been lowered in the most recent times among at expanding credit to the private sector. In October 2001, the *Bank*

<sup>30</sup> Bangladesh Bank, Annual Report, Dhaka, 2005 p.6, 7,9,10.

<sup>31</sup> Bangladesh Bureau of Statistics, National Accounts Statistics, June, Dhaka, 2006, p.16.

Rate was lowered to 6% from the previous 07%. This rate was further lowered to 05% from 07 November 2003. In May 1992 the Statutory Liquidity Ratio (SLR) was set at 20% of Commercial Bank deposited liabilities of which the Cash Reserves Requirement (CRR) was fixed at 04% starting from 7 November 2003, the SLR was re-fixed downward at 10%.

The central Bank believes that the increase in domestic credit has been major cause of the growing inflammatory pressure in the economy .This has prompted the central Bank to adopt contraction monetary policy. Accordingly, the Cash Reserve Requirement (CRR) has been recently raised to 4.5% although the overall SLR remains unchanged.

As of now (June 2005), the maximum deposit rate in Banks is 6.25% and the maximum lending rate is 50%.

## VI. Prices

In 1998/99, average annual rate of inflation was 8.9%. Inflation rate came down to 1.6% in 2000/01, but started rising again reaching 5.83% in March 2004. The inflation rate rose further since December 2004, following sharp increases in the prices of fuel and food grains in the world markets large food grain imports at vastly increased world prices resulted in high food prices in the domestic market. The government also raised the prices of power, gas and fuels on several occasions in 2005, which, in turn, led to higher production costs and prices. The latest upward adjustment of administered fuel prices in the domestic market was made in September 2005, raising the prices of patrol and octane by 20% and 28%, respectively, and diesel and kerosene prices by 15%.<sup>32</sup>

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<sup>32</sup> Bangladesh Bank. Annual Report. 2005. p.15 & Statistical Pocket Book Bangladesh 2006. Bangladesh Bureau of Statistics, Ministry of Planning. Dhaka. pp.13-22.

**Table-1.7 # National Inflation Rate**<sup>33</sup>

(Change in Consumer Price Index--CPI) in % (1995/96=100)

Consumer Price Index (CPI)	General Index	Food	Non-Food	Food's Contribution to Inflation	Non-Food's Contribution to Inflation
Relative Weight	1.000	0.588	0.412	-----	-----
2004/05	7.35	8.73	5.32	69.84	30.16
2005/06					
Q1	7.54	8.59	6.10	66.99	33.01
Q2	-----	-----	-----	-----	-----
2005/06					
July	7.68	9.19	5.46	70.36	29.64
August	7.93	9.43	5.71	69.92	30.08
September	7.01	7.20	6.86	60.39	39.61
October	7.28	7.42	7.12	59.93	40.07
November	7.95	8.58	7.03	-----	-----
December	7.07	7.14	7.13	-----	-----

Source: Statistical Pocket Book Bangladesh 2006, Bangladesh Bureau of Statistics, Ministry of Planning, Dhaka, p.11-25.

The rate of Inflation as measured by the Consumer Price Index (CPI) was 7.01% in September and 7.28% in October 2005. In November, the inflation rate rose to 7.95%, the highest in the past 8 years. The food inflation rate increased to 8.58% in November from 7.42% in October, while the non-food inflation rate fell slightly from 7.12% in October to 7.03% in November 2005.

The inflation rate, however, came down to 7.07% in December 2005 from 7.95% in November (a decline of 0.88 percentage point). In this one month period, the food inflation rate dropped by 1.44 percentage points, but the non-food inflation rate increased by 0.10 percentage point.

<sup>33</sup> Statistical Pocket Book Bangladesh 2006, Bangladesh Bureau of Statistics, Ministry of Planning, Dhaka, pp.13-22.

On a point-to-point basis, the inflation rate has come down by just 0.28 percentage point in the past one year from 7.35% in December 2004 to 7.07% in December 2005. The small decline in the overall inflation rate has been possible because of a fall in the rate of food inflation (by 1.59 percentage points), but non-food prices, even without a full pass-through of the import price of petroleum products, have gone up significantly (by 1.81 percentage points) from 5.32% to 7.13% during this twelve months period. It is mainly the rise in transportation costs that is responsible for the rise in the price of non-food items. Though the Government raised fuel prices in September, transport costs rose later in several phases, making the impact so evident in December.

Because of the pressure by donor agencies, another round of fuel price increase perhaps implement which the Finance Minister indicated in a Press Briefing in January this year. Besides, all other prices like house rent, cost of Education, medical charges etc. have gone up considerably. Indications are, therefore, that the MTMF target of keeping the inflation rate with a maximum 6.5% in FY 06 will be different to achieve.

## **VII. Capital Market**

The Capital Market is in disarray. Although some improvement has taken place in the stock market after the organization of the Securities and Exchanges Commission, investor confidence that was shattered after the stock market crash of November 1996 is yet to be fully restored. The expectation that the introduction of the Central Depository System (CDS) would help improve the situation has not materialized. The all-share prices in both Dhaka and Chittagong Stock Exchanges have continued to slide.<sup>34</sup>

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<sup>34</sup>: Statistical Pocket Book Bangladesh 2006. Bangladesh Bureau of Statistics, Ministry of Planning, Dhaka, p 11-25.

## Causes of the Stock Market Crisis

Many reasons can be cited for the crisis in the capital market but the single most important reasons perhaps the government's action regarding the rate of return to bank deposit, and savings instruments. The central Banks direction to the commercial banks to raise their lending rates (which can't but have influenced their deposit rates) and the Government's decision to withdraw the restrictions on the limit of investments in savings instruments and raise the return on the same have come as a serious blow to the stock market. A good number of commercial banks and leasing companies now offer annual yields of 11%-12%. The government also offers the same or higher return on its savings instruments. Investors in stocks are thus encouraged to withdraw their funds from the stock market and put them in these risk-free investments.

The SEC's decided to allow floatation of so many IPO's within the short span of time is another factor. Shareholders quickly dispose of their Share holdings to invest in new stocks hopping to reap windfall gains.

Investors often become frustrated by the poor performance of the issues listed in the bourses. Barring few financial institutions and Pharmaceutical Companies, most of the listed Companies pay very small dividends, which raise the frustration of the investors.

## Possible Remedies of the Stock Market Problems

In order to revive investor's confidence and infuse dynamism in the stock market, the government may concenter talking the following steps:<sup>35</sup>

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<sup>35</sup> Share Market Review, Authority Pata, August-October, 2007. Dhaka, p.17.

1. Listed companies may be given more favorable tax treatment than the non-listed ones. This will enable listed companies to pay higher dividend, and the non-listed ones may be encouraged to go to public to avoid the opportunity of lower corporate taxes.
2. Earnings from Government bonds and savings instruments should be subjected to income tax while dividend incomes may be made tax-exempt. This will encourage investors to invest more stock Market by shifting resources from other investments.
3. Multinational companies involved in energy and telecommunications business that makes monopoly or oligopoly profits could be asked to sell shares in the stock market as local subsidiaries, thus making it possible for the local people to share a part of the profits of these companies.
4. Interest rates on savings instrument should be lowered and restrictions on the limit of investment should be re-imposed.
5. Punitive actions should be taken by the SEC against errant companies that do not call AGMs regularly or don't pay dividends commensurable with their profits.
6. The Government may consider offloading its shares of profitable SOEs in the capital market. This will increase the liquidity of the Stock Market.

### **VIII. Public Finance**

The Share of domestic financing in ADP was only 49% in 2004/05. There has thus been no progress toward achieving self-reliance. A very serious concern for the country's economy over the past years has been the slow implementation of the ADP. In the current fiscal year (FY06), ADP implementation in the first 6 months has been only 33%.<sup>36</sup>

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<sup>36</sup> Statistical Pocket Book Bangladesh 2006, Bangladesh Bureau of Statistics, Ministry of Planning, Dhaka, p.11-25



The revenue GDP ratio is lower than in any other south Asian country. There is the need to diversify the tax base and also raise non-tax revenues. Privatization and reform of PSE's may raise profits and also eliminates PSE loses, which are now borne by the budget.<sup>37</sup>

**Table 1.8 # <sup>38</sup> Government Revenue, Expenditure, and Budget Deficit as % of GDP**

Item	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06
Tax Revenue	7.36	6.78	7.80	7.81	8.30	8.50	8.70	8.90
Non-Tax Revenue	1.60	1.69	1.80	2.40	2.05	2.10	1.90	2.00
Total Revenue	9.00	8.47	9.60	10.21	10.35	10.60	10.60	11.00
Expenditure	7.54	7.67	8.10	8.31	8.10	8.10	8.60	8.50
ADP	5.61	6.42	6.27	5.51	5.08	5.70	5.60	5.90
Total Expenditure	13.53	14.54	14.75	14.92	14.30	14.80	15.10	15.40
Overall Deficit	4.0	5.1	5.1	4.40	4.2	4.2	4.5	4.5
Financed by External Sources	2.5	2.5	2.0	1.7	2.3	2.4	2.4	2.4
Financed by Internal Sources	1.9	2.8	2.8	2.7	1.3	1.8	2.1	2.1
Memo Items: Total ADP(billion TK)	140	165	132	160	171	190	205	245
Internal Resources (billion TK)	58.12	82.26	95.30	77.85	88.59	95.90	76.0	83.40
Resources as % of ADP	41.51	49.85	52.36	48.66	51.81	50.7	49.12	44.70

Source: Govt. of the Peoples Republic of Bangladesh, Ministry of Finance, Budget Wing, Finance Division, and BBS.

## IX. External Sector

The country suffers from huge deficits in its merchandise trade which averaged about TK3.3 billion per year during the past half decade. Exports can now pay for about 65% of the country's import (Table-9). Exports are heavily concentrated on a few items. The Export base needs to be diversified. RMG Exports face serious problems in the post-MFA era. Backward Linkage to RMG will need to be developed to increase retained earnings from RMG exports.

<sup>37</sup> Statistical Pocket Book Bangladesh 2006, Bangladesh Bureau of Statistics, Ministry of Planning, Dhaka, p.11-25.

<sup>38</sup> Ministry of Finance, Budget Wing, Finance Division, and Statistical Pocket Book Bangladesh 2006, Bangladesh Bureau of Statistics, Ministry of Planning, Dhaka, p.11-25.

Workers' remittances have helped greatly in keeping the balance of payments within reasonable limit. For a Sustained growth of remittances, incentives may be devised for encouraging greater flows from expatriate workers. Attention should be given to develop skills in new areas in which there demand in the foreign countries.

**Table 1.9 # Some Indicators of Bangladesh's External Sector Performance** <sup>39</sup>

Items	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Export	5324	5752	6467	5986	6548	7603	8655
(Millions US\$)	(2.9)	(8.0)	(12.4)	(-7.4)	(10.4)	(16.1)	(13.8)
Import	8006	8374	9335	8540	9658	10903	13147
(Millions US\$)	(6.5)	(8.0)	(11.5)	(-8.5)	(13.1)	(12.9)	(20.6)
Trade Deficit (M\$)	2682	2622	2868	2554	3110	3300	4492
As % of Total Export							
RMG	56.1	53.4	52.0	52.2	49.8	46.5	41.6
Knirwear	99.4	22.1	23.1	24.4	25.3	28.2	32.6
Frozen food	5.1	6.0	5.6	4.6	4.9	5.1	4.9
Jute Goods	5.7	4.6	3.6	4.1	3.4	3.2	3.5
Leather	3.2	3.4	3.9	3.5	2.8	2.8	2.6
Raw Jute	1.4	1.2	1.0	1.0	1.3	1.0	1.1
Chemical Products	1.5	1.6	1.5	1.1	1.5	1.6	2.3
Tea	0.7	0.3	0.3	0.3	0.2	0.2	0.2
Memo Items							
Export-Import Ratio	0.665	0.687	0.693	0.701	0.678	0.697	0.658
Remittances(M. \$)	1706	1949	1882	2501	3062	3372	3848
C/A Balance(M. \$)	-177	-418	-1098	+157	+176	+176	-557
(as of GDP)	(-1.04)	(-0.89)	(-2.18)	(+0.33)	(+0.33)	(+0.31)	(-0.90)
External Debt(M \$)	15338	15791	15074	16276	16953	17953	18557
(as % of GDP)	(33.6)	(33.5)	(32.1)	(34.2)	(32.7)	(31.8)	(30.9)
Foreign Reserve \$	1523	1602	1307	1383	2470	2705	2930
Exchange Rate(TK)	48.06	50.31	53.96	57.43	57.90	58.94	61.39
Terms of Trade	100.02	99.11	94.39	89.85	85.48	83.05	78.04
(1988-89=100)	(-3.0)	(-0.9)	(-4.8)	(-4.8)	(-4.9)	(-2.8)	(-6.0)
Debt Service Ratio*	7.0	7.2	6.5	6.3	5.8	4.9	5.1
Debt Service Ratio**	10.1	10.7	9.2	9.8	9.1	7.5	7.5

Note: Figures in the parenthesis Denote Annual percentage change. \* As percentage of total foreign exchange earnings

\*\* As percentage of export earnings. @ As of July 2005. Source: Export Promotion Bureau, Bangladesh Bank, ERD, Ministry of Finance.

## X. Exchange Rate

The use of devaluation to raise exports and improve balance of payments is highly debatable. Exports will not increase automatically if external demand is inelastic and if

<sup>39</sup> Statistical Pocket Book Bangladesh 2006, Bangladesh Bureau of Statistics, Ministry of Planning, Dhaka, p.11-25.

export supplies can't be readily increased. Foreign demand is also influenced vary greatly by quality of export goods. Again, if import demand is highly inelastic and the country depends heavily on imported inputs for industrial use, production costs will rise. Devaluation also raises the country's foreign debt liabilities and debt service obligations.<sup>40</sup>

Bangladesh pursues a managed flexible exchange rate policy. The exchange rate was continuously adjusted downward for maintaining the competitiveness of the country's exports. From TK 15.49 to the US\$ in 1979/80, the exchange rate was allowed to depreciate to TK 57.45 in 2001/02. For the first time on 31 June 2003 Bangladesh switched to a floating exchange rate. The exchange rate at the end of June 2005 was TK 61.39 to the US\$.

## **XI. Foreign Exchange Reserves**

Foreign Exchange Reserves rose to a peak of US\$ 3070 million in 1994/95 and then kept on falling. The reserve position dwindled to \$1602 million in June 2000 and to \$1302 million in June 2001. As of 29 June 2002, the reserve position was \$1583 million. It increased to \$2930 million in 2005. The increase in the size of reserves can be attributed to certain administrative measures adopted by the Government. These include the prohibition of HUNDI business, enactment of the Anti-Money-Laundering Act 2002 for preventing illegal transactions in foreign exchange, opening of banks and exchange houses in several countries to facilitate remittances by expatriate Bangladeshis. Reserves are important to maintain confidence but one shouldn't give too much emphasis on it in a floating exchanges regime.

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<sup>40</sup> Statistical Pocket Book Bangladesh 2006, Bangladesh Bureau of Statistics, Ministry of Planning, Dhaka, p.267-279.

## XII. External Debt

The country's medium and long-term external debt obligations (consisting mainly of public debt) increased in nominal terms from \$ 15791 million in 1999/00 to \$ 17953 million in 2004 and to \$ 18557 million in 2005, which is about 30.9% of the country's GDP. Debt service as proportion of total foreign exchange earnings was 5.8% in 2002/03 and 4.9% in 2003/04, which rose again to 5.1% in 2004/05. Debt service as proportion of export earnings was 7.5% in both 2003/04 and 2004/05. The proportion was 9.4% in 2002/03.<sup>41</sup>

## XIII. Terms of Trade

Commodity terms of trade have been worsening since 1997/98. With 1988/89 as base, the terms of trade index fell from 100.03 in 1998/99 to 89.85 in 2001/02 and then to 78.04 in 2005/05. The decline is more a result of using import prices than a fall in export prices.<sup>42</sup>

The problem can be overcome by improving the income in terms of trade. This can be achieved by raising the quantum of exports, for which a vigorous expo drive will be needed.<sup>43</sup>

*Hence*, the researcher illustrated the economic condition of Bangladesh to touch the Banking sector of the country. It is a matter of emergence to know that Banking sector is a part of total economic sector. For this reason, banking sector has been discussed here.

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<sup>41</sup> Statistical Pocket Book Bangladesh 2006, Bangladesh Bureau of Statistics, Ministry of Planning, Dhaka, p.267-279.

<sup>42</sup> Statistical Pocket Book Bangladesh 2006, Bangladesh Bureau of Statistics, Ministry of Planning, Dhaka, p.267-285.

<sup>43</sup> Statistical Pocket Book Bangladesh 2006, Bangladesh Bureau of Statistics, Ministry of Planning, Dhaka, p.267-285.

## History of Banking in Bangladesh

**Introduction:** A Bank is an institution that deals in money and its substitute and provides other financial services. In another word, A Bank is an institution where money is receipt for custody and repaid on demand.<sup>44</sup> Banks accepts deposits and makes loans and derives a profit from the difference in the interest rates paid and charged, respectively. Some banks also have the power to create money.

The principal types of banking in the modern industrial world are commercial banking and central banking. A commercial banker is a dealer in money and in substitutes for money, such as checks or bills of exchange.<sup>45</sup> The banker also provides a variety of other financial services. The basis of the banking business is borrowing from individuals, firms, and occasionally govt.—i.e., receiving “deposits” from them. With these resources and also with the bank's own capital,<sup>46</sup> the banker makes loans or extends credit and also invests in securities. The banker makes profit by borrowing at one rate of interest and lending at a higher rate and by charging commissions for services rendered.<sup>47</sup>

A bank must always have cash balances on hand in order to pay its depositors upon demand<sup>48</sup> or when the amounts credited to them become due. It must also keep a proportion of its assets in forms that can readily be converted into cash. Only in this way can confidence in the banking system be maintained. Provided it honors its promises (e.g., to provide cash in exchange for deposit balances), a bank can create credit for use by its

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<sup>44</sup> Dev, A T. English to Bangla Dictionary, Zoha Publications, Dhaka, p.112.

<sup>45</sup> Ahmed, Khan Masood, (1992), *Banking in India*. Anmol Publishers, New Delhi, India, pp.26-27.

<sup>46</sup> Rahman, Ataur, (1988), *Management Training in Nationalized Commercial Banks in Bangladesh*. Unpublished Ph D Thesis, Banaras Hindu University, Banaras, India, 25.

<sup>47</sup> Op.cit...p.14.

<sup>48</sup> Best, Geoffrey John, (1986), *Banking and Empire in Iran : The History of British Bank of the Middle East*, Cambridge University, London, Vol.3, p. 401

customers by issuing additional notes or by making new loans<sup>49</sup>, which in their turn become new deposits. The amount of credit it extends may considerably exceed the sums available to it in cash. But a bank is able to do this only as long as the public believes the bank can and will honor its obligations, which are then accepted at face value and circulate as money. So long as they remain outstanding, these promises or obligations constitute claims against that bank and can be transferred by means of checks or other negotiable instruments from one party to another. These are the essentials of deposit banking as practiced throughout the world today, with the partial exception of socialist-type institutions.<sup>50</sup>

Another type of banking is carried on by central banks, bankers to governments and 'lenders of last resort'<sup>51</sup> to commercial banks and other financial institutions. They are often responsible for formulating and implementing monetary and credit policies, usually in cooperation with the government. In some cases—e.g., the US Federal Reserve System—they have been established specifically to lead or regulate the banking system; in other cases—e.g., the Bank of England—they have come to perform these functions through a process of evolution.<sup>52</sup>

Some institutions often called banks, such as finance companies, savings banks, investment banks, trust companies, and home-loan banks, do not perform the banking functions described above and are best classified as financial intermediaries. Their

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<sup>49</sup> Ibid., p.21.

<sup>50</sup> Rahman, Aatur, (1988). *Management Training in Nationalized Commercial Banks in Bangladesh*. Unpublished Ph D Thesis. Banaras Hindu University. Banaras, India, 25.

<sup>51</sup> Hosain, Amir, (2001). *Loan and Investment Management Variety of Conventional & Islamic Banking in Bangladesh*, unpublished Ph D Thesis, Dhaka University Library, Dhaka, Bangladesh, p.27.

<sup>52</sup> Rahman, Aatur, (1988). *Management Training in Nationalized Commercial Banks in Bangladesh*. Unpublished Ph D Thesis, Banaras Hindu University. Banaras, India, 25.

economic function is that of channeling savings from private individuals<sup>53</sup> into the hands of those who will use them, in the form of loans for building purposes or for the purchase of capital assets. These financial intermediaries cannot, however, create money (i.e., credit) as the commercial banks do; they can lend no more than savers place with them.

Here the researcher describes the development of banking functions and institutions, the basic principles of modern banking practice, and the structure of a number of important national banking systems.

### **Origin of Banking**

Many of today's banking services were first practiced in ancient Lydia, Phoenicia, China, and Greece, where trade and commerce flourished. The temples in Babylonia made loans from their treasuries as early as 2000 B.C...<sup>54</sup> The temples of ancient Greece served as safe-deposit vaults for the valuables of worshippers. The Greeks also coined money and developed a system of credit. The Roman Empire had a highly developed banking system, and its bankers accepted deposits of money, made loans, and purchased mortgages. Shortly after the fall of Rome in AD 476, banking declined in Europe.<sup>55</sup>

The increase of trade in 13<sup>th</sup> century Italy prompted the revival of banking. The moneychangers of the Italian states developed facilities for exchanging local and foreign currency. Soon merchants demanded other services, such as lending money, and gradually bank services were expanded.<sup>56</sup>

The first bank to offer most of the basic banking functions known today was the Bank of Barcelona in Spain. Founded by merchants in 1401, this bank held deposits, exchanged

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<sup>53</sup> Ibid, p.28.

<sup>54</sup> Encyclopedia Britannica, USA.

<sup>55</sup> Hosain, Amir.( 2001). *Loan and Investment Management Variety of Conventional & Islamic Banking in Bangladesh*, unpublished Ph D Thesis, Dhaka University Library, Dhaka, Bangladesh, p.27.

<sup>56</sup> Encyclopedia Britannica, USA.

currency, and carried out lending operations.<sup>57</sup> It also is believed to have introduced the bank check. Three other early banks, each managed by a committee of city officials, were the Bank of Amsterdam (1609), the Bank of Venice (1587), and the Bank of Hamburg (1619).<sup>58</sup> These institutions laid the foundation for modern banks of deposit and transaction.

For more than 300 years, banking on the European continent was in the hands of powerful statesmen and wealthy private bankers, such as the Medici family in Florence<sup>59</sup> and the Fugger's in Germany.<sup>60</sup> During the 19th century, members of the Rothschild family became the most influential bankers in all Europe and probably in the world. This international banking family was founded by German financier Mayer Amschel Rothschild (1743-1812), but it soon spread to all the major European financial capitals.

The Bank of France was organized in 1800 by Napoleon.<sup>61</sup> The bank had become the dominant financial institution in France by the mid-1800s. In Germany, banking experienced a rapid development about the middle of the 19th century with the establishment of several strong stock-issuing or publicly owned banks.<sup>62</sup>

Banking in the British Isles originated with the London goldsmiths of the 16th century. These men made loans and held valuables for safekeeping.<sup>63</sup> By the 17th century English goldsmiths created the model for today's modern fractional reserve banking—that is, the

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<sup>57</sup> Rahman, Aatur, (1988), *Management Training in Nationalized Commercial Banks in Bangladesh*. Unpublished Ph D Thesis, Banaras Hindu University, Banaras, India. p.28.

<sup>58</sup> Encarta Encyclopedia, USA.

<sup>59</sup> Rahman, Aatur, (1988). *Management Training in Nationalized Commercial Banks in Bangladesh*. Unpublished Ph D Thesis, Banaras Hindu University, Banaras, India. 25.

<sup>60</sup> Encyclopedia Britannica, USA.

<sup>61</sup> Op.cit. p.28.

<sup>62</sup> Rahman, Aatur, (1988). *Management Training in Nationalized Commercial Banks in Bangladesh*. Unpublished Ph D Thesis, Banaras Hindu University, Banaras, India. 27.

<sup>63</sup> Encarta Encyclopedia. Microsoft Corporation. USA.



practice of keeping a fraction of depositors' money in reserve while extending the remainder to borrowers in the form of loans.<sup>64</sup> Customers deposited gold and silver with the goldsmiths for safekeeping and were given deposit receipts verifying their ownership of the gold deposited with the goldsmith.<sup>65</sup> These receipts could be used as money because they were backed by gold. But the goldsmiths soon discovered that they could take a chance and issue additional receipts against the gold to other people who needed to borrow money.<sup>66</sup> This worked as long as the original depositors did not withdraw all their gold at one time. Hence, the amount of receipts or claims on the gold frequently exceeded the actual amount of the gold, and the idea that bankers could create money was born.

### Origin of Banking in Context of Bangladesh

The system of banking is ancient and was prevalent in India, Greece, and Rome.<sup>67</sup> Indian banking is as old as its trade and commerce. It is well admitted that while the rest of the world was grouping in darkness and leading almost a barbaric life, India had highly developed social organization, better even than that of the Greek or any other nation in the world. Ample evidence exists to show that both in the Hindu and Mohammedan times, banking facilities were in existence.

The origin of banking in India is traceable in ancient time through the modern banking is hardly 200 years old. The main functions of a bank are to accept deposits and grant loans. There are evidences of these functions being performed by a section of the community in the Vedic periods. There are many references of 'Rina' or 'Debt' in the Vedic literature.

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<sup>64</sup> Encyclopedia Britannica, USA.

<sup>65</sup> Rahman, Aaur, (1988). *Management Training in Nationalized Commercial Banks in Bangladesh*. Unpublished Ph D Thesis, Banaras Hindu University, Banaras, India. 17.

<sup>66</sup> Encyclopedia Britannica, USA.

<sup>67</sup> Hosain, Amir, (2001). *Loan and Investment Management Variety of Conventional & Islamic Banking in Bangladesh*, unpublished Ph D Thesis, Dhaka University Library, Dhaka, Bangladesh, p.30.

During the **Ramayane** and **Mahabharat** eras banking, which was a side business activity for the Vedic period, because a full time business activity for the people. During the Smriti period, this followed the functions of the modern banks. The banking business was carried on by the members of the Vaish community, and Manu speaks of earning through ‘interest’ as the business of Vaishyas. He accepted deposits from the public, granted loans against pledges and personal security, granted simple open loans, acted as bailee for his customers subscribed to public loans by granting loans to kings, acted as treasurer and banker to the state, and managed the currency of the country. Indigenous bankers used to maintain a regular system of accounts and borrowers used to sign the loan deeds.<sup>68</sup>

Before the Buddhist period, only the ‘Vaishyas’ practiced banking, but during the Buddhist period, banking business was decentralized and Brahmans and Kshatrayas also entered the lucrative business of banking.<sup>69</sup> During this period, further refinements were made in the banking business. ‘Money’ changing came in to vogue and the state regulation of the business became more systematic.<sup>70</sup> Hundis or indigenous bills of exchange came also in use. The maximum rates of ‘interest’ were fixed. The people who charged high rates were looked down upon by the society. People who did this business were known as ‘Srethis’ or ‘Sahukar’ or ‘Mahajan’ and various other names were used for them. During this period, these bankers became influential people in the community life throughout the kingdom and they were often the royal treasurers.<sup>71</sup>

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<sup>68</sup> Rahman. Ataur, (1988). *Management Training in Nationalized Commercial Banks in Bangladesh*, Unpublished Ph D Thesis, Banaras Hindu University, Banaras, India, 27.

<sup>69</sup> Ibid., p.29.

<sup>70</sup> Hosain, Amir, (2001). *Loan and Investment Management Variety of Conventional & Islamic Banking in Bangladesh*, unpublished Ph D Thesis, Dhaka University Library, Dhaka, Bangladesh, p.30.

<sup>71</sup> Ahmed. Khan Masood. (1992), *Banking in India*. Anmol Publishers. New Delhi, India, pp.26-27

The use of hundis was made on a very large scale. Narsinha Bhagat of Junagarh drew a hundi on Seth Samalshad of Dwarika, in times of Lord Krishna. Manu, the great Hindu law-giver of the second or third century A. D., has dealt with the law relating to deposits and money lending. Usury, though, then in practice but was held in contempt.<sup>72</sup>

In about 12<sup>th</sup> century, the record is available of the Jain Bankers carrying money operations in those days. Kautilya,<sup>73</sup> an economist, has also laid down that the maximum legal rate of interest should not be more than 15% to 60% per cent except when the risk was extraordinary heavy.<sup>74</sup>

The famous French Traveler Tarvenier, has spoken very highly of these bankers. The banking operational procedure of our ancient bankers was largely the same, as of modern private banks. The accepting deposits, advancing of money against pledges and securities, as well as mortgages, granting of personal loans, working as bankers to the King or the government, custodians for valuables and sometimes even engaging the currency of the state. The hundi is nothing else but our bills of exchange.<sup>75</sup>

During the early Muslim and Mogul Rule in India, indigenous bankers did grant loans both for domestic and foreign trade. They assisted the state during period of crisis. 'Hundis' were most commonly used. Not only had this, during Mogul rule, the issue of various kinds of 'metallic money' in different parts of the country given the indigenous bankers<sup>76</sup> great opportunities for developing the very profitable business of 'money' changing.

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<sup>72</sup> Ibid. pp.26-27.

<sup>73</sup> Rahman. Ataur,(1988), *Management Training in Nationalized Commercial Banks in Bangladesh*. Unpublished Ph D Thesis. Banaras Hindu University, Banaras, India. p.27.

<sup>74</sup> Ibid. pp.26-27.

<sup>75</sup> Pain, J. P., 1946, *Indian Banking Analyzed*, Dhara Publications, Delhi, India, p.7&15.

<sup>76</sup> Ahmed, Khan Masood, 1992, *Banking in India*. Anmol Publishers, New Delhi, India, pp.26-27.

During the Mughol rule, the indigenous bankers of India have played an important part in the economic life of the country. The Public and the State held them in esteem, both. The famous bankers were taken over in the State service as officers, revenue collectors,<sup>77</sup> bankers, and money- changers. Even Emperor 'Aurangazeb' honored them. He conferred the title of 'Seth' on the eminent banker of his time known as Manik Chand.<sup>78</sup> Emperor Farrukhshiyer bestowed the title of 'Jagat Sheth' or World bankers, on Fatch Chand, the nephew of 'Manik Chand.' During the times of wars and troubles, they even advanced funds to the Mogul kings. The officers of East India Company also recognized their importance. They possessed as great a power as the private banker's of any western country did. They were considered trusted custodian of the deposits of people and royalty alike and financed not only the trade of the country but also requirements of the royal treasury.<sup>79</sup>

The English traders that came to India in the 17<sup>th</sup> century, could not make much use of the indigenous bankers, mainly due to their ignorance of the latter's language and the latter's inexperience of the finance of the former's trade. Therefore, although the East India Company established connections with these bankers, borrowed funds from them and for the first few years collected a portion of the land revenue through them, the English agency houses in Calcutta and Bombay began to conduct banking business besides their commercial business. From this time, the business and power of the indigenous bankers began to decline.

The business and power of these people, which were known till 17<sup>th</sup> century, began to show a decline by the end of 18<sup>th</sup> century. The factors contributing to it were not more for

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<sup>77</sup> Abedin, M Zainul, (1989), *Loan and Credit System of Nationalized Commercial Banks in Bangladesh*, unpublished Ph D Thesis. Rajshahi University, Rajshahi, p.17.

<sup>78</sup> Op.cit.pp.26-27.

<sup>79</sup> Pain, J. P., (1946), *Indian Banking Analyzed*, Dhara Publications, Delhi, India, p.7&15.

the defects in their working but the changes that were day to day occurring in the political and economic sphere of the nation.<sup>80</sup> The down - fall of the Moguls through incessant wars, the muddle and confusion that followed the unification of coinage of 1835 A. D., the introduction of easy and quick means of transport by land and sea.<sup>81</sup> The diversion of trade from old route-development of Indian's foreign trade, were the main reasons, contributing to the decline of the indigenous bankers. The attitude of the indigenous bankers also did not change. They followed their own methods and were concerned only with the granting of credit to the agriculturists and artisans and the internal trade of the country.<sup>82</sup>

The East India Company, too, could not very long resist the establishment of the banks on Western lines in this country.<sup>83</sup> Even now, despite the presence of joint stocks, a fair volume of banking business is being at present handled by these indigenous bankers.<sup>84</sup>

Banking on modern lines began with the foundation of the Agency Houses of Calcutta and Bombay in the 18<sup>th</sup> and early 19<sup>th</sup> centuries. These Agency Houses were mainly trading concerns interested in tea and indigo. Banking was only an adjunct, although the most important one, to their business.<sup>85</sup> These Agency Houses that began to serve as bankers to the East India Company, the members of the services, and the European merchants in India, had no capital of their own, and depended up on deposits for their funds. In contrast to these Agency Houses, the indigenous bankers conducted their business mainly with their

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<sup>80</sup> Ibid.p.12.

<sup>81</sup> Ahmed, Khan Masood, (1992). *Banking in India*. Anmol Publishers, New Delhi, India, pp.26-27

<sup>82</sup> Coope, C. N., (1863). *The Rise, Progress, and Present Condition of Banking in India*. Imperial Publications, p. 65

<sup>83</sup> Rahman, Ataur, (1988). *Management Training in Nationalized Commercial Banks in Bangladesh*. Unpublished Ph D Thesis. Banaras Hindu University, Banaras, India. p.29.

<sup>84</sup> Ibid. p.28.

<sup>85</sup> Ibid., p.27.

own resources. The Agency Houses financed the movement of crops, issued 'paper money', and paved the way for the establishment of joint stock<sup>86</sup> banks.

The first joint stock bank established in the country was the Bank of Hindustan founded in 1770 by one of Agency Houses in Calcutta and its business was closely connected with this house. But it was wound up in 1832 when the firm with which it was connected failed.<sup>87</sup> The Bengal Bank and the general Bank of India were established about 1785. The latter was voluntarily liquidated in 1791 owing to inability to earn profits, and the former failed a little later owing to a severe run upon it caused by the temporary reverses inflicted upon the company by Tipu Sultan. The banks were chartered by the East India Company.<sup>88</sup>

One of the main difficulties of foreigners in India was financing of foreign trade in which the indigenous bankers could not take any part. This naturally resulted in the creation of banking departments along with other business of the great agency house.<sup>89</sup> Their banking business was of secondary importance as they were mainly concerned with other activities like shipping and agency business. They soon dwindled on their inability to recover their advances from firms like Messes Palmer & Co. some say that the first bank was started by 'Masers Alexander & Co'.<sup>90</sup> But the recent writers maintain that the credit of starting the first bank on European lines goes to the Province of Madras. Somewhere in 1688 AD,

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<sup>86</sup> Hosain, Amir, (2001). *Loan and Investment Management Variety of Conventional & Islamic Banking in Bangladesh*, unpublished Ph D Thesis, Dhaka University Library, Dhaka, Bangladesh. p.34.

<sup>87</sup> Ibid., p.52.

<sup>88</sup> Ahmed, Khan Masood, (1992), *Banking in India*. Anmol Publishers, New Delhi, India, pp.26-27

<sup>89</sup> Rahman, Aatur, (1988), *Management Training in Nationalized Commercial Banks in Bangladesh*, Unpublished Ph D Thesis, Banaras Hindu University, Banaras, India. p.32.

<sup>90</sup> Hosain, Amir, (2001). *Loan and Investment Management Variety of Conventional & Islamic Banking in Bangladesh*, unpublished Ph D Thesis, Dhaka University Library, Dhaka, Bangladesh. p.34.

though the name of the bank and other details are lacking, it was said to be managed by the Government.<sup>91</sup>

The next joint stock bank, according to Mr. H. D. Love, started in India was the 'Carnatic Bank' of the Madras Presidency. Another earlier bank was General Bank in Behar and Bengal created in 1773 on the proposal of Warren Hastings. The Bengal Bank and the General Bank of India were established in about 1785. The bank of Bengal, the first Presidency bank was opened for business on the 1<sup>st</sup> May 1806 A. D., under the name and style of the 'Bank of Calcutta' with a capital of Sicca Rupees 50, 00,000.<sup>92</sup> The first Charter of its corporation was granted on 2<sup>nd</sup> January 1809 A. D, during the Governor Generalship of Lord Minto. The name was also altered as 'The Bengal Bank.' The first 'Bank of Bombay' was established in 1840 A. D., with a capital of Rs.50, 00, 000, later on increased to Rs.52, 23, 000. The Bank of Madras was started in 1843 A. D., with a capital of Rs. 30, 50,000.<sup>93</sup>

Another group of bank was established, not by the Charter of the East India Company, but by the acts of India Legislature. These banks may be divided in to two groups, the first consisting of the three presidency banks amalgamated in to the Imperial Bank of India in 1920, and the second, the Indian joint stock banks.<sup>94</sup>

The first Presidency Bank was established in Calcutta in 1806 under the name of Bank of Calcutta. Other two Presidency Banks were the Bank of Bombay and the Banks of Madras, which were established in 1840 and 1843 respectively. These were Private share- holder's banks, though the East India Company also contributed of the share- capital of each of

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<sup>91</sup> Coope. C. N., (1863), *The Rise, Progress, and Present Condition of Banking in India*, Imperial Publications, p. 65

<sup>92</sup> Ibid. p. 65.

<sup>93</sup> Coope. C. N., (1863), *The Rise, Progress, and Present Condition of Banking in India*, Imperial Publications, p. 65.

<sup>94</sup> Hosain, Amir, (2001), *Loan and Investment Management Variety of Conventional & Islamic Banking in Bangladesh*, unpublished Ph D Thesis, Dhaka University Library, Dhaka, Bangladesh, p.36.

them. The bulk of the share capital had come from private share-holders, mostly Europeans. The Presidency Banks in fact were central banks for their respective zones. They performed the central banking functions like banker to the government, banks of the issue and bankers' bank. They had their own bank rate policy. These banks were given the monopoly of government banking. The Presidency Banks established branches at many important centers in India.<sup>95</sup> The three banks continued till 1920 when they were combined together into Imperial Bank of India created by a special charter. After 1923, they were also given the right of note issue, which was taken over by the government in 1962.

In 1920, these Presidency Banks were amalgamated and a new bank- Imperial Bank of India- was formed. This step was taken to protect these banks against the competition of foreign banks. In 1945, the Reserve Bank of India, was established as the central bank of the country so as to leave the Imperial Bank entirely free, not only to continue, but also to extend commercial banking activities, the need for which was urgent in the country. The same Imperial Bank of India was nationalized in to the State Bank of India in 1955.<sup>96</sup>

The real stimulus for the establishment of joint stock banks was not provided till the Act of 1813, which removed all restrictions on Europeans setting in India. After the failures of the banks started by the agency houses in 1833 A. D., independent commercial banks were established on the basis of unlimited liability. The real stimulus for the establishment of Joint Stock Banks was not provided till the Act of 1813 A. D., which removed all restrictions on Europeans setting in India.<sup>97</sup>

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<sup>95</sup> Ibid... p.39.

<sup>96</sup> Ahmed, Khan Masood, (1992). *Banking in India*. Anmol Publishers, New Delhi, India, pp.26-27

<sup>97</sup> Rahman. Aaur. (1988). *Management Training in Nationalized Commercial Banks in Bangladesh*. Unpublished Ph D Thesis, Banaras Hindu University, Banaras. India, p.32.



McGregor records also the existence of the Bank of Ceylon, a Bank of issue incorporated by Royal charter in 1840, and performing Banking & Agency business in the presidency towns of India.<sup>98</sup>

The history of Joint Stock Banking from about 1860, when the limited liability basis was adopted in India, to the present day, is full of 'interest' and overwhelming details. The theory of the 'survival of the fittest' was observed to be operating upon the banking institutions at various intervals.<sup>99</sup> They also took away the public confidence in the banking field. The bank of Upper India established in 1863 A. D., however, survived till 1914 A. D. A great political agitation was being carried out in India. The wave of 'Swadeshi Movement' started in 1906 A. D., was the main spur for the growth of Indian Joint Stock Banks.<sup>100</sup>

Another spate of banks came after the First World War of 1914-18 A. D. the largest floatation's was in Western India, the Punjab, and the United Provinces. War and post war period boom gave another impetus to joint stock banks.<sup>101</sup> The Tata Industrial Bank was established in 1918 A. D. with a promising career. Many others, like Industrial Bank of Western India, The Union Bank of India, etc. now scheduled, were also established during this period.<sup>102</sup>

The history of modern banking in India dates back to the last quarter of eighteenth century. During this period, the English agency houses of Bombay and Calcutta started banking business in India. They set up the bank of Hindustan around 1770 A. D., followed by setting up of quasi government banking institutions like presidency bank of Bengal in 1806

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<sup>98</sup> Op. Cit., p. 22

<sup>99</sup> Pain, J. P., (1946), *Indian Banking Analyzed*, Dhara Publications, Delhi, India. p.7&15

<sup>100</sup> Coope, C. N., (1863), *The Rise, Progress, and Present Condition of Banking in India*, Imperial Publications. p. 65

<sup>101</sup> Ahmed, Khan Masood, (1992), *Banking in India*, Anmol Publishers, New Delhi, India, pp.26-27

<sup>102</sup> Coope, C. N., (1863), *The Rise, Progress, and Present Condition of Banking in India*, Imperial Publications, p. 65.

A. D., Presidency Bank of Bombay in 1840 A. D., and Presidency Bank of Madras in 1843 A. D., In 1921 A. D., all these banks were amalgamated and the Imperial Bank was constituted.<sup>103</sup> The main objective of establishing these Banks was to cater to the needs of the foreign rulers.

The period from 1865 to 1905 was a period of rest, and very few banks were established during these 40 years. The Allahabad bank was started during that period at Bombay, in 1865 and the Alliance Bank of Simla in 1875, both were under European Management.<sup>104</sup>

The Andhra Commercial Bank, a first one with limited liability and Indian management, was established in 1881 with its head office at Fyzabad. It was followed in 1894 by the Punjab National Bank. The Peoples Bank was established in 1901.<sup>105</sup>

Another spate of Banks came after the war of 1914-18. The largest floatation's were in Western India, the Punjab and the United Provinces. Unknown to the banking practice, they conducted their business operations sometimes in violation of banking principles.<sup>106</sup>

In the late 19<sup>th</sup> and early 20<sup>th</sup> centuries, the 'Swadeshi Movement' gained momentum. The Indian banks, therefore, came to be established during this period. These banks generally confined their activities to the urban and metropolitan areas and primarily catered to the financial needs of big industrialists, traders, and those who could provide sufficient tangible security for the amount to be borrowed.<sup>107</sup> In 1935 A. D., the Reserve Bank of

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<sup>103</sup> Ibid.p.65

<sup>104</sup> Ahmed, Khan Masood. (1992). *Banking in India*. Anmol Publishers. New Delhi. India, pp.26-27

<sup>105</sup> Rahman. Aaur, (1988). *Management Training in Nationalized Commercial Banks in Bangladesh*. Unpublished Ph D Thesis, Banaras Hindu University, Banaras. India, p.33.

<sup>106</sup> Keynes, John Maynard, (1945). *Indian Currency & Finance*. McGraw Hill Book Company, U.S.A. pp.223-225.

<sup>107</sup> Op.cit., p.34.

India was established as a Central Bank for regulating and controlling the banking business in the country.<sup>108</sup>

### **The Business of Banking**

The business of banking consists of borrowing and lending. As in other businesses, operations must be based on capital, but banks employ comparatively little of their own capital in relation to the total volume of their transactions.<sup>109</sup> The purpose of capital and reserve accounts is primarily to provide an ultimate cover against losses on loans and investments. In the United States capital accounts also have a legal significance, since the laws limit the proportion of its capital a bank may lend to a single borrower. Similar arrangements exist elsewhere.<sup>110</sup>

### **Functions of Commercial Banks**

'Bank' is a firm, industry, or a corporation, trading as general merchants, representatives, importers, and exporters in 'money commodity' with its various multiples. Little it has its own capital and mainly depends upon other's money received in the form of deposit.<sup>111</sup> Deposited-money though not its own and received as trust but it has a full option over its disposal and use in the form of investment, loans and advances etc. except in the fact that it must be repaid to the depositor as and when demanded by him subject to the conditions of settlement.<sup>112</sup>

The term 'bank' expresses any organization engaged in any of all of the various functions of banking, i.e. receiving, collecting, transferring, paying, lending, investing, dealing,

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<sup>108</sup> Maheswari, S. N., (1988), Kaplan Publishing House, New Delhi, India, p. 3.

<sup>109</sup> Ibid., p.3.

<sup>110</sup> Rahman, Ataur, (1988), *Management Training in Nationalized Commercial Banks in Bangladesh*, Unpublished Ph D Thesis, Banaras Hindu University, Banaras, India, p.39.

<sup>111</sup> Ibid., p.40.

<sup>112</sup> Pain, J. P., (1946), *Indian Banking Analyzed*, Dhara Publications, Delhi, India, p.7.

exchanging and servicing i.e. safe deposit, custodianship, agency, trusteeship, money and claims to money both domestically and internationally.<sup>113</sup> In its most specific sense, however, the term ‘bank’ refers to institutions providing deposit facilities for the general public. In their specialized heyday, commercial banks unique in not only being banks of deposit but specifically,<sup>114</sup> providing the most important means of payment, check book or demand deposits subject to check, the component of the money supply in addition to currency in public circulation.<sup>115</sup>

The essential characteristics of the banking business may be described within the framework of a simplified balance sheet. A bank's main liabilities are its capital (including reserves and, often, subordinated debt) and deposits. The latter may be from domestic or foreign sources (corporations and firms, private individuals, other banks, and even governments). They may be repayable on demand (sight deposits or current accounts) or repayable only after the lapse of a period of time (time, term, or fixed deposits and, occasionally, savings deposits).<sup>116</sup> A bank's assets include cash (which may be held in the form of credit balances with other banks, usually with a central bank but also, in varying degrees, with correspondent banks); liquid assets (money at call and short notice, day-to-day money, short-term government paper such as treasury bills and notes, and commercial bills of exchange, all of which can be converted readily into cash without risk of substantial loss); investments or securities (substantially medium-term and longer term government securities—sometimes including those of local authorities such as states,

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<sup>113</sup> Hosain, Amir. (2001). *Loan and Investment Management, Variety of Conventional & Islamic Banking in Bangladesh*, unpublished Ph D Thesis, Dhaka University Library, Dhaka, Bangladesh, p.48.

<sup>114</sup> Ibid., p.48.

<sup>115</sup> Woolfells, Charles J., (1993), *Encyclopedia of Banking and Finance*. Probush Publishing Company, Cambridge, England, p.69

<sup>116</sup> Encyclopedia of Encarta, USA.

provinces, or municipalities—and, in certain countries,<sup>117</sup> participations and shares in industrial concerns); loans and advances made to customers of all kinds, though primarily to trade and industry (in an increasing number of countries, these include term loans and also mortgage loans); and, finally, the bank's premises, furniture, and fittings (written down, as a rule, to quite nominal figures).<sup>118</sup>

All bank balance sheets must include an item that relates to contingent liabilities (e.g., bills of exchange “accepted” or endorsed by the bank), exactly balanced by an item on the other side of the balance sheet representing the customer's obligation<sup>119</sup> to indemnify the bank (which may also be supported by a form of security taken by the bank over its customer's assets). Most banks of any size stand prepared to provide acceptance credits (also called bankers' acceptances); when a bank accepts a bill, it lends its name and reputation to the transaction in question and, in this way, ensures that the paper will be more readily discounted.

### **Banking Services**

Another responsibility of the central bank is to ensure that banking services are adequately supplied to all members of the community that need them. Some areas of a country may be “under-banked” (e.g., the rural areas of India and the northern and more remote parts of Norway),<sup>120</sup> and central banks have attempted, directly or indirectly, to meet such needs. In France, this need underlay the early extension of branches of the Bank of France to the departments. In India the authorities encouraged the opening of “pioneer” branches by the former Imperial Bank of India and its successor, the State Bank of India, latterly by all the

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<sup>117</sup> Keynes, John Maynard. (1945). *Indian Currency & Finance*. McGraw Hill Book Company. U.S.A. pp 223-225.

<sup>118</sup> Pain, J. P., (1946). *Indian Banking Analyzed*. Dhara Publications. Delhi, India, p.7

<sup>119</sup> Coope, C. N., (1863). *The Rise, Progress, and Present Condition of Banking in India*. Imperial Publications, p. 65

<sup>120</sup> Encyclopedia of Encarta. (2007). USA.

nationalized banks, and particularly their extension to rural and semi rural areas. In Pakistan, officials of the State Bank of Pakistan played an active part in the foundation of the semipublic National Bank of Pakistan with a similar objective in view.<sup>121</sup>

A different sort of problem arises when the business methods of existing banks are unsatisfactory. In such circumstances, a system of bank inspection and audit organized by the central banking authorities (as in India and Pakistan) or of bank “examinations” (as in the United States) may be the appropriate answer. Alternatively, the supervision of bank operations may be handed over to a separate authority, such as France's Banking Control Commission or South Africa's Registrar of Banks.<sup>122</sup>

In developing countries, central banks may encourage the establishment and growth of specialist institutions such as savings institutions and agricultural credit or industrial finance corporations. These serve to improve the mechanism for tapping existing liquid resources and to supplement the flow of funds for investment in specific fields.<sup>123</sup>

### **The Structure of Modern Banking Systems in Bangladesh**

The banking systems of the world have many similarities, but they also differ, sometimes in quite material respects. The principal differences are in the details of organization and technique.<sup>124</sup> The differences are gradually becoming less pronounced because of the growing efficiency of international communication and the tendency in each country to

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<sup>121</sup> Hosain, Amir, (2001). *Loan and Investment Management, Variety of Conventional & Islamic Banking in Bangladesh*, unpublished Ph D Thesis. Dhaka University Library, Dhaka, Bangladesh, p.48.

<sup>122</sup> Op.cit.p.66.

<sup>123</sup> Ahmed, Khan Masood, (1992), *Banking in India*. Anmol Publishers, New Delhi, India. pp.36-37

<sup>124</sup> Rahman, Aatur. (1988), *Management Training System in Nationalized Commercial Banks in Bangladesh*. Unpublished Ph D Thesis, Banaras Hindu University, Banaras, India. p.41.

emulate practices that have been successful<sup>125</sup> elsewhere. Banking systems may be classified in terms of their structure as unit banking, branch banking, or hybrids of the two.

Bangladesh is a poor but developing country. Being a developing country, she has been, always, endeavoring to develop her economy.<sup>126</sup> It is acknowledged that Bank plays a pivotal role in the Development of a country through their service as financial intermediaries. In Bangladesh, It is the principal way to conglomerate all inhabitants of area under the network of economic development through banking services.<sup>127</sup> Public sector banking introduced all over the country to reach bank services to the doorstep of the masses to enable them to participate in the economic development of Bangladesh. The objective is too eliminating poverty from their personal and social life through employment generation and assistance from banking in trade and commerce. The peoples of Bangladesh were lacking expertise to some extent to manage big enterprises having problem of monuments dimensions after the liberation war.<sup>128</sup> It was full of mismanagement, inefficiency, wastage, and corruption. All these consequences created a blockade in the economy. As an alternative institution banks in private sector became imperative. So both banking sector came up. But in private sector banking some selected commercial and industrial areas are covered by their branches.<sup>129</sup> General people are less benefited from their services because. Most of the banks are situated in the urban areas. Though, the bank is a financial institution which plays an important role in the capital accumulation and economic development of a nation.<sup>130</sup> The basic precondition for capital

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<sup>125</sup> Hosain, Amir. (2001). *Loan and Investment Management Variety of Conventional & Islamic Banking in Bangladesh*, unpublished Ph D Thesis, Dhaka University Library, Dhaka, Bangladesh, p 43.

<sup>126</sup> Khaled, M., (1985). *Banking as I have Seen*, Bangladesh Packing Press Ltd., Dhaka, Bangladesh, p. 71

<sup>127</sup> Ibid. p.71.

<sup>128</sup> Ahmed, Khan Masood. (1992), *Banking in India*. Anmol Publishers, New Delhi, India, pp.26-47.

<sup>129</sup> Ibid., pp.26-47.

<sup>130</sup> Coope, C. N., (1863), *The Rise, Progress, and Present Condition of Banking in India*. Imperial Publications, p. 65

accumulation and economic development is the existence of a wide spread and efficient financial structure. The process of economic growth of Bangladesh depends on the level of performance of the employees and executive of private sector banking is very significant factors for the purpose of obtaining the highest possible benefit.

### Chart No.1.1 Banks Established in British Period<sup>131</sup>

Name of the Banks	Date of Establishment	Head Office	Branches	Paid up Capital
The Orient Bank	1851	London	*	12,15,000/-
The Agra & U.P. Bank	1833	Calcutta	Agra, Madras & Lahore	7,00,000/-
The North West Bank	1844	London	Bombay, Simla, Mussorie, Agra, Delhi & Kanopore	2,20,560/-
The Commercial Bank	1854	Bombay	Agents in London, Shanghai & Calcutta	10,00,000/-
The Delhi Bank	1844	Delhi	*	1,80,000/-
The Shimla Bank	1844	Delhi	*	63,850/-
The Dacca Bank	1846	Dacca	*	50,000/-
The Mercantile Bank	*	Bombay	London, Calcutta, Colombo & Shanghai	*

Source: Khaled, M., 1985, *Banking as I have Seen*, Bangladesh Packing Press Ltd., Dhaka, Bangladesh, p. 71

### Chart No 1.2 # Renaming of 10 Banks of Pakistan in Bangladesh

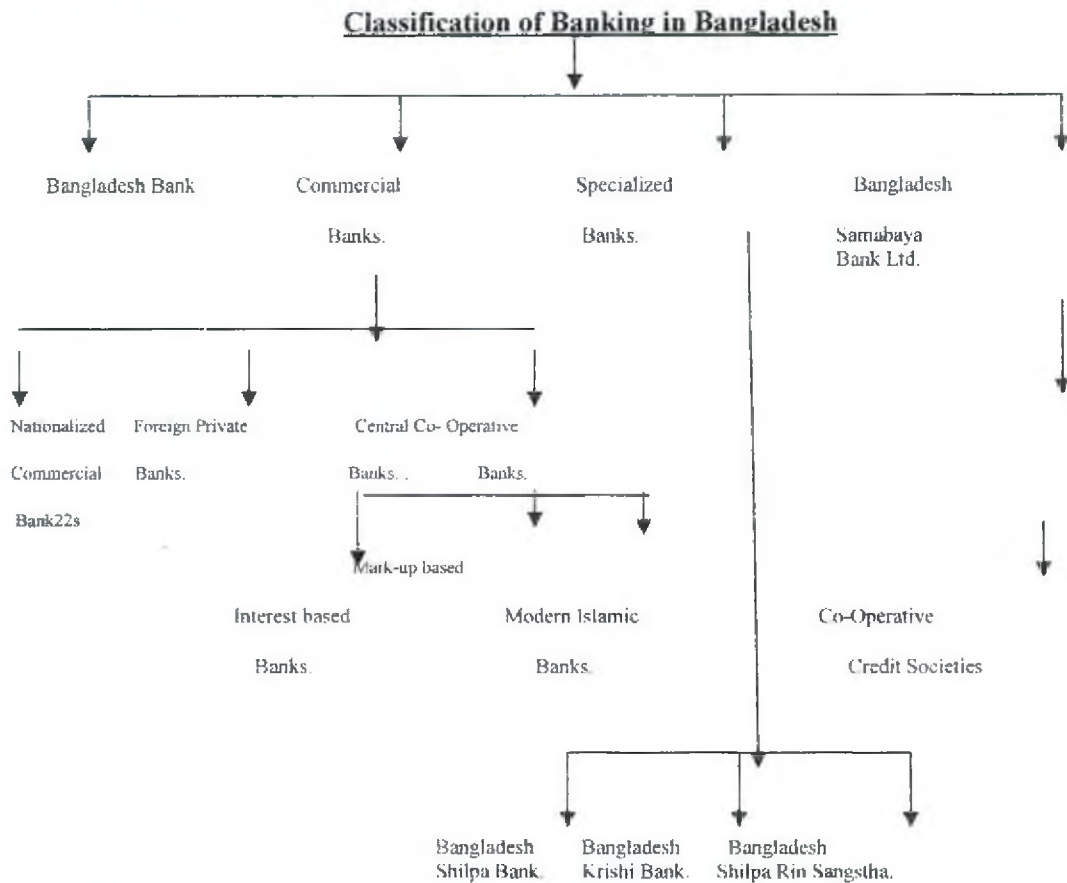
Name of Re-organized Bank	Name of the Banks of then Pakistan
1. Sonali Bank Limited	I. National Bank of Pakistan II. Bank of Bahawalpur Ltd III. The Premier Bank Ltd
2. Janata Bank Limited	I. United Bank Ltd II. Union Bank Ltd
3. Agrani Bank Limited	I. Habib Bank Ltd II. Commercial Bank Ltd
4. Rupali Bank Limited	I. Muslim Commercial Bank II. Standard Bank Ltd III. Australasia Bank Ltd
<b>Re-Structured &amp; Renamed Bangladeshi Bank</b>	<b>Owners from the then East Pakistan</b>
5. Pubali Bank Limited	Eastern Mercantile Bank Ltd
6. Uttara Bank Limited	Eastern Banking Corporation

Source: Government of Bangladesh, Ministry of Finance, Banking Division. Resume of the Activities of Financial Institutions of Bangladesh (First Issue), Dhaka, 1973, pp.11-12.

<sup>131</sup> Khaled, M., (1985). *Banking as I have Seen*, Bangladesh Packing Press Ltd., Dhaka, Bangladesh, p. 71



## Chart No 1.3 # Classification of Banking in Bangladesh



Source:<sup>132</sup>

\*\* In September 1983, Pubali Bank and Uttara Bank have been denationalized under Bangladesh Bank's Nationalization Amendment Ordinance, 1983, (No. XL VII of 1983) and Article NO.27A (1) of 1983, respectively.

<sup>132</sup> *Economic Trends*, July, 1998, Bangladesh Bank, Dhaka, p.28

**Chart No -1.4 # Names of Old and New Banks Including the Years of Establishment**

Figures in Lakhs of  
Taka

Serial No	Existing Banks	Year of Establishment	New Banks	Authorized Capital	Paid up Capital
01	The National Bank of Pakistan	1949	Sonali Bank	500	200
02	The Bank of Bahawalpur Ltd	1956			
03	The Premier Bank Ltd	1970			
04	The Habib Bank Ltd	1941	Agrani Bank	500	100
05	The Commerce Bank Ltd	1963			
06	The United Bank Ltd	1959	Janata Bank	500	150
07	The Union Bank Ltd. *				
08	The Muslim Commercial Bank Ltd	1948	Rupali Bank	500	100
09	The Standard Bank Ltd	1941			
10	The Australasia Bank Ltd.	1942			
11	The Eastern Mercantile Bank Ltd. *		Pubali Bank	500**	100
12	The Eastern Banking Corporation Ltd	1965	Uttara Bank	500**	100

Source: *Resume of the Activities of the Banks and Financial Institutions in Bangladesh, Ministry of Finance, Government of the People's Republic of Bangladesh, 1984-85, Dhaka, pp.181-193*

**Chart 1.5 # Banks Operating in Bangladesh for the Year 2007 Including total number of branches and total number of employees respectively**<sup>133</sup>

(Position as on 31.12.2007)

SL. No.	Nature of Banks	Number of Banks	Number of Branches	Number of Employees
A.	Bangladesh Bank/Central Bank	1	9	7212
B.	Nation Owned Commercial Banks	4	3393	33731
C.	(i) Conventional Interest based banks	20	1081	21144
	(ii) Mark-up based modern Islamic banks	7	253	11059
D.	Foreign Banks	10	25	1216
E.	Specialized Banks	6	170	6588
	Total	48	5,316	1,09,750

### **Role of Banks in the Economic Development of Bangladesh**

The prosperity and development of a country depends upon its economic activities. Banks<sup>134</sup> constitute an important segment of the financial infrastructure and development process, in any country by ensuring uninterrupted supply of financial resources to the people, engaged in numerous economic activities.<sup>135</sup> The economic history of many countries reveals that economic development and growth of financial infrastructure go hand in hand. There is interaction between the two. Without the growth in the financial infrastructure, there can be no development and the latter in turn changes the shape and size of the financial institutions. Commercial banks play an important role in facilitating economic growth and development of a country.

<sup>133</sup> Annual Reports, (1997) of respective banks and *Economic Trends*, July (1998). Statistic Department of Bangladesh Bank, vol.23, No. 7, pp. 48-66

<sup>134</sup> 'Bank' is a business house and the commodity in which a bank deals is 'money.'--- Pain, J. P., (1946). *Indian Banking Analyzed*, Dhara Publications, Delhi, India, p.11

<sup>135</sup> Rahman, Aatur. (1988). *Management Training in Nationalized Commercial Banks in Bangladesh*. Unpublished Ph D Thesis, Banaras Hindu University, Banaras, India, p.41.

Banking<sup>136</sup> has played an immensely valuable role in the economic life of every country, big or small. The banking services were available at all stages of human progress, though under different names.<sup>137</sup> India had her *Sahukars*, Afghanistan her *Kabuliwalas*, Britain her *Goldsmiths* and other European Countries their Shylocks, addressed the Jews by the Christians.<sup>138</sup>

The old concepts, attitudes, and methods in banking have yielded place new techniques of viability, need-based finance, and marketing. Instead of the banks, merely moving with the slope in to immediately profitable ventures, they are required to participate in the nation-building activities and help in bringing about socio-economic changes.<sup>139</sup>

Historically, of course, there have been countries like Great Britain, where banking development proceeded industrial development and countries like U.S.A., where the industrial development came first, and banking development had to follow suit. But in vast majority countries, including Bangladesh, the development has almost been simultaneous.<sup>140</sup>

Commercial banks play an important role in facilitating economic growth and development of a country. On a macroeconomic level, they represent the primary conduct of Federal Reserve monetary policy. Bank deposits represent the most liquid form of money such that Federal Reserve effects to control the nation's money supply and level of aggregate economic activity does so by changing the availability of credit at banks. On a micro economic level, commercial banks still represent the primary source of credit to most small

<sup>136</sup> By the term 'Banking' we mean the business of dealing in 'credit'. 'Credit' is a technical term. It is neither 'money' nor capital, quoted in Khaled, M., (1985), *Banking as I have Seen*, Bangladesh Packing Press Ltd., Dhaka, Bangladesh, p. 71

<sup>137</sup> Ibid., p. 71.

<sup>65</sup> Ahmed, Ausaf. (1995). *The Evolution of Islamic Banking*, Institute of Islamic Banking and Insurance, London, U.K., pp.15-17.

<sup>139</sup> Varshney, P. N., (1990), *Banking Law and Practice*, Sultan Chand & Sons, New Delhi, India, 13th ed., Foreword

<sup>140</sup> Khaled, M., (1985), *Banking as I have Seen*, Bangladesh Packing Press Limited., Dhaka, Bangladesh, p. 71

business and many individuals. A community's vitality typically reflects the strength of its major financial institutions and the innovative character of its business leaders.<sup>141</sup>

While the economic role of commercial banks has varied little overtime, the nature of commercial banks and competing financial institutions is constantly changing. Depository institutions, brokerage firms, insurance companies, and general retail stores now offer products and services traditionally associated only with commercial banks.

Commercial banks, in return, offer a variety of insurance, real estate and investment banking services they were once denied. They are not full-service institutions; however, though they are evolving to it. The term 'bank' today refers as much to the range of services traditionally offered by depository institutions as to a specific type of institution. In fact, commercial banks operate in a rapidly changing regulatory and economic environment. The government agencies that supervise and regulate banks are gradually eliminating distinctions between commercial banks and other financial institutions to offer competitive banking services. This increased competition often coincides with severe economic difficulties caused by problems in energy, real estate and agriculture, As competitive pressures have increased, however, so have opportunities to offer new products compete in expanded geographic markets and consolidate operations. Bank managers must be prepared to take advantage of these opportunities.<sup>142</sup>

### **Role of Prime Bank in the Economic Development of Bangladesh**

In the backdrop of economic liberalization and financial sector reforms, a group of highly successful local entrepreneurs conceived an idea of floating a commercial bank with

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<sup>141</sup> Spiegel, H. W., (1983). *The Growth of Economic Thought*, Duke University Press, Durham, North Carolina, U.S.A., p.132

<sup>142</sup> Koch, Timothy W., (1988), *Bank Management*, Harcourt Brace Javanovich College Publishers, United States of America, 2nd ed., pp. 19-20.

different outlook. For them, it was competence, excellence, and consistent delivery of reliable service with superior value products. Accordingly, Prime Bank Limited was created and commencement of business started on 17th April 1995. It is remarkable that, this bank is a Second Generation Private Sector Bank in Bangladesh. The sponsors are reputed personalities in the field of trade and commerce and their stake ranges from shipping to textile and finance to energy etc.

As a fully licensed commercial bank, Prime Bank Ltd. is being managed by a highly professional and dedicated team with long experience in banking. They constantly focus on understanding and anticipating customer needs. As the banking scenario undergoes changes so is the bank and it repositions itself in the changing market condition.

Prime Bank Limited started its journey as a Bank with a difference by introducing Islamic Banking from the very inception alongside the conventional banking. At present the Bank has 5 (Five) Islamic Banking Branches under its banking network. At Head Office, there is an Islamic Banking Division to oversee and monitor the activities and provide guidelines for ensuring Shariah compliance and other related issues. By the active support and guidance of the Shariah council and Islamic Banking Division of the Bank, the Islamic Banking Branches are demonstrating excellent performance. 2006 was also a commendable year for the development of Islamic Banking Business. Investments and deposits grew by 38 percent and 89 percent respectively. The operating profit grew by 44 percent during the year as against 54 percent of previous year. The non-performing investments of Islamic Banking Branches are 0.19 percent of their total investment. Total import and export business generated by the Islamic branches showed remarkable growth. Total import and export business handled was TK 6,464 million and TK 4,677 million respectively.

The Shariah Council of prime bank limited consists of 10 members who provide guidance in various banking issues as per Shariah. In addition to the usual Audit & inspection of the branches by head office Audit & inspection Division, the Muraquibs of Shariah council inspects the branches and report to Shariah council.

### **Importance of HR in Banking Sector**

Human Resource Management is the most important variable among all the branches of Management for any organization or an institute; because, 'People' or 'Human Resource' are the vital force for the effective operation of an organization, a company or a bank.<sup>143</sup>

Even Human Resource is assumed as the most important asset among all other resources of a bank, because they lead all other resources. Yet the 'Human Assets' are visually never shown on the balance sheet as distinct category, although a great deal of money is invested in the recruitment, selection and training of the people.<sup>144</sup>

In the present day the human resource has been matured from an administrative support role to a key strategic function in successful organization. The evolution has been intimately tied to change workplace values, economic condition, technological innovations, and many other factors. To cope with the changing situation the business leaders recognize the values of their employees to the future of their organization. People are the most valued asset to the organization; let it be private or public. Bangladesh faces a severe problem in managing their personnel due to lack of human resource planning way as well as HRM practices.

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<sup>143</sup> Dessler, Gary, (2003), *H. R. Management*, Pearson Prentice Hall, New Jersey, USA, p.03.

<sup>144</sup> Wehrich, Heinz & Koontz, Harold. *Management*. McGraw-HILL, Inc., Singapore.p.356

In the Banking sector (especially private sector) a well conceived human resource policy is a must, because human resources are most abundant of any organization. To the best of the present researchers' knowledge no extensive study has yet been made on HRM Practices in private sector banks in Bangladesh. For this reason, the present study has been undertaken to evaluate existing HRM Practices of said banking sector especially on Prime Bank Limited.



# Chapter 2

## Research Methodology

### Definition of Research

The term 'Research' means scientific diligent study, investigation, or experimentation in order to establish facts and analyze their significance.<sup>1</sup> Inborn in such study is an orderly approach with accurate record keeping. A careful search or inquiry, after or for or into endeavor, to discover new or collect old facts etc. by scientific study of a subject, course of critical investigation,<sup>2</sup> A careful search; a systematic investigation towards development of knowledge. Research is a careful study or investigation, undertaken in order to discover new facts or to get additional information.<sup>3</sup> Research is a systematic and unbiased search for knowledge in order to discover new facts or information.<sup>4</sup> It is a careful search, investigation, systematic and unbiased investigation towards development of knowledge.<sup>5</sup> Research means search better ways of solution or repeated attempt to achieve the truth.<sup>6</sup> It is a work that involves studying something and trying to discover facts about it.<sup>7</sup> Detailed and careful investigation in to same subjects or area of knowledge or study with the aim of discovering and applying new facts or information is a Research.<sup>8</sup> Research is a careful

<sup>1</sup> Hosain, Amir, (2001). *Loan and Investment Management Variety of Conventional & Islamic Banking in Bangladesh*. unpublished Ph D Thesis, Dhaka University Library, Dhaka, Bangladesh. p.1.

<sup>2</sup> *The Concise Oxford Dictionary*, 1999, Oxford University Press, UK.,p.908

<sup>3</sup> Hornby, A. S., *Oxford Dictionary*, 1999, p.601.

<sup>4</sup> Ibid. (1999), p.601.

<sup>5</sup> Ahmed, S. K., April (2000). *Joy Advanced Learner's Dictionary*. Joy Books International, Dhaka, Bangladesh, 5<sup>th</sup> Edition. p.951.

<sup>6</sup> William, Donald A.,( 1996), *The Making of a Manager*. British Library Cataloguing in Publication Data, London, U. K., p. 83.

<sup>7</sup> Thomas Richard, (1999). *Collins Co build English Dictionary*, Harper Collins Publications Limited, p.1411.

<sup>8</sup> Robinson, Mairi & Davidson, George, (1996), *Chamber's 21<sup>st</sup> Century Dictionary*, Clays Limited, Cambridge University Press, pp.1186-87

search for information.<sup>9</sup> Research is a systematic search for gaining knowledge, disinterested or unbiased search for knowledge. It is a careful inquiry or examination to discover new information or relationships and to expand and verify existing knowledge. It also means the manipulation of thing, concepts, or symbols for the purpose of generalizing and to extend correct or verify knowledge, whether that knowledge aids in the construction of a theory or in the practice of an Art. It actually evolves from a genuine desire to know rather than a wish to prove a point of view.<sup>10</sup>

Research is also considered as the formal, systematic, and intensive progress of carrying on the Scientific method of analysis. It generally requires a systematic structure of investigation resulting in some sort of formal record of procedure and finally the preparation of a research report containing the suggestions and conclusions.<sup>11</sup> Research is a systematic effort of finding the truth. So research generates new knowledge. This is something like a commodity, which can be sold for the use of others. Obviously, it is for the use of literates, intellectuals, officials, and industrialists. Vast masses of illiterate, poor people can neither use this knowledge nor do they have any access to this knowledge.<sup>12</sup>

A research originates more often in the existence of some unexplained facts. The research proposal provides a systematic plan of procedure for the researcher to follow. It is comparable to the blue print, which the architect prepares before the bids are let and building commences.<sup>13</sup> Research is considered to be the formal, systematic, and intensive process for carrying on a scientific method of analysis, towards the solution of a problem. It generally requires a systematic structure of investigation, resulting in some sort of

<sup>9</sup> Danbury, Connecticut. (1998). *The New Book of Knowledge*. Grodier Incorporated, U.S.A., Volume-16, p.181.

<sup>10</sup> Rummel, R. J., (1964), *Understanding Conflict and War*. University Book Stall, Delhi, India, p.376.

<sup>11</sup> Hatton, Michael J., (1997), *Life Long Learning: Policies, Practices and Programs*. Canadian International Agency, Ontario, Toronto, p.374.

<sup>12</sup> Best, Geoffrey John, (1986), *Banking and Empire in Iran : The History of British Bank of the Middle East*, Cambridge University, London, Vol.3, p. 401.

<sup>13</sup> Parsons. Earl H.. (1989). *The Data Base Expert's Guide*. Mc. Graw Hill Book Company, New York, U.S.A., p.263.

formal record of procedures and finally the preparation of a research report containing the suggestions and conclusions<sup>14</sup> Research is essentially an intellectual and creative activity. The mastery of techniques and process does not guarantee research competence. Though this skills may help the creative problem solver to reach his objectives more effectively. Research derives a creative study or enquiry or investigation or intensive examination of the existing ideas to discover new ideas with a view to revise old ideas. Research is a logical, systematic, and scientific process aimed at and directed towards the discovery and development of an organized body of knowledge. Research is the manner in which we attempt to solve problems in a systematic effort to push back the frontiers of human ignorance or to confirm the validity of the solutions to problems others have presumably resolved. It is a way of looking at accumulated fact so that those data become meaningful in the total process of discovering new insights in to unsolved problems and revealing new meanings. Research generates new knowledge or removes ignorance in a specific field or area. Other people's access to this knowledge is possible only when a research finding is marketed. Research is a systematic search for facts & scientific investigations.<sup>15</sup>

### Rationale of the Study

It is a policy-oriented research study. Recommendations of this study can be applied in the improvement of our national economic system. The findings of the study will highlight the problems of our poor people and their solutions. The study findings will also guide integrated problems of Bangladesh. The policy-maker in the economic sector of Bangladesh will be facilitated to face the economic challenges of the 21<sup>st</sup>. Century. The Academics will get required information and guidelines from the report of the research. Researchers will get inspiration to conduct further research in the area of the study.

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<sup>14</sup> Samuel. Smith. (1959). *The Best Methods of Study*. Harper and Row Publishers, New York, U.S.A., .P.752

<sup>15</sup> Encyclopedia of Microsoft Encarta. USA.

Prime Bank Limited is a leading Bank in Bangladesh from its inception. It is playing a vital role in economic sector of Bangladesh. In all the sides of banking sector, it's functioning is very much satisfactory in the eye of Government & the economic commentators. Its financial sector is also stable, upward, & satisfactory. For this reason, the researcher has made a great choice to conduct a study on the *Prime Bank Limited*.

### **Scope of the Study**

The scope of the study is limited at drawing descriptive and analytical rather than critical presentation of Prime Bank Limited. This dissertation is based on the performance of a particular Bank engaged in Banking business performing *Human Resource Management Practices*. Current researcher wants to show specially the condition & status of HRM Practices in Prime Bank Limited.

### **Objectives of the Study**

The general objectives of the study are to advise a policy which will facilitate the Banks to imagine the requirements of human resource management practices to achieve the organizational goal in a rapidly changing environment. That is why the HRM practices in the private sector banking in Bangladesh has been undertaken.

The specific objectives of the present study are to:

1. Appraise the existing practices of HRM functions of Prime Bank Limited.
2. Find out the weaknesses of HRM areas in the Prime Bank Limited.
3. Suggest the ways to get rid of these weaknesses for the sake of developing HRM activities more effectively.

## **Selection of the Study Area**

The selection of the Prime Bank Limited as the study area has been done on the basis of the convenience in data collection and discussion with the concerned executives and decision makers. Prime Bank Limited is one of the largest private Banks of Bangladesh. The Head Office (Human Resource Department-HRD), Dhaka Zonal Office, Training Institute and Some Branches have been taken purposefully for the study.

## **Setting the Problem**

This research attempts to develop a conceptual framework to construct a model, develop a measure of human resource management system as well as its proper execution & implementation in the banking business environment in Bangladesh. Because human being are the best assets in this universe; not a commodity product in case of conducting the HRM activities. The essence of human resource management is to bring about the full utilization of human resources of the organization, to see that employees' work effectively to achieve organizational goals. All of the Company managers, business consultants, human resource management practitioners, international donors and academicians in Bangladesh recognize the importance of increasing employee productivity in Bangladeshi organizations, in which managing human resources is one major area of concentration. Management practices differ from country to country, and so do human resource management practices. For this reason, it is important to obtain conception on how Bangladeshi human resource management practices differ from the established practices in the West.

As Bangladesh is a rising country, it has always been endeavoring to develop her economy for the welfare of the people. Development depends both on the production and service, which give rise to economic growth. This economic growth demands a strong financial

discipline in the country. As Banks are the institutional frame for handling financial matters and the orderliness of financial activities, but its performance depends on the efficiency of its executives and employees. Other than, there is no analytical information that exists in incidence of human resource management practices in the banking sector. Recently govt. and other developing partners have undertaken diversified initiative to develop the Quality of Work Life (QWL) which shows the values, the class, and the worthiness of its employees. But there are very few studies on how all these basic problems should be incorporated in human resource planning in the banking sector of Bangladesh.

There are no prefixed indicators for assessing manpower, work load are measured on the basis of thumb rule, comparing the changes occurred during the last 37 years in Bangladesh that the Banks face multiple challenges and threats (threats to effectiveness, efficiency and profitability), challenges from turbulent environments, increased competition, and changing customer demands. Keeping organization healthy and viable in today's world is a daunting task. Because, it is found in a research study conducted by V.S.P. Rao as he said, "*Human resource* is an important corporate asset and the overall performance of company depends upon the way, it is put to use. In order to realize company objectives, it is essential to have a manpower plan."<sup>16</sup> Bank provides this service directly to its customers and indirectly helps for production work through practices.

Human Resource Management is the most important variable among all the branches of management for any organization or an institute; because, 'People' or 'Human Resource' are the vital force for the effective operation of an organization, a company or a bank.

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<sup>16</sup> V.S.P. Rao, (1999), Bank Management, Discovery Publishing House, New Delhi, Chapter-9, Manpower Planning in a Bank, p.412.

Even human resource is assumed as the most important asset among all other resources of a bank, because they lead all other resources. Yet the “Human assets” are visually never shown on the balance sheet as distinct category, although a great deal of money is invested in the recruitment, selection and training of the people.<sup>17</sup>

“For many years it has been said that capital is the bottleneck for the developing industry. I don’t think this any longer holds true. I think it’s the work force and the company’s inability to recruit and maintain a good workforce that does constitute the bottleneck for production. I don’t know of any major project backed by good ideas, vigor, and enthusiasm that has been stopped by a shortage of cash. I do know of industries whose growth has been partly stopped or hampered. Because they can’t maintain an efficient and enthusiastic labor force, and I think this will hold true even more in the future.”<sup>18</sup>

Bank provides this service directly to the people and indirectly helps for production work. Banking is a service oriented job and it requires personal commitment, initiative, and enthusiasm towards accomplishment of banking job, to ensure a congenial customer service. Honest and sincere efforts from the part of the employees towards accomplishment of the job are mandatory. In order to harness the human energies in the service of organizational goals is expected to pay proper attention to recruitment, selection, and training activities in an organization. Proper promotional avenues must also be created so as to motivate employees to peak performance. All these things however, do not come easily. It requires thorough planning and certain amount of zeal and commitment to convert the rhetoric to concrete action. On the other hand, at the emergence of Bangladesh as an independent country new democratically oriented working class leaders contribution towards the gradual evolution of various level of platforms and forums for negotiations in

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<sup>17</sup> Wehrich, Heinz & Koontz, Harold. (1999). *Management*, McGraw-HILL, Inc., Singapore. p.356.

<sup>18</sup> Dessler, Gary. (1999). *H. R. Management*. Pearson Prentice Hall, New Jersey. USA. 2003. p.5.

banking industry. With the nationalization of major commercial banks in 1972, radical transformations started taking place in Bangladesh banking. As a result the government and bank managements wondered as to how to maintain industrial relations or to defuse industrial relations. All public sector banks are in bad shape as per the recent public relations, the recent politicization of the union activities observed on bank security is a memorandum to the policy makers and implementers and all those who have directly or indirectly covered. In view of the first changes that are taking place in the financial sector in recent times. Commercial banks have to gear up themselves for developing the qualitative skills of the employees in a major way. The additional challenges are in the form of increase in the expectation from the banking clients, technological developments, information based functioning, new orientation of human resources whose priorities are totally different from the older generation and changing priorities of unions and management bring about added responsibilities all to make it rather compulsory for top managements to book in to manpower planning exercise more carefully. A renounced business researcher Mahbub Ali very rightly pointed out the causes of bottleneck in the banking sector. He said,

“The banking sector in Bangladesh takes the lead in mobilizing resources and.....commercial banks are not equipped to respond to the needs of twenty first century. Default culture, old and back dated banking procedure. Lack of coordination between proper manpower planning and bank schemes, lack of market research for analyzing customer psychology, in efficient banking services, lack of performance planning etc. are creating bottleneck for local bank to attain international standard”<sup>19</sup>

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<sup>19</sup> Mahbub Ali, (2002): Globalization and Corporate Planning of Banks in Bangladesh: A Security of Bankers Opinion. Bangladesh Business year book, Dhaka. 2002. p.503.



## **Problem**

From the above discussion, it is clearly observed that the lack of proper co-ordination between **Human Resource Management Practices** and its Scheme creates bottleneck in the development of the Private Sector Banking in Bangladesh.

## **Cause of Taking Prime Bank Limited as a Respondent Bank**

**Establishment of Prime Bank Limited:** In the backdrop of economic liberalization and financial sector reforms, a group of highly successful local entrepreneurs conceived an idea of floating a commercial bank with different outlook. For them, it was competence, excellence, and consistent delivery of reliable service with superior value products. Accordingly, Prime Bank Limited was created and commencement of business took place on 17th April 1995. It is remarkable that, this bank is a **Second Generation Private Sector Bank** in Bangladesh. The sponsors are reputed personalities in the field of trade and commerce and their stake ranges from shipping to textile and finance to energy etc.

As a fully licensed commercial bank, Prime Bank Ltd. is being managed by a highly professional and dedicated team with long experience in banking. They constantly focus on understanding and anticipating customer needs. As the banking scenario undergoes changes so is the bank and it repositions itself in the changing market condition.

Prime Bank Ltd. has already made significant progress within a very short period of its existence. The bank has been graded as a top class bank in the country through internationally accepted **CAMEL**<sup>20</sup> rating. The bank has already occupied an enviable position among its competitors after achieving success in all areas of business operation.

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<sup>20</sup> Karim, Enayet (2005). *CAMEL Rating*. Industry Printing & Publication, Dhaka, p.13.

Prime Bank Ltd. offers all kinds of commercial corporate and personal banking services covering all segments of society within the framework of Banking Company Act and rules and regulations laid down by our central bank. Diversification of products and services include Corporate Banking, Retail banking and consumer banking right from industry to agriculture, and real state to software.

The bank has consistently turned over good returns on assets and capital. During the year 2006, the bank has posted an operating profit of Tk. 2131 million and its capital funds stood at Tk 4409.21 million. Out of this, Tk. 1750 million consists of paid up capital by shareholders and Tk. 2659.21 million represents reserves and retained earnings. The bank's current capital adequacy ratio of 9.95% is in the market. In spite of complex business environment and default culture, quantum of classified loan in the bank is very insignificant and stood at less than 0.82%.

Prime Bank Ltd., since its beginning has attached more importance in technology integration. In order to retain competitive edge, investment in technology is always a top agenda and under constant focus. Keeping the network within a reasonable limit, our strategy is to serve the customers through capacity building across multi delivery channels. Our past performance gives an indication of our strength. We are better placed and poised to take our customers through fast changing times and enable them compete more effectively in the market they operate.

According to the above discussion it is assumed that the Prime Bank Limited is a favorable and a great assisting power to the economy of Bangladesh. In this manner, the current researcher has taken the Prime Bank Limited, as a responding bank for conducting the research work.

## Research Questions

From the above problem, it is clear that to create a sound HRM Practices is very difficult for every bank, especially, in the private sector banking. In this context, present study has been undertaken to investigate about the proper **Human Resource Management Practices** in the banking sector and related issues. However the specific research questions are as follows:

1. How the banks prepare their appropriate long term strategies for HRM planning which has been utilized & practiced for their placement and development in private banks and whether it is linked up with corporate strategy?
2. What should be the future policy guidelines to visualize the position of human resource management policy & its proper practices quite ahead in terms of the category wise requisite skill within the bank?
3. Which policy is followed for the acquisition of human resources and their development & what facilities are sanctioned for them?
4. What should be the policies to retain acquired human resources by ensuring the quality of working life, conditions of workload, welfare, and benefits to the employees?
5. Are they practicing all the functions of human resource management accurately?
6. What are the conditions of trade unions & to what extent unionism is influencing on smooth conduct of human resource planning & as well as human resource management practices?

## Justification of the Study

The thinkers declare particular importance of banking system in a country where banks occupy a key position and also play a key role in the total development efforts. Bank's role mainly depends on efficiency and effectiveness of its employees. This study aims at providing three contributions as follows:

1. **Academic Contributions:** Those who are working in academic areas i.e., students, teachers and researchers will get the valuable information from this study.
2. **Practical Contributions:** Bankers in the banking sector will get a guide line from the findings and recommendations of the Study.
3. **Policy Making Contributions:** Finally, policy makers at notational, corporate, and international level will get information in performing human resource management practices in an appropriate policy.

It is predictable that the findings of this study will be a great use of the policy markers, the planners, the management authority of banks and the government to ensure and effective control over labor cost by providing both shortages and surpluses of HR in the banking organization. In view of the first changes that are taking place in the financial sector in time, commercial banks have to gear up branches for developing the qualitative skill of the employees. This is possible by giving them proper training for changing priorities of union and management to bring about added responsibilities also make it rather compulsory for top management to look into HR planning & human resource management practices as well as exercise more carefully. Increasing competition in the world market is becoming based on the skill and the abilities of people not on machines.<sup>21</sup>

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<sup>21</sup> Fred. H. Maiden, (1972). *Philosophy of Management*. AITBS Publishers, New Delhi, India, 2003, p.7.

## **Expected Outcomes**

The researcher has intended to oversimplify findings, even with many provisions, to form a unique interpretation of proceedings, to draw a conclusion and to make recommendations. The goal has been to understand how human resources are managed in the private sector banking. Further, the intention has been to make recommendations for managers of other banks companies and industries, business consultants, academicians and Government officials in Bangladesh. The recommendations may be used to improve the management as well as human resource management practices at Bangladeshi organizations. The unique contribution of this research is that it has examined a new subgroup (Bangladeshi Private Companies) and a new population (Bangladeshi's). The researcher's role in knowledge contribution has been to enter several real company settings. Through interviews, attending meetings and through observing working processes, the researcher entered the respondents' and informants' globe. Through interaction with the respondents and informants the researcher has sought perspectives and meanings. The researcher's role is to create knowledge of various types for respondents' and informants'.

The researcher's answers to the research questions have been written down in this dissertation, which will be used for company managers, business consultants, international donors, academicians, and government officials.

Since the present study is the first of its nature in the private sector banking in Bangladesh, so the researcher wishes to add in humanizing Bangladeshi human resource management practices. Moreover, this dissertation may be used as a framework for similar research in other sectors or for more specific in-depth study. This dissertation may also provide as a knowledge foundation for company managers, business consultants, academicians and

government officials of countries with a national culture, countries undergoing (or which have undergone) a recent transition to a free market economy.

## **Sources of Data**

It becomes important to look into the sources of data, method of collection, the choice of material to be collected and management of the field source. Data were collected from different sources for the study. The researcher has classified the sources of data into two categories, viz, Primary Source and Secondary Source. The entire first hand information afresh. However, the ventures of primary source were avoided where secondary data were available. Time and cost involvements have also got a determining effect upon the choice.

**1. Secondary Sources:** Secondary data are those which the researcher has collected from the publications of various agencies. Secondary data are used in conservation of the objects and scope of the investigation and the suitability of secondary data where no better results can be obtained though primary investigation. The secondary source of data comprises of

- i. relevant official documents and records of Prime Bank Limited (Annual Reports of 10 years),
- ii. Information booklets,
- iii. Government and Bangladesh Bank ordinances,
- iv. Periodicals and journals,
- v. published books and relevant research reports,
- vi. Economic Survey,
- vii. Statistical Year Book of Bangladesh,
- viii. Statistical Pocket Book of Bangladesh etc.

For this purpose the researcher has surveyed the books available in the Libraries of

- a) Public and Private Universities,
- b) Public Administration Training Center (PATC),
- c) Bangladesh Institute of Bank Management (BIBM),
- d) National Library,
- e) The American Center Library and
- f) British Council Library in Bangladesh.

In addition to this substantial secondary sources, data were collected from articles published by different nationalized banks, Ministry of Commerce, Planning Commission, Bureau of Statistics, Institute of Cost and Management Accountants of Bangladesh, other national and international financial institutions, concerned bodies and web sites.

**2. Primary Sources:** Primary data were collected through direct field investigation. Field investigation was made mainly through questionnaires framed for the various groups of persons.

**a. Target Respondents:** The sample population comprised of different levels of employees of Prime Bank Limited.

**i. Higher Level Employees:** First tier stratification includes the executive and decision makers of Prime Bank Limited.

**ii. Mid Level Employees:** Second tier stratification includes the respondents from mid-level employees of Prime Bank Limited (other than higher level employees & lower level employees).

**iii. Lower Level Employees:** Third tier stratification includes driver, messenger, guard & sweeper & the trade union leaders of Prime Bank Limited.

**b. Selection of Population Group:** Selection of population was made category wise as follows:

**1. Higher Level Employees:** Arrangements were made to conduct interview of the officers (from Officer to Managing Director), Executive and Decision Makers of Prime Bank Limited, through interview schedule in different areas of Bangladesh. A reasonable percentage from all these categories was chosen on the basis of random sample method in different areas of Bangladesh, especially, the Head office (HRD- division), divisional offices, One Zonal office, One Training Institute, and 20 (twenty) selected branches of the Prime Bank Limited. Arrangements were made to conduct interview of a suitable percentage (approximately 20%; i.e. 300 Respondents out of 1651 Employees) of the total number of employees, selected through random sampling.

**2. Mid Level Employees:** In banks *mid level employees* means persons employed below the rank of Officer (*Trainee Assistant to Junior Officer*). Arrangements were made to conduct interview of a suitable percentage (approximately 20%; i.e. 300 respondents out of 1651 employees) of the total number of employees, selected through random sampling.

**3. Lower Level Employees:** Arrangements were made to conduct interviews of some driver, messenger, guard, & sweeper & some of the trade union leaders of Prime Bank Limited. Two classes of employees namely class III and class IV were also taken into consideration. Arrangements were made to conduct interview of a suitable percentage (approximately 20%; i.e. 300 respondents out of 1651



employees) of the total number of employees, selected through random sampling. The purpose is to ascertain their views regarding the pattern of management, employer-employee relationship, and motivational measures.

For this purpose, schedules were prepared to be filled in by the informants themselves. The researcher prepared three types of questions for three tiers of respondents which were simple, easy and self explanatory for the respondents. The field study was conducted following a tight interview schedule. Efforts were made to meet with the respondents to get the questionnaire filled-in to ensure complete and correct filling-up and to avoid the possibility of misunderstanding of any question and wrong answering either purposively or ignorantly. Despite of heavy odds, personal drive was given, because experience showed that a large number of informants did not care to return the schedule in time and even if it would be returned, there might have a chance of its being filled-up incompletely and in a haphazard and cumbersome way.

Besides, some key informants were interviewed to get in-depth information pertaining to opportunity for training and development, recruitment and selection method, promotion and advancement, job security and job stability, wages and salaries, bonus, share of profit, medical, pension and other allied facilities.

### **Sample Design**

The study was designed to collect the desired information necessary for the purpose keeping in view the cost and time constraints. Probably the quickest and perhaps the most economical way of formulating possible hypotheses would have been to browse the secondary sources of information and take advantage of the work of others but there was lack of data devoted to the appraisal and analytical study of this phenomenon. Whatever types and classes of secondary data found available, were not only meager, but also did not

fit in the particular needs of the project at hand. The data were of limited value since most of them were irrelevant or based on casual impressionistic observations by individuals with limited background and knowledge in the area of *Human Resource Management Practices in the Private Sector Banking in Bangladesh*.

Knowledgeable individuals were interrogated to obtain the relevant information. The survey of this kind was another approach to collect and synthesize the reservoir of experience<sup>22</sup> of the bankers and clients, who had ideas and views on the subject.

A method in research can be defined as the instrument or vehicle through which research is carried out. There are several methods, which may be mentioned as under: i. Questionnaire method when a set of questions are put forward for collecting relevant data, ii. Pannier method involves the systemization of value judgement or attitude, iii. Interview method that involves personal participation in assessing certain process, iv. Library approach involves the study of relevant past experiences and references and inferring from such readings, v. Psychological-testing method concentrates on behavioral pattern, vi. Achievement and potentiality testing that involves the measurement of present level of achievement and the potentiality of developing skill,<sup>23</sup> vii. A Case study method was accepted, when attention is directed and limited to only a particular type of case, and viii. Survey method involves the gathering of data from a wide filled at a particular period of time.

At first, the researchers divided the total employee population of Prime Bank Limited into three main groups namely, **a. Higher Level Employees; b. Mid Level Employees; and c.**

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<sup>23</sup> Hosain. Amir. (2001), *Loan and Investment Management Variety of Conventional & Islamic Banking in Bangladesh*. 2001. unpublished Ph D Thesis, Dhaka University, Bangladesh, p.63.

**Lower Level Employees.** To define the different categories of respondents, the researcher developed a concept as follows:

**a. Higher Level Employees:** Officers, Executives, and Decision Makers those who are by designation officer, i.e. from Officer to Managing Director (MD) of Prime Bank Limited.

**b. Mid Level Employees:** Mid level employees are those persons who assist Officers in accomplishing the day to day banking activities and are below the rank of Officer.

**c. Lower Level Employees:** In this group, Driver, Messenger, Guard & Sweeper are included & Trade Union Leaders are those who are directly involved with any Trade Union activities of Prime Bank Limited and are recognized as union representative either by election or by selection of class –III & class-IV employees as per Industrial Relations Ordinance-1979.

## **Population Size and Sample**

Sampling<sup>24</sup> techniques applied to the study have been designed with utmost care, with a view to making the study free from bias. Similar caution has been taken in the selection of study samples viz., selected banks and respondents as well as the period of study. Furthermore, the present study was a self-financed project. Due to financial and time constraints, the researcher could not select more respondents. Therefore, present researcher preferred the random sampling method keeping the aforesaid circumstances in view.

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<sup>24</sup> 'Sampling' is a method of obtaining data or information about the population / universe by investigating only a representative portion of them. In our everyday life we use sampling techniques consciously or unconsciously. For example, a house wife while boiling rice tests only two or three grains, and takes decision as to whether the whole lot is boiled or not. There are many other such examples. From these practical experiences, we commonly believe that a sample can tell something about the whole lot of a universe or population. ---Abedin, Dr. M. Zainul, May ,(1996), Op.cit. p. 66

Researcher should discuss the most common types of sampling designs that are found in normative survey studies because; research represents the design which is merely 'to pick a sample' Virtually it is a method of obtaining data about the population<sup>25</sup> by investigating only a representative portion of them.

Before the researcher proceed from research settings tool to the collection of data, it was necessary to pause for a consideration of sampling.<sup>26</sup>

The empiric part of the study has been designed to test the findings from theoretical analysis. In course of the present study, the commonly used methods for empirical study, desk study and interview methods have been followed simultaneously. A desk study method greatly relies on information and statistics documented in official publications, books, journals, annual reports, bulletins etc.

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<sup>25</sup> **Population** is an aggregate of items, which have common traits. Again, a population consists of a number of items or elements or units, which are technically called units of observation. These units of observation are termed as **sampling units**.—Ibid., p. 72

<sup>26</sup> The question of Sampling may be simply stated: how is the investigator going to decide what persons or groups or organizations to use for the collection of his data? The way this decision is made will affect the conclusions. ---Festinger, L., & Katz, D. N., 1966. Research Methods in the Behavioral Science, Holt, Rinehart and Winston, (1966). New York, U.S.A., P.173

**Table: 2.03 # Population Size, Sample & Number of Actual Respondents**

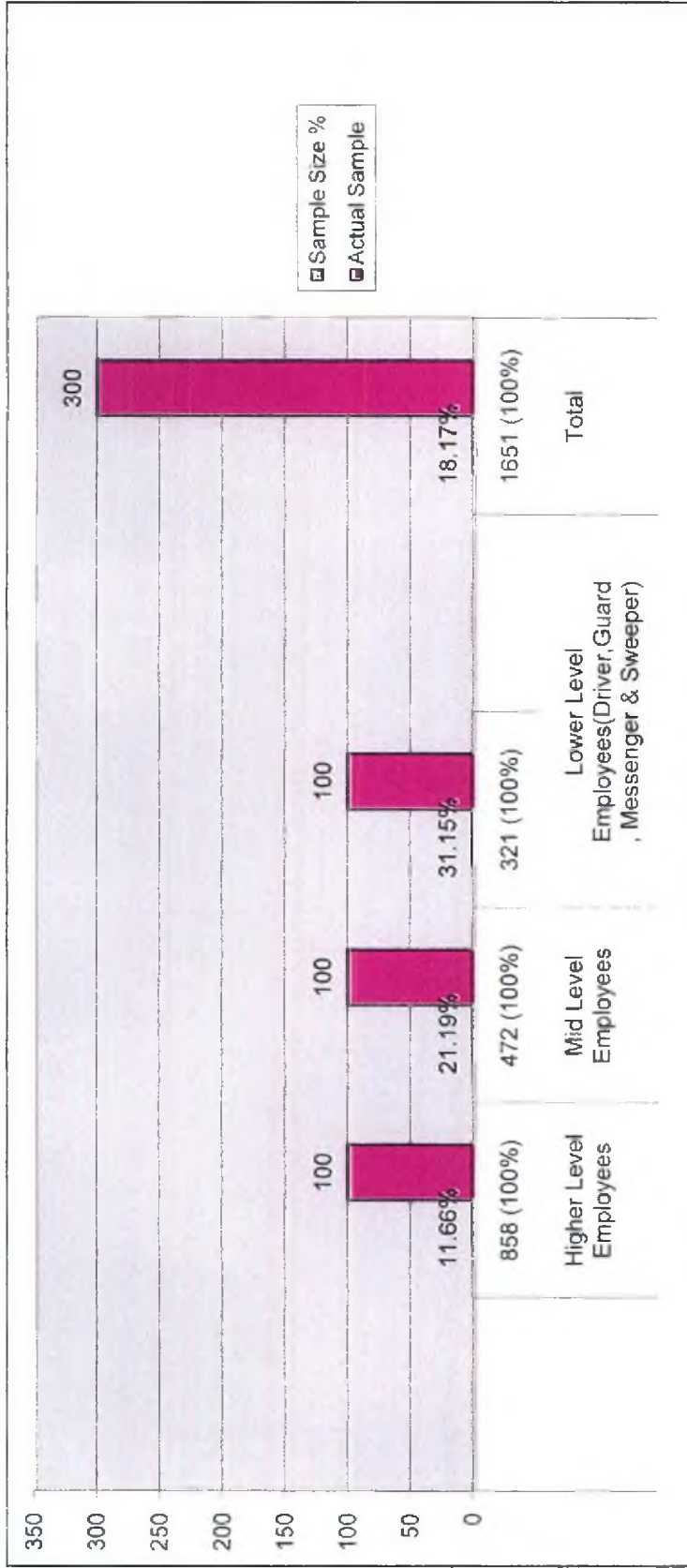
There are only 1,351 employees in Prime Bank Limited on the 1<sup>st</sup> July, 2007, all over the country in its 50 Branches. On that population Size, the researcher conducted the researcher work.

Level of Officers	Population Size as on 01.07.2007	Sample Size %	Actual Sample
Higher Level Officers or Executives and Decision Makers	858 (100%)	11.66%	100
Mid Level Officers or Employees	472 (100%)	21.19%	100
Lower Level Officers or Other Employees	321 (100%)	31.15%	100
Total	1651 (100%)	18.17%	300

Source: *Field Survey*

The researcher has taken 11.66% Respondents (100) from Executives and Decision Makers, 21.19% from Employees Level (100) and 31.15% from Lower Employees Level (100). Total respondents were 300.

Graph No-2.02 # Population Size & Sample and Actual Respondents from PBL



The above graph shows, the condition of population size, sample & number of actual respondents taking from the various branches of PBL for conducting this research program. In this figure, total number of higher level officer is 858(100%). from this the current researcher has taken 100 respondents (11.66%). total numbers of mid level officers are 472 (100%). from this the current researcher has taken 100 respondents (21.19%). Total numbers of lower level officers are 321 (100%). from this the current researcher has taken 100 respondents (31.15%).

## **Selection of the Interviewees**

Before selecting the Interviewees, utmost efforts were made to ensure availability of desired information with maximum reliability within a given cost and other constraints of time resources. To achieve the goal, first of all, the researcher divided the total population into three groups and each group has been defined in the following manner. Namely: **a. Higher Level Employees; b. Middle Level Employees; and c. Lower Level Employees.**

Attempts were made to contact all the selected respondents but full response could not be obtained due to three reasons as follows:

- A. Transfer of the respondents;
- B. Respondents were often found to be out of station with personal and official assignments; and
- C. Respondent's business in the office or unwillingness.

Some questionnaires were also rejected because of incomplete or inconsistent responses.

## **Methods of Data Collection**

The present study covers a period of 10 years i.e. from 1997 to 2006. The data for the present study were collected mainly through interviewing the respondents from three categories as stated earlier. In addition, some facts and figures were gathered by observation, primarily, the researcher tried to make close contact with the respondents to make them feel free and frank in answering the questions. In addition to questionnaires the researcher conducted a good deal of formal talks with the respondents to get some of the implicit information; success was achieved by obtaining some very useful information which made the study rich.

## Questionnaire

There are three types of questionnaires to collect information & data. The interview checklist contained 43 questions.<sup>27</sup> On the one hand, the checklist was used not to forget areas of main importance. On the other hand, the respondents were expected to expand on the pre-defined questions. At each interview the researcher tried to choose the most important and appropriate questions for the particular respondent. The wording of the questions was tailored to the respondent's level of education and function within the organization.

The respondents were asked to complete a human resource management questionnaire after the interview had taken place, at any time and at their convenience. With the questionnaire the researcher aimed to countercheck the data and information he had obtained through the interviews & *Field Survey*.

The questionnaire contained 58 statements. In general the respondents needed about 20 minutes to complete the questionnaire. The respondents were asked to read each statement carefully and to circle the one answer that corresponds in the best way to their agreement or disagreement. The possible answers were:

- "**SD**" if the statement was definitely false or if the respondent *strongly disagreed*.
- "**D**" if the statement was mostly false or if the respondent *disagreed*.
- "**N**" if the statement was about equally true or false, if the respondent could not decide, or if the respondent was *neutral* on the statement.
- "**A**" if the statement was mostly true or if the respondent *agreed*.
- "**SA**" if the statement was definitely true or if the respondent *strongly agreed*.

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<sup>27</sup> The Questionnaire is given in Appendix.



The researcher explained to the respondents that there were no rights or wrong answers in the questionnaire, and that the respondents do not have to be 'an expert' to complete the questionnaire. The researcher asked the respondents to answer the questions honestly and to state their opinion as accurate as possible, since only then would the researcher be able to understand and to help improve *Bangladeshi human resource management practice*.

The questionnaire response rate was 90% (270 out of 300). The three particular reasons why the rest respondents did not complete the questionnaire were:

- Some was not willing to complete the questionnaire, since the questionnaire was extremely critical towards the company's internal and external environment.
- A group were not interested in the research on human resource management.
- A small group were lower organizational level employee was not able to complete the questionnaire due to the lack of adequate English language skills.

The researcher has not given respondents' answers to the questionnaires in this dissertation, since the researcher found that the questionnaire answers of a respondent needed to be viewed in conjunction with respondent's interview.

However, the questionnaire was very useful in checking the information obtained during the interview & *Field Survey*, and in providing additional information. Moreover, the questionnaire answers have to be seen in relation to each respondent's:

- 1) Age
- 2) Educational level in Bangladesh and abroad
- 3) Functional level within the organization
- 4) Work experience; in Bangladesh and abroad
- 5) Company type and
- 6) Nationality.

The sample of 300 respondents did not allow the researcher to make a statistical analysis with a high validity. Prior to the start of the interviews the interview checklist and the questionnaire were discussed and reviewed several times by the researcher's peers, dissertation advisor, and several other academics and banking business practitioners in Bangladesh. The preparation of the interview checklist and the questionnaire was an important milestone in the research process.

Another Questionnaire was in tabular form. All the answers of questions were collected at the same time in the same way.

### **Data Processing**

Data collected from different sources, were processed, and reduced to some convenient forms for their clear presentation and interpretation with the help of computer to cover a wide range of materials since the collected information were huge. The informative data collected by the survey was processed through the application of various statistical methods. Simple Mathematical and statistical tools have been used for analyzing the data in Tabular form collected from different sources. A study has been made for analyzing data and percentages have been used. Furthermore, Graphs, Charts, Figure, and others have been used in appropriate cases for clear classification and easy understanding of the results.

### **Analysis of Data**

The basic assumption underlying the study is that a sound management system does influence the performance of the scheduled banks of Bangladesh. The researcher as such attempted to detect the forces, which were ineffective in making the system successfully. In view of the nature of the study design, the techniques used for the analysis<sup>28</sup> of the HRM Practices are categorization, tabulation, percentage, ranking method, and charts.

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<sup>28</sup> The present researcher's own design.

Findings are confined to factual reporting and are unembellished by the opinions of the researcher or by his prejudices.

The information thus collected year wise and mode wise on a comparative basis. Comparative business trends and deposit positions also have been attempted. The data have been analyzed by using different methods. Similarly, the loan and investment policy, criteria, collateral, sanction, disbursement etc., of the banking system, also has been scrutinized. Types of advances, modes of investment, overdue outstanding situation, recovery position, imposition of penal interest and compensation system have been analyzed from different angles.

### **Limitations of the Study**

It is neither possible nor desirable to deal with a large number of issues within the scope of a single study. For this reason, every project has limitations,<sup>29</sup> so, the study indicates the limitations of the investigations. The present study like other research studies in similar and allied lines cannot claim to be a perfect one in all respects.<sup>30</sup> This study has some limitations and it is appropriate here to recognize them explicitly.

**1.** The present study covers the HRM system and its practices in the Private Sector Banking in Bangladesh, especially, in the Prime Bank Limited only. As such it has left the other sector of Banking as well as the other financial organizations. However, the study had basically taken a system of macro-approach level in an attempt to develop a total evaluation of the HRM Practices of the Banks.

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<sup>29</sup> Goodie. W. J. and Hatt. P.K., Op.cit.P-371.

<sup>30</sup> Data base researches are bound to suffer from some common handicaps. It is unavoidable that in a developing country like Bangladesh where the management information system is not yet properly established and data bank is not well arranged, the things become more tough on the participation of a practical researcher, who has to go the grassroots level every time for every single information and even then is not always sure to get it in the desired form. --Hussein, S. M., (1983), *Description Cost in Bangladesh Jute Industry*, unpublished Ph. D. thesis submitted to Banaras Hindu University, Banaras, India, p-39.

2. Interviewing target respondents adopted convenient sampling as alternative to random sampling, at some phases where it was found the respondents in inaccessible or not available, convenient sample was applied simultaneously.
3. Large and wide geographical sample could not be taken due to financial and other visible & invisible constraints.
4. The employees couldn't give or supply any data or information to any type of researcher without any prior permission from their boss. Because, it is to be noted that all the bank personnel irrespective of any category need to sign a bond of *Fidelity and Security* at the time of joining the banking service in a *Non-Judicial Stamp*. In this situation no bank employee could help me by supplying information without a proper written permission from the competent authority. A long bureaucratic process had to follow to get any information.
5. In some cases, the respondents, especially the employees, could not easily grasp the nature of question and opinion and sought. Moreover, it seemed that in a few questions respondents may have concealed the facts.

## **Layout of the Study**

**Chapter 1** of the present study expresses Bangladesh's geography, population and development, politics, economy, employment, education and culture are reviewed and analyzed and also gives an introduction to the importance of improving the management of Human Resources in Bangladeshi companies. 'Theory and Concepts' of this dissertation are discussed here. It describes the entire research set up, the significance of the research, and the expected contributions to knowledge. Of major importance in the research set up

are the definition of the research questions and the objectives, since they are the guide throughout the research and the dissertation.

**Chapter 2** describes the process, how to conduct the whole research work herein, which is called the Research Methodology. Since these are the whole time guide throughout the highly expected research work and the dissertation. This chapter will also reveal the importance of research, objectives, and rationale of the present study.

**In Chapter 3**, the theories, and concepts of Human Resource Management in the west<sup>31</sup> as well as in the modern world are reviewed. This review of Western theories and concepts of human resource management serves as the 'first framework' in examining human resource management practices in Bangladesh. The organizations and on **human resource management practices** in Prime Bank Limited are reviewed herein with the theories. This review of culture serves as the 'second framework' in examining *Bangladeshi human resource management practices*. It is largely agreed that the national culture of a country shapes to a substantial extent its management practices, and thus its human resource management practices is very essential. Further, implications for managing Bangladeshi organizations are given. This review and analysis serve as the 'third framework' in examining Bangladeshi HRM practices. It is largely agreed that a country's strengths, weaknesses, opportunities, and threats shape to a significant extent, its management, and human resource management practices. This Chapter also represents interpretation of the research results. The researcher has aimed to generalize findings, even with many provisions, to form a unique interpretation of events, to draw conclusions and to make recommendations. The methodology followed in practice during the case studies is

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<sup>31</sup> By 'the West' is meant: Australia, Canada, New Zealand, the USA, and Western Europe

described, and explains why provisions concerning the methodology have been made. Further, it gives background data on the respondents and the case study banks.

**In Chapter 4**, the researcher draws conclusions, & recommendations in which he interprets the findings based on the research findings at the Private Sector Banking in Bangladesh (especially, Prime Bank Limited). The researcher also makes recommendations on how to improve human resource management practices in the Banking Sector of Bangladesh. The researcher outlines, which Western human resource management practices, based on this research, can, help to improve *Bangladeshi Human Resources Management* activities.

# Chapter 3

## Findings and Analysis of the Study

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To find out what Bangladeshis think about their culture, politics, economics, management, and *human resource management* and their impact on today's workplace; the researcher had an unusual idea: ask them. Rather than to turn to functional expert's, the researcher constructed an interview checklist and related questionnaires that has tried to elicit answers to all these questions. Both the interview checklist and questionnaires were designed to focus on asking the respondents about how they see Bangladeshis culture, economy, politics, management and human resource management.<sup>1</sup> To mention a few, the interview checklist and questionnaires covered respondents' assessment of Bangladeshis culture, labor unions, Governmental regulations, company bottlenecks, leadership, *Human Resource Management Practices* (HRMP), and the strengths, weaknesses, opportunities and threats they envision for the future.

Respondents' answers on the diverse topics are not always uniform and differ in outcome. However, the researcher has tried to explain these different outcomes, where possible.

### Organization of the Case Study

This Chapter describes the methodology followed in practice during the case studies, and explains why provisos towards the methodology in Chapter 2 have been made. Moreover, this chapter gives background data on the respondents and the *case-study Bank*.

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<sup>1</sup> The interview checklist and questionnaires are given in Appendix.

## Analysis Procedures

The basic assumption underlying the study is that a sound management system<sup>2</sup> does influence the performance of the scheduled banks of Bangladesh. The researcher as such attempted to detect the forces, which were ineffective in making the system successfully.

In view of the nature of the study design, the techniques used for the analysis<sup>3</sup> of the HRM Practices system are categorized, tabulation, percentage, ranking method, and charts. Findings are confined to factual reporting and are unembellished by the opinions of the researcher or by his prejudices.

The information thus collected year wise and mode wise on a comprehensive basis. The data have been analyzed by using different methods.

Similarly, the researcher tried his level best to point out the basic HRM practice System and it has been scrutinized. Elements of HRM systems have been analyzed from a variety of angles. Therefore, they ever suggest that they should come forward with effective measures to introduce the ideal system of HRM practice without any sort of artificiality as early as possible.

Therefore, now, about the case study Bank. PBL has been established in April, 1995 as a scheduled bank in private sector in pursuance of the policy of liberalization of banking and financial services in Bangladesh. During the inception of the bank it has only one 161 employees in two offices, one was the first branches in Motijheel and the other was its head office. The collected data are as follows:

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<sup>2</sup> Monappa, Arun. (1985): *Industrial Relation*. 19<sup>th</sup> reprint 2001, Tata McGraw Hill, Publishing Company Limited, p.51.

<sup>3</sup> This is the present researcher's own design.



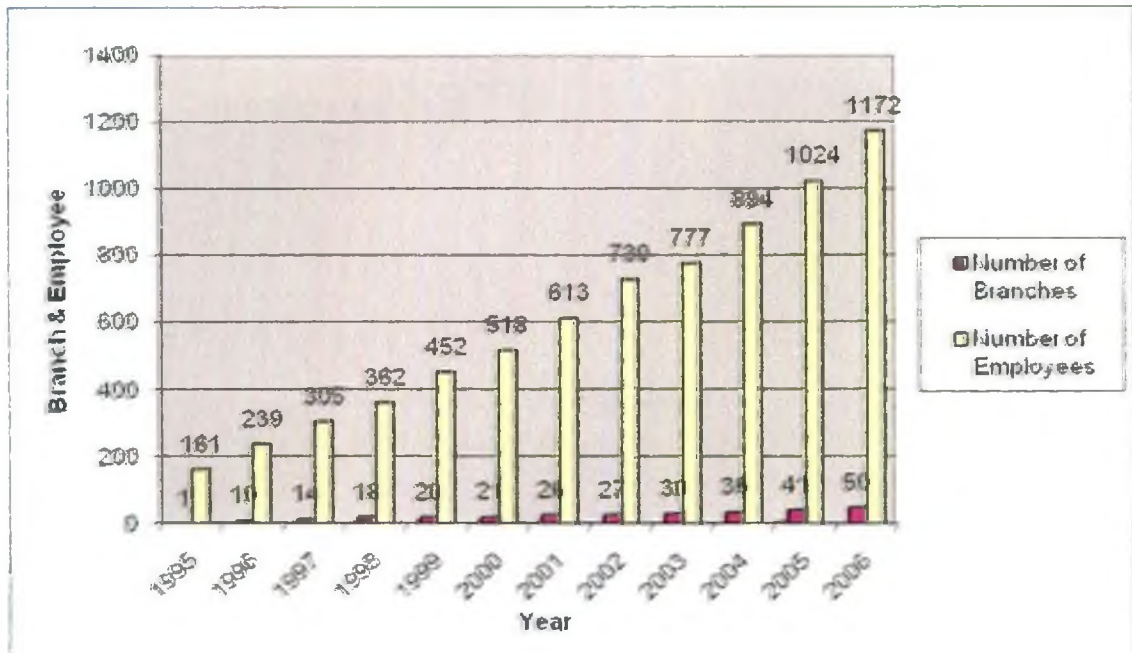
**Table No: 3.01 # Year Wise Position of Employees & Branches**

Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Number of Branches	01	10	14	18	20	21	26	27	30	36	41	50
Number of Employees	161	239	305	362	452	518	613	730	777	894	1024	1172

Source: Annual Report of PBL, 1996-2006 & Field Survey

According to the above table, it is seemed that after twelve years in 2006, the bank has appointed 1172 employees. At the second year (1996) of its inception, it was recruited 78 new employees and the total employees became 239 for its new branch launched and total branch became 10. In 1997, at the 3<sup>rd</sup> year of the bank, launched 4 new branches and recruited 66 employees, than the total branch have become 14 and total employees 305. In this way in every year it was increasing its employees and branch, and in 2006 the branches become 50 and employees 1172. It is observed that in every year it was increasing its branch and employees. Now the graphical representations of the data are as follows:

### Graph No-3.01 # Year-Wise Position of Employees & Branches in PBL



The Graph shows, the figure of year-wise position of employees & number of branches of PBL. The figure shows, every year the branches of bank and the number of employees are increasing gradually. This is the proof of the gradual improvement of the bank.

### Lower Level Employees

On the other hand, there are some Lower Level Employees of the case study Bank. The Messengers, Guards, Sweepers working in this Bank is not the permanent employee of this Bank. They are hired from another company. There is some job seeking company. They recruit a number of employees for fare. Various business firms like Bank, hired them by fare. These employees are directly responsible to their authority & indirectly to the Bank authority. The job seeking company fully responsible for their employees they have done in the Bank. These employees haven't any position in the acting office. They aren't mere than 3<sup>rd</sup> or 4<sup>th</sup> class employees. The collected tables of data are as follows:

**Table: 3.02 # Lower Level Employees as on 01.07.2007**

Serial No.	Designation	Total
1	Messenger	110
2	Guard	120
3	Sweeper	70

**Source:** Interview from Field Survey.

According to the above table, it is seemed that the bank has 21 drivers, 110 Messengers, 120 Guards & 70 Sweepers for its services. There isn't any promotion system for these employees. Though the rank structure is set up in two different concepts but a clear difference is made between officers and other employees by gradation, with a distinct difference of the specialized personnel.

### Gradation of Branches of PBL

The bank has 50 branches .Every branch is not equal in line of gradation. In regards to volume of business that is Deposit, Investment, and Profit. For running a good business gradation of branches is so helpful for making a competition. In this manner the gradation has been done.

**Table No: 3.03 # Gradation of Branches of PBL**

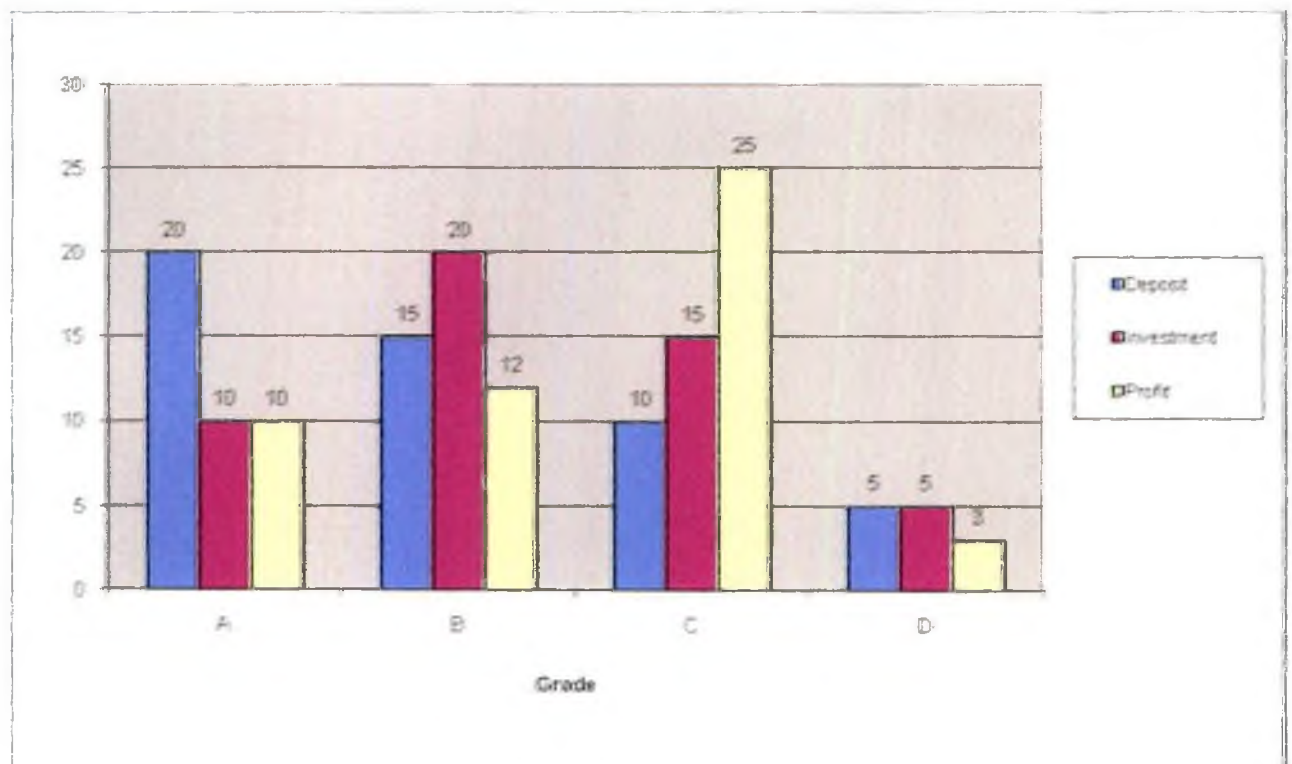
(Amount in Million Taka)

Sl. No	Grade	Deposit	Investment	Profit
1	A	20	10	10
2	B	15	20	12
3	C	10	15	25
4	D	05	05	03
Total	-----	50	50	50

Source: Annual Reports of PBL, 1996-2006.

Gradation of the branches is made in regards to volume of business that is *deposit*, *investment*, and *profit*. The bank has 50 branches, every branch is not equal in line of gradation. In regards to volume of business that is deposit, investment, and profit. For running a good business gradation of branches is so helpful for making a competition. In this manner the gradation has been done.

### Graph No-3.02 # Gradation of Branches of PBL



The Graph shows, the gradation of the branches of PBL on 01.07.2007. Total branch of the bank is 50. The graph is made on the basis of its deposits, investment and profit. In (the highest) Grade **A**, highest deposit is in 20 Branches. In grade **B** investment is highest in 20 branches. In grade **C** profit is highest in 25 branches. Grade **D** shows, deposit, investment and profit are in the same condition.

## Population Size and Sample

Sampling<sup>4</sup> techniques applied to the study have been designed with utmost care, with a view to making the study free from bias. Similar caution has been taken in the selection of study samples viz., selected banks and respondents as well as the period of study. Furthermore, the present study was a self-financed project. Due to financial and time constraints, the researcher could not select more respondents. Therefore, present researcher preferred the random sampling method keeping the aforesaid circumstances in view.

Researcher should discuss the most common types of sampling designs that are found in normative survey studies because; research represents the design which is merely 'to pick a sample' Virtually it is a method of obtaining data about the population<sup>5</sup> by investigating only a representative portion of them.

Before the researcher proceed from research settings tool to the collection of data, it was necessary to pause for a consideration of sampling.<sup>6</sup>

The empiric part of the study has been designed to test the findings from theoretical analysis. In course of the present study, the commonly used methods for empirical study, desk study and interview methods have been followed simultaneously. A desk study

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<sup>4</sup> 'Sampling' is a method of obtaining data or information about the population / universe by investigating only a representative portion of them. In our everyday life we use sampling techniques consciously or unconsciously. For example, a house wife while boiling rice tests only two or three grains, and takes decision as to whether the whole lot is boiled or not. There are many other such examples. From these practical experiences, we commonly believe that a sample can tell something about the whole lot of a universe or population. ---Abedin, Dr. M. Zainul, May ,(1996), Op.cit. p. 66

<sup>5</sup> **Population** is an aggregate of items, which have common traits. Again, a population consists of a number of items or elements or units, which are technically called units of observation. These units of observation are termed as **sampling units**.---Ibid.. p. 72

<sup>6</sup> The question of Sampling may be simply stated: how is the investigator going to decide what persons or groups or organizations to use for the collection of his data? The way this decision is made will affect the conclusions. ---Festinger, L., & Katz, D. N., 1966, *Research Methods in the Behavioral Science*, Holt, Rinehart and Winston, (1966), New York, U.S.A., P.173

method greatly relies on information and statistics documented in official publications, books, journals, annual reports, bulletins etc.

There are only 1,351 employees in Prime Bank Limited on the 1<sup>st</sup> July, 2007, all over the country in its 50 branches. On that population size, the researcher conducted the researcher work.

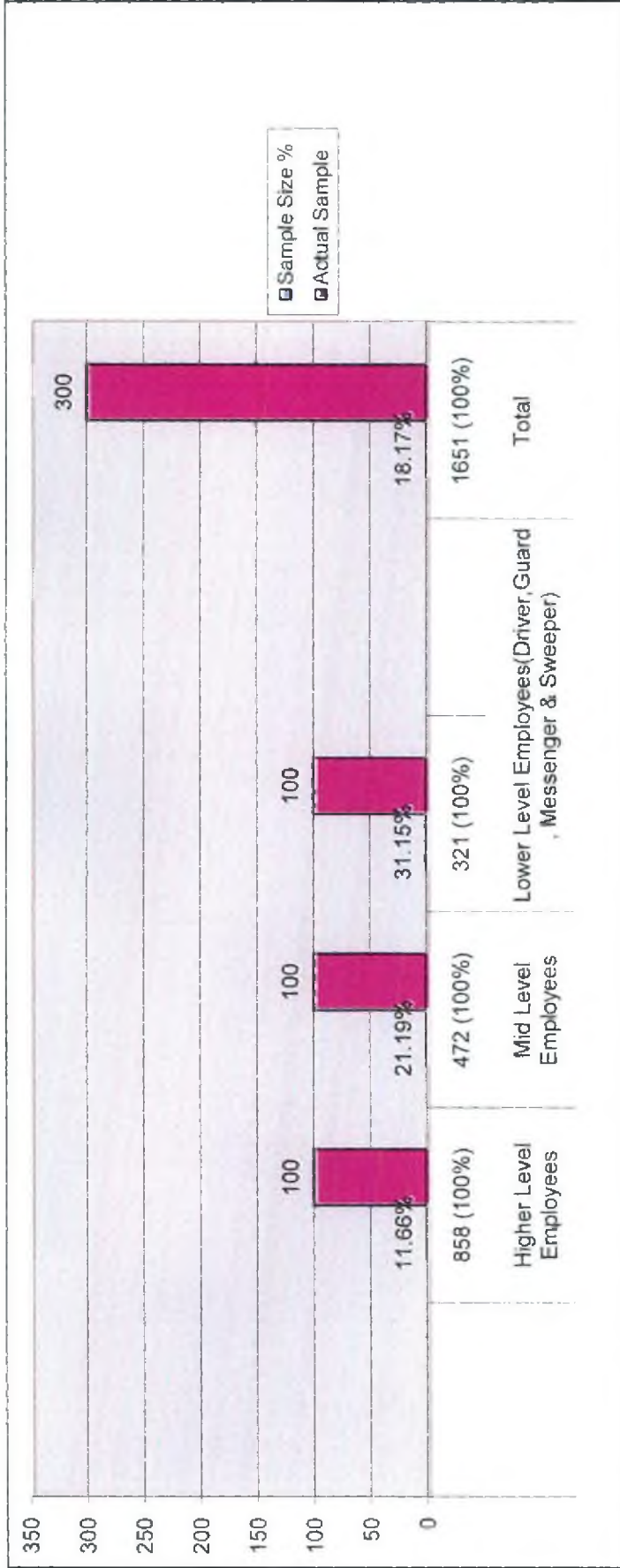
**Table: 3.04 # Population Size, Sample & Number of Actual Respondents**

Level of Officers	Population Size as on 01.07.2007	Sample Size %	Actual Sample
Higher Level Officers	858 (100%)	11.66%	100
Mid Level Officers	472 (100%)	21.19%	100
Lower Level Officers	321 (100%)	31.15%	100
Total	1651 (100%)	18.17%	300

Source: *Field Survey*

The researcher has taken 11.66% respondents (100) from higher level officers, 21.19% from mid level employees (100) and 31.15% from lower level employees (100). Total respondents were 300.

Graph No-3.03 # Population Size & Sample and Actual Respondents from PBL



In this figure, total number of higher level officer is 858(100%). From this the current researcher has taken 100 respondents (11.66%). Total numbers of mid level officers are 472 (100%). From this the current researcher has taken 100 respondents (21.19%). Total numbers of lower level officers are 321 (100%). From this the current researcher has taken 100 respondents (31.15%).

### Division-Wise Distribution of Respondents

In Bangladesh there are six divisions. Total branch of PBL in the year 2006 all over the country is 50. In these 50 branches, in Dhaka Division 31, Khulna 01, Rajshahi 02 Chittagong 08 , Barisal 01, and Sylhet 07 respectively. The current researcher has taken the respondents according to the following Table:

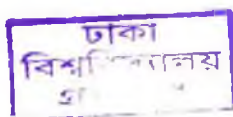
**Table No: 3.05 # Division-Wise Distribution of Respondents**

Level of Officers	Dhaka	Chittagong	Rajshahi	Khulna	Barisal	Sylhet	Total
Higher Level Officers	75	13	02	02	02	06	100
Middle Level Officers	66	15	03	03	03	10	100
Lower Level Officers	68	20	02	02	02	06	100

Source: *Field Survey*

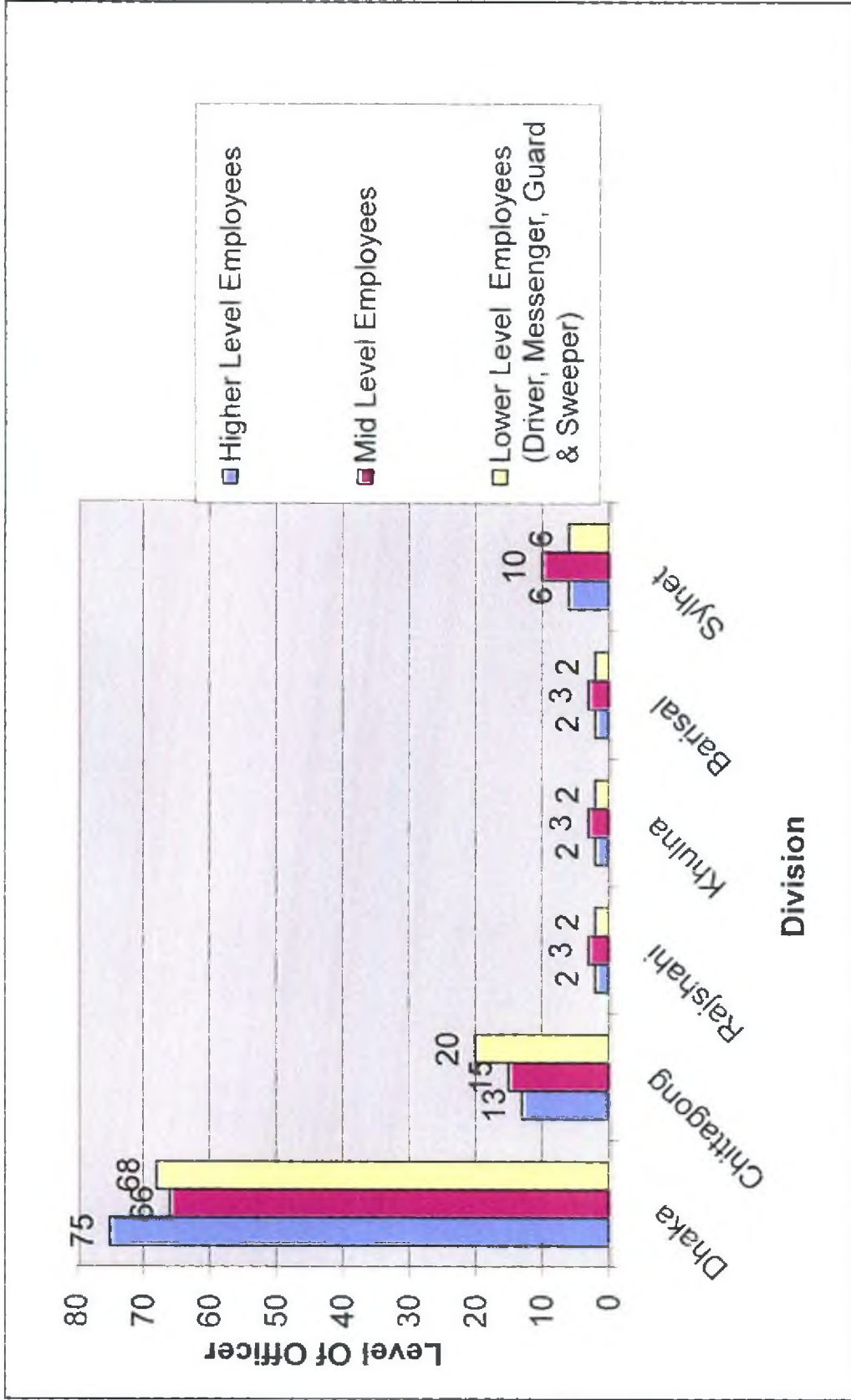
According to the current Table the current researcher has taken in case of executives and decision makers (higher level officers-100 respondents), 75% from Dhaka division, 13% from Chittagong division, 02% from Rajshahi division, 02% from Khulna, 02% from Barisal and 06% from Sylhat division. In cases of employees (100 respondents), where 66% from Dhaka, 15% from Chittagong, 03% from Rajshahi, Khulna and Barisal respectfully and 10% from Sylhet division has taken. In cases of other employees (100 respondents) have been taken, 68% from Dhaka 20% from Chittagong, 02% from Rajshahi, Khulna and Barisal and 06% from Sylhet division. The researcher has tried his best to take respondents from every division of Bangladesh.

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Graph No-3.04 # Division-Wise Distribution of Respondents for Research in PBL



From the figure it is showing that most of the respondents are taken from Dhaka division; because most of the bank-branches are situated in Dhaka city. After this, a number of respondents are taken from Chittagong division; according to the number of branches of Chittagong is in second position. From the graph it is observed that only one branch is in every another divisions; a few number of employees are existing.

### Education levels of the Respondents in PBL

As it is a private level bank and its service is for the general public and it is a bank with different quality, it is expected that the employees will be highly qualified. The education levels of the respondents in PBL from their official record<sup>7</sup> & *Field Survey* are as follows:

**Table: 3.06 # Education levels of the Respondents in PBL**

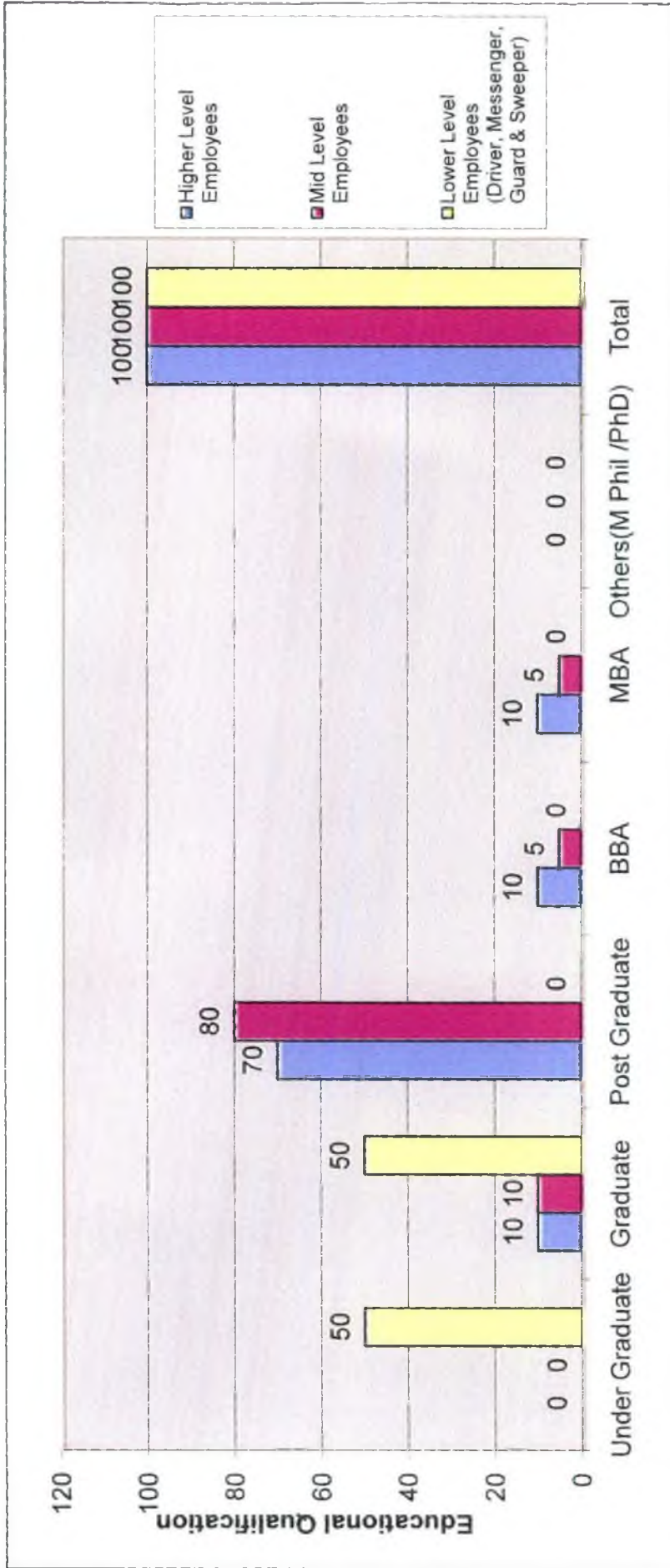
Level of Officers	Under Graduate	Graduate	Post Graduate	BBA	MBA	Others (M Phil /PhD)	Total
Higher Level	00	10	70	10	10	00	100
Middle Level	00	10	80	05	05	00	100
Lower Level	50	50	00	00	00	00	100

Source: *Field Survey*

Employees have been questioned, "What is the educational qualifications of the employees in this bank?" The question was on the three groups. Different answer received. The employees are working in PBL are of various qualified persons. In 100 higher level officers, 10% are graduates, 70% are post-graduates, 10% are BBA, and 10% are MBA. In this bank, there are no under graduates, M Phil, and Ph D degree holders. In the group of mid level employees 09% are graduates, 08% are post-graduates, 5% are BBA and 5% are MBA degree holders. There is not any under-graduate, M Phil or Ph D degree holders. In the group of lower level employees, 50% are under-graduates and 50% are graduates.

<sup>7</sup> Prime Bank Limited, Annual Report, 1996-2006, Dhaka. & *Field Survey* .

Graph No - 3.05 # Education Level of the Respondents in PBL



The above graph shows, the condition of the education level of employees working in PBL. In executive level all of the employees are higher educated. In mid level most of the employees are master degree holder; but in other employees level there is no higher educated person. Because, their duty is not required any educated employees.

## Background Profile

A number of qualified Employees are working in the PBL. Undoubtedly, without caring or counting any religious, Language or racial purposes, the authority of the Bank recruits a large number of highly qualified HRs for conducting its Banking activities in the modern competitive market. The background profile of the respondents of the case-study bank is given in the following Tables:

**Table: 3.07 # Background Profile at Higher Organizational Level**

Degrees Obtained From	Yes (%)	No (%)	Total (%)
University	70	30	100
College	30	70	100
Studied outside Bangladesh	01	99	100
Worked outside Bangladesh	01	99	100

Source: *Field Survey*

In these cases total respondents were 300 hundred. 100 were higher level officers, 100 middle level officers and 100 were lower level officers. Table- 3.9 shows that in PBL 70% officers holding a university degree, 30% from College degree, that only one of them had studied & worked outside Bangladesh and that they were all Bangladeshis.

**Table: 3.08 # Background Profile at Middle Organizational Level**

Degrees obtained From	Yes (%)	No (%)	Total (%)
University	60	40	100
College	40	60	100
Studied outside Bangladesh	00	00	100
Worked outside Bangladesh	00	00	100

Source: *Field Survey*

Table: 3.8 shows, in these case total respondents were 300 hundred. 100 were higher level officers, 100 middle level officers and 100 were lower level officers. The figure shows

those 60 officers holding a university degree, 40 from college degree, that none of them had either studied or worked outside Bangladesh and that they were all Bangladeshis.

**Table: 3.09 # Background Profile at Lower Organizational Level**

Degrees obtained From	Yes (%)	No (%)	Total (%)
University	00	100	100
College	100	00	100
Studied outside Bangladesh	00	00	100
Worked outside Bangladesh	00	00	100

Source: Field Survey

Table: 3.09, in these case total respondents were 100 hundred. Table shows that none of the employees holding a university degree, 100 from college degree, that none of them had either studied or worked outside Bangladesh and that they were all Bangladeshis.

### Respondents' Attitudes

A number of qualified Employees are working in the PBL. Undoubtedly, without caring or counting any religious, Language or racial purposes, the authority of the Bank recruits a large number of highly qualified HRs for conducting its Banking activities in the modern competitive market. They are human being, so, they have their own individual attitudes. In this case, the bank authority takes care for the employees' attitudes. The current researcher has collected data from field survey and presented it in the following Tables:

**Table No: 3.10 # Respondents' Attitudes at Higher Organizational Level**

Particulars	Aware	Partly Aware	Not Aware	Total
Transparency	11	21	68	100
Awareness of Importance of HR	05	12	83	100
Progressive & ambitious	20	50	30	100
Visits the workplace	40	45	15	100
Competent to do Job:				
a) Technical	50	30	20	100
b) Human Resource	40	30	30	100
c) Overall	10	30	60	100
Decision Making authority	70	30	00	100

Source: Field Survey

Table: 3.10 in these case total respondents were 100 hundred. table shows that 11 officers at the bank was transparent towards the researcher, 5 were aware of the importance of human resources, 20% of them was found to be progressive & ambitious, 40 visited workplace, 50 technical competent, 40 of them to be competent in HR, 10% of them was found to be overall competent' to do the Job, and 70 of them had full decision-making authority.

**Table: 3.11 # Respondents' Attitudes at Middle Organizational Level**

Particulars	Aware	Partly Aware	Not	Total
Transparency	26	55	19	100
Awareness of Importance of HR	25	50	25	100
Progressive & ambitious	30	50	20	100
Visits the workplace	35	35	30	100
Competent to do Job:				
a) Technical	60	30	10	100
b) Human Resource	10	30	60	100
c) Overall	10	40	50	100
Decision Making authority	25	25	50	100

Source: Field Survey

Table: 3.11, in these cases total respondents were 100 hundred. Table shows that 26 officers at the bank was transparent towards the researcher, 25 was aware of the importance of human resources, 30 of them was found to be progressive & ambitious, 35 visited workplace, 60 technical competent, 10 of them to be competent in HR, 10 of them

was found to be 'overall competent' to do the Job, and 25 of them had full decision-making authority.

**Table: 3.12 # Respondents' Attitudes at Lower Organizational Level**

Particulars	Aware	Partly Aware	Not Aware	Total
Transparency	12	15	83	100
Awareness of Importance of HR	05	10	85	100
Progressive & ambitious	00	00	100	100
Visits the workplace	60	20	20	100
Competent to do Job:				
a) Technical	10	20	70	100
b) Human Resource	05	15	80	100
c) Overall	00	20	80	100
Decision Making authority	00	00	100	100

Source: Field Survey

Table: 3.12 shows, in these cases total respondents were 100 hundred. Table Shows that 12 employees at the bank was transparent towards the researcher, 05 was aware of the importance of human resources, 00 of them was found to be progressive & ambitious, 60 visited workplace, 10 technical competent, 05 of them to be competent in HR, none of them was found to be 'overall competent' to do the Job, and 00 of them had full decision-making authority.

### Organization Overview

Prime Bank started its journey in the year 1995 with the firm commitment of excellent customer service with a difference. It has now established itself as one of the leading and strongest of private sector Bangladeshi banks having remarkable progress in all areas of operation despite challenging environment. Its not only been rated as "A+ Bank" considering its good profitability, best asset quality and diversified product lines; but also received numerous prestigious awards for consecutive years like ICAB and SAFA Merit Awards.

In doing business Prime Bank follows the fundamental principles of corporate Governance-Accountability, Responsibility and Transparency. Prime Bank work as a socially responsible corporate entity, focusing in the areas of health care, education, talent development, preservation of memory of martyr and different contributions to charity. A non-profitable concern named as Prime Bank Foundation is established to do the above works in a more focused way.

Prime Bank Limited established its fully-owned subsidiary “Prime Exchange Co. Private Ltd.” to offer remittance services to Bangladeshi nationals in Singapore, which started its operation from 8<sup>th</sup> July, 2006 under remittance license received from Monetary Authority of Singapore (MAS) and approval of Bangladesh Bank.

Prime Bank has started its *Islamic Banking* operation through its first Branch being inaugurated at 19, Dilkusha C/A, Dhaka on 18 December 1995.

The total human resources of Prime Bank Limited now stand at 1172. Number of Branches of Prime Bank presently stands at 50. Out of the above 50 branches, 05 branches are designated as *Islamic Banking* Branch complying with the rule of *Islamic Shariah*, the modes of operation of which is substantially different from other branches run on conventional basis. The bank is listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited as a publicly traded company for its general class of shares.

### **Year-Wise Position of Employees & Branches of PBL from 1995-2006**

PBL has been established in April, 1995 as a scheduled bank in private sector in pursuance of the policy of liberalization of banking and financial services in Bangladesh. During the inception of the bank it has only one 161 employees in two offices, one was the first branches in Motijheel and the other was its head office. With the help of the collected data



the year-wise position of employees & branches of PBL from 1995-2006 are as follows at a glance:

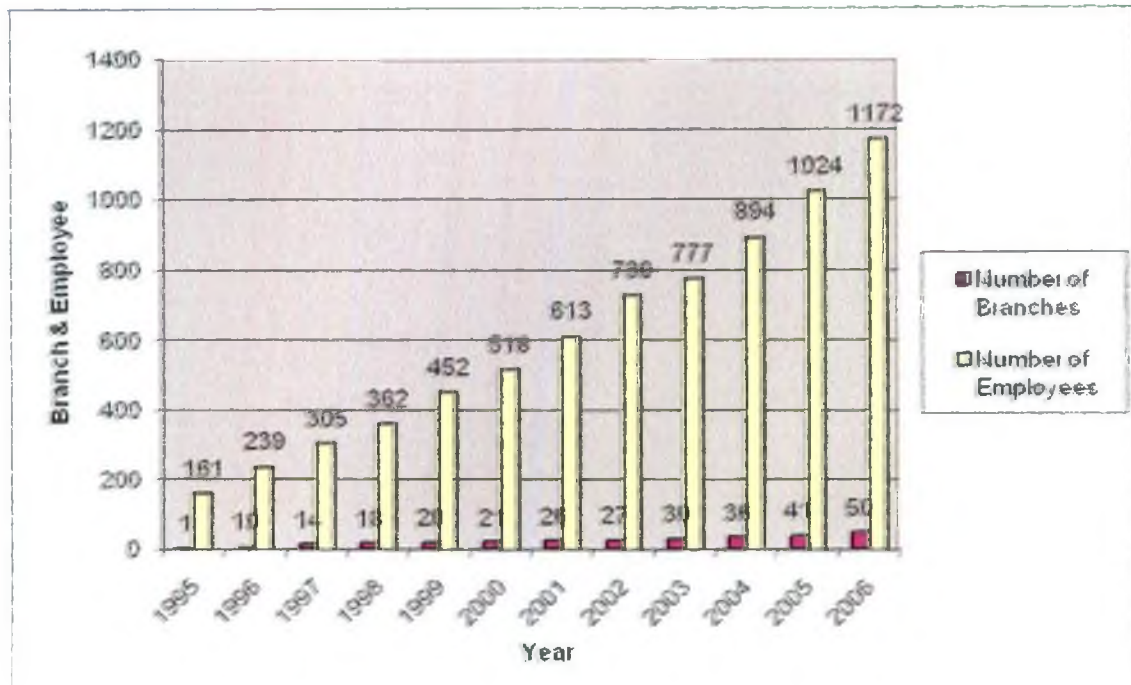
**Table: 3.14 # Year-Wise Position of Employees & Branches of PBL**

Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Number of Branches		10	14	18	20	21	26	27	30	36	41	50
Number of Employees	161	239	305	362	452	518	613	730	777	894	1024	1172

Source: Annual Reports of PBL, Published by PBL, Dhaka, 1995-2006, & Field Survey

According to the above table, it is seemed that the bank after twelve years in 2006, the bank has appointed 1172 employees. At the second year (1996) of its inception, it was recruited newly 78 employees and the total employees became 239 for its new branch launched and total branch became 10. In 1997, at the 3<sup>rd</sup> year of the bank, launched 4 new branches and recruited 66 employees, than the total branch has be come 14 and total employees 305.in this way in every year it was increasing its employees and branch, and in 2006 the branches become 50 and employees 1172. It is observed that in every year it was increasing its branches and employees.

**Graph No-3.06 # Year-Wise Position of Employees & Branches in PBL**



(The graph shows, the figure of year-wise position of employees & number of branches of PBL. The figure shows, every year the branches of bank and the number of employees are increasing gradually. This is the proof of the gradual improvement of the bank. )

Islamic Banking division of the bank has been putting best efforts to develop new deposit as well as investment products to give an impetus to the growth of Islamic banking Branches. The Islamic Banking division in consonance with the syndication unit, Head Office the bank has successfully concluded a syndication finance of TK.230.00 million to Vigor Pharmaceutical Ltd., a client of our Islamic Banking branch. This Islamic Product Syndication is first ever in the history of Islamic Banking in the country. The deal was immensely appreciated at home and abroad. Euro money, U.K congratulated prime Bank and invited the Bank officials in the 3<sup>rd</sup> Asian Annual Islamic Banking and Finance summit held at Kuala Lumpur, Malaysia to share the experience.

In order to strengthen the Knowledge and expertise on Shariah based banking the employees of the bank are regularly provided with training on Shariah principles, Islamic Banking and Economics at the training institute of the bank, outside institution at home and abroad. Recently, the bank with red money group of Malaysia organized a 3 day long international training programmed on Islamic finance and financial products in Dhaka where 40 senior executives of 6 Islamic Banks and 7 other conventional banks having Islamic banking Branches participated.

Prime Bank has currently 50 branches all over Bangladesh and one Booth and out of which 25 branches are authorized to deal in foreign exchange. In 2007 the bank has a projection to open 10/12 more branches at different locations in Bangladesh. Very recently, the bank has opened its offshore banking unit at saver EPZ with the aim to office innovative banking services to the global customers. Prime bank opened it's fully owned its fully owned subsidiary "Prime Exchange Co. Private Ltd during 2006. It is a limited liability company incorporated and domiciled in the Republic of Singapore. The principal activity of the company is to carry on remittance business and to undertake and participate in transactions, activities and operations commonly carried on or undertaken by remittance and exchange house. It started its business from 8<sup>th</sup> July 2006 under the License issued by Monetary Authority of Singapore (MAS).

Prime Bank Limited has already made significant progress within a very short period of its existence. The bank has been graded as a top class bank in the country through internationally accepted CAMEL rating. The bank has already occupied an enviable position among its competitors after achieving success in all areas of business operation.

Prime Bank Ltd. offers all kinds of Commercial Corporate and Personal Banking services covering all segments of society within the framework of Banking Company Act and rules

and regulations laid down by our central bank. Diversification of products and services include Corporate Banking, Retail Banking, and Consumer Banking right from industry to agriculture, and real state to software.

The bank has consistently turned over good returns on Assets and Capital. During the year 2006, the bank has posted an operating profit of Tk. 2131 million and its capital funds stood at Tk 4409.21 million. Out of this, Tk. 1750 million consists of paid up capital by shareholders and Tk. 2659.21 million represents reserves and retained earnings. The bank's current capital adequacy ratio of 9.95% is in the market. In spite of complex business environment and default culture, quantum of classified loan in the bank is very insignificant and stood at less than 0.82%.

Prime Bank Limited, since its beginning has attached more importance in technology integration. In order to retain competitive edge, investment in technology is always a top agenda and under constant focus. Keeping the network within a reasonable limit, our strategy is to serve the customers through capacity building across multi delivery channels. Our past performance gives an indication of our strength. We are better placed and poised to take our customers through fast changing times and enable them compete more effectively in the market they operate.

### **Overall Corporate Information of PBL**

In the backdrop of economic liberalization and financial sector reforms, a group of highly successful local entrepreneurs conceived an idea of floating a commercial bank with different outlook. For them, it was competence, excellence, and consistent delivery of reliable service with superior value products. Accordingly, Prime Bank Limited was created and commencement of business started on 17th April 1995. It is remarkable that, this bank is a Second Generation Private Sector Bank in Bangladesh. The sponsors are

reputed personalities in the field of trade and commerce and their stake ranges from shipping to textile and finance to energy etc.

As a fully licensed commercial bank, Prime Bank Ltd. is being managed by a highly professional and dedicated team with long experience in banking. They constantly focus on understanding and anticipating customer needs. As the banking scenario undergoes changes so is the bank and it repositions itself in the changing market condition.

Prime Bank Limited started its journey as a Bank with a difference by introducing Islamic Banking from the very inception alongside the conventional banking. At present the Bank has 5 (Five) Islamic Banking Branches under its banking network. At Head Office, there is an Islamic Banking Division to oversee and monitor the activities and provide guidelines for ensuring Shariah compliance and other related issues. By the active support and guidance of the Shariah council and Islamic Banking Division of the Bank, the Islamic Banking Branches are demonstrating excellent performance. 2006 was also a commendable year for the development of Islamic Banking Business. Investments and deposits grew by 38 percent and 89 percent respectively. The operating profit grew by 44 percent during the year as against 54 percent of previous year. The non-performing investments of Islamic Banking Branches are 0.19 percent of their total investment. Total import and export business generated by the Islamic branches showed remarkable growth. Total import and export business handled was TK 6,464 million and TK 4,677 million respectively.

The Shariah Council of prime bank limited consists of 10 members who provide guidance in various banking issues as per Shariah. In addition to the usual Audit & inspection of the branches by head office Audit & inspection Division, the Muraquibs of Shariah council inspects the branches and report to Shariah council.

**Table No- 3.15 # Corporate Information of PBL**

SN	Particulars	Inaugurating Date
01	Memorandum of Articles of Association signed by the sponsors	05.02.1995
02	Incorporation of the Company	12.02.1995
03	Certificate of Commencement of Business	12.02.1995
04	License issued by Bangladesh Government	20.02.1995
05	License issued for opening the first Branch, Motijheel	08.04.1995
06	Formal Launching of the Bank	17.04.1995
07	Commencement of Business from the Motijheel Branch	17.04.1995
08	Commencement of Islamic Banking Business from IBB, Dilkusha	18.12.1995
09	Initial of Public Offerings (IPO)	
	- Publication of Prospectus	29.08.1999
	- Subscription Opened	09.09.1999
	- Subscription closed	22.09.1999
10	Listed with Dhaka Stock Exchange Limited	27.03.2000
11	Listed with Chittagong Stock Exchange Limited	29.03.2000
12	Trading of Shares of Dhaka Stock Exchange Limited	29.03.2000
13	Trading of Shares of Chittagong Stock Exchange Limited	29.03.2000
14	Dividend declared in the 5 <sup>th</sup> AGM (First after the IPO)	14.03.2000
15	Registered as Merchant Banker with SEC	29.03.2001
16	License Issued By Bangladesh Bank as Primary Dealer	11.12.2003
17	Registered as Depository Participant of CDBL.	29.03.2004
18	Trading of Shares in Demat form in Stock Exchange	15.06.2004
19	Agreement with Temenos for Core Banking Software T24	30.06.2005
20	Incorporation of <i>Prime Exchange Company Private Limited</i>	06.01.2006

Source: Prime Bank Limited, Annual Reports, 1995-2006, Dhaka, & Field Survey

The Table shows that from 2002-2006 the overall performance of PBL at a glance is satisfactory. All the account head of the bank conducting at the time of banking functions is satisfactory.

### Vision

To be the best private commercial bank in Bangladesh in terms of efficiency, capital adequacy, asset quality, sound management and profitability having strong liquidity.

## Mission

To build Prime Bank Limited into an efficient, market-driven, customer focused institution with good corporate governance practices along with continuous improvement in our business policies and procedures through integration of technology at all levels.

## Deposit Scheme

Bank is the largest mobilize of surplus domestic saving. For poverty alleviation, we need self employment, for self-employment we need investment and for investment we need savings. In the other words, savings help capital formations and the capital formations help investments in the country. The investment in its turn helps industrialization leading towards creation of wealth of the country and the wealth finally taken the country on road to progress and prosperity. As such, savings is considered the very basis of prosperity of the country. The more the growth of savings, the more will be the prosperity of the nation.

The savings rate in Bangladesh is one of the lowest in the world. In order to improve the savings rate, financial institutions responsible for mobilization of savings should offer attractive savings schemes so that the marginal propensity to save increases. The savings do not, of course, depend only on the quantum of income but largely depend on the habit of savings of the people.

PBL offers the following savings scheme.<sup>8</sup>

- *Contributory Savings Scheme*
- *Education Savings Scheme*
- *Short Term Deposit*
- *Double Benefit Deposit Scheme*

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<sup>8</sup>Source: Prime Bank Limited, Annual Reports, Dhaka, 1995-2006 & Field Survey

- *Resident Foreign Currency Deposit Account*
- *Non-resident Taka Account*
- *Horse Building Scheme*
- *Monthly Benefit Deposit Scheme*
- *Fixed Deposit Scheme*
- *Lakhopati Deposit Scheme*
- *Non-resident Foreign Currency Deposit Account*
- *Non-resident Investors Take Account*
- *Prime Millionaire Scheme*

### **Loan Schemes**

PBL offers the following loan schemes:

- *General Loan Scheme*
- *Lease Finance*
- *House Building / Apartment Loan Scheme*
- *Small and Medium Enterprise (SME)*
- *Retail Credit Scheme*
- *Hire Purchase*
- *Advance Against Share*<sup>9</sup>

### **Credit Card**

Prime bank limited obtained principal membership of master-card international in the month of May 1999. The special feature of the prime bank master card is that its bears the

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<sup>9</sup>Source: Prime Bank Limited. Annual Reports, Dhaka, 1995-2006 & Field Survey



card holder's photo on the card, which is the first of its kind in Bangladesh and adds security against misuse. Prime bank limited issues 4 types of cards. These are:

- *Gold Local & international*
- *Silver Local & international*

### **Member of Society for Worldwide Inter-Bank Financial Telecommunication**

Prime Bank Limited is one of the first few Bangladeshi Bank who have become member of SWIFT (Society for Worldwide Inter-bank Financial Telecommunication) in 1999. SWIFT is members owned co-operative, which provides a fast and accurate communication network for financial transactions such as Letters of Credit, Fund transfer etc. by becoming a member of SWIFT, the bank has opened up possibilities for uninterrupted connectivity with over 5,700 user institutions in 150 countries around the world.

SWIFT No. : **PRBLBDDH**

### **One Stop Utility Services**

The scheme is designed to provide all the required services to the customer in making payment of their following bills on their behalf from the counter of the Bank:

- *To pay mobile bills*
- *Cash deposit in his/her account at any branch of the Bank irrespective of location.*
- *Cash deposit in other's account at any branch of the Bank irrespective of location.*
- *Transfer of money from his/her account with any branch of the Bank.*

## Overall Performance of PBL at a Glance

### Financial Performance

During consecutive financial years since its inception, prime Bank's strong performance is attributable to its sustained high level of deposits and loan growth with maintenance of good asset quality and enhanced productivity and proactive management of Balance Sheet. In 2006 profit before tax showed a growth of 45 percent. Present capital of Prime Bank is TK.175.00 crore.

**Table: 3.16 # Overall Performance of PBL at a Glance**

(Taka in Million)

Particulars	2002	2003	2004	2005	2006
Profit before provision and tax	748	1001	1146	1520	2131
Authorized Capital	1000	1000	1000	4000	4000
Paid-up Capital	600	700	1000	1400	1750
Deposits	16482	20483	28069	36022	54724
Loans and advances	12687	16492	23220	31916	45010
Investments	1996	2750	3084	3940	7844
Total assets	19359	24249	32362	41506	60899
Current ratio	1.00	0.96	1.06	1.00	0.88
Debt equity ratio	8.56%	8%	7%	7%	7%
Non performing loans (NPLs)	188.22	326.53	352.73	308.21	363.15
Provision for unclassified loans	131.73	171.73	231.73	364.80	544.80
Provision for classified loans	122.81	245.44	174	127.00	308.52
Earning per share (Taka)	59.73	37.55	43.71	40.59	60.11
Return on average assets	2.38%	1.72%	2.16%	1.54%	20.5%
Return on average equity	30.03%	22.70%	30.43%	22.51%	31.55%

Source: Annual Reports of PBL 2002-2006, Dhaka, p.29

The figure shows, from 2002-2006, the overall performance of PBL at a glance is satisfactory. All the account head of the bank conducting at the time of banking functions is satisfactory.

**Table: 3.17 # Overall Performance of PBL at a Glance**

(Taka in Million)

Particulars	2002	2003	2004	2005	2006
<b>Income Statement</b>					
Interest Income	1620	2159	2641	3446	5199
Interest Expense	1055	1408	1616	2271	3698
<b>Net Interest Income</b>	<b>565</b>	<b>751</b>	<b>1025</b>	<b>1175</b>	<b>1500</b>
Non-interest Income	631	841	946	1232	1732
Non-interest Expense	448	591	824	886	1101
<b>Net Non-interest Income</b>	<b>183</b>	<b>250</b>	<b>121</b>	<b>346</b>	<b>631</b>
Profit before provision and tax	748	1001	1146	1520	2131
Provision for loans and assets	51	232	82	320	390
Profit after provision before tax	697	770	1064	1201	1741
Tax including deferred tax	279	394	452	633	689
Profit after tax	418	375	612	568	1052
<b>Balance Sheet</b>					
Authorized Capital	1000	1000	1000	4000	4000
Paid-up Capital	600	700	1000	1400	1750
Total Shareholder's equity	1526	1732	2240	2808	3860
Deposits	16482	20483	28069	36022	54724
Long-term liabilities	5350	7052	7371	11406	16877
Loans and advances	12687	16492	23220	31916	45010
Investments	1996	2750	3084	3940	7844
Property, Plant and Equipment	219	256	322	372	412
Earning Assets	15125	19335	27131	36727	55458
Net current assets	437	583	(1299)	31	5286
Total assets	19359	24249	32362	41506	60899
Current ratio	1.00	0.96	1.06	1.00	0.88
Debt equity ratio	8.56%	8%	7%	7%	7%
<b>Other Business</b>					
Import	19564	25441	36747	40303	52639
Export	12190	16490	19502	28882	41801
Remittance	1252	3063	2140	3688	15050
Guarantee Business	3659	4248	4085	5303	5386
Inland letter of credit	1523	3729	4267	5405	10174
<b>Capital Measures</b>					
<b>Total risk weighted assets</b>	<b>13389</b>	<b>16455</b>	<b>23050</b>	<b>31890</b>	<b>44324</b>
Core capital (Tier-I)	1526	1782	2240	2808	3860
Supplementary capital (Tier-II)	139	176	236	369	549
<b>Total Capital</b>	<b>1665</b>	<b>1958</b>	<b>2476</b>	<b>3177</b>	<b>4409</b>

Source: Annual Reports of PBL 2002-2006, Dhaka, p.28.

The Table shows that from 2002-2006 the overall performance of PBL at a glance is satisfactory, all the account head of the bank conducting at the time of banking functions.

**Table: 3.18 # Overall Performance of PBL at a Glance**

(Taka in Million)

Tier-I capital ratio	11.409	10.83	9.72	8.80	8.71
Tier-II capital ratio	1.04	1.07%	1.02	1.16	1.24
<b>Total capital ratio</b>	<b>12.44</b>	<b>11.90</b>	<b>10.74</b>	<b>9.96</b>	<b>9.95</b>
<b>Credit Quality</b>					
Non performing loans (NPLs)	188.22	326.53	352.73	308.21	367.15
% of NPLs to total loans and advances	1.48%	1.98%	1.52%	0.96%	0.82%
Provision for unclassified loans	131.73	171.73%	231.73	364.80	544.80
Provision for classified loans	122.81	249.44	174	127.00	308.52
<b>Share Information</b>					
Market price per share (Taka)	307.51	374.25	879.50	681.50	528.75
No. of shares outstanding (million)	6	7	10	14	17.50
No. of shareholders at actual	1727	1993	2620	4467	5262
Earning per share (Taka)	59.73	37.55	43.71	40.59	60.11
Dividend	36.67%	62.86%	40.00%	25.00	30%(propos
Cash	20%	20.00%	-	-	-
Bonus	16.37%	42.86%	40.00%	25.00%	30%
Effective dividend ratio	40%	67.70%	47.06%	29.17%	33%
Market capitalization	1845.06	2619.75	8795.00	9541.00	9253.13
Net assets per share (Taka)	234.81	233.12	223.98	200.57	220.57%
Price earning ratio (times)	5.15	9.97	20.12	16.79	8.80%
<b>Operating Performance Ratio</b>					
Net interest margin on average earning assets	4.26%	4.36%	4.41%	3.68%	3.23%
Net non-interest margin on average earning assets	1.38%	1.45%	0.52%	1.08%	1.37%
Earning base in assets (average)	75.53%	79.02%	82.08%	86.45%	90.02%
Cost income ratio	37.48%	37.11%	41.83%	36.82%	34.07%
Cost deposit ratio	76.98%	80.52%	80.72%	88.60%	82.25%
Cost of funds on average deposits	7.13%	7.62%	6.66%	7.09%	8.15%
Return on average assets	2.38%	1.72%	2.16%	1.54%	20.5%
Return on average equity	30.03%	22.70%	30.43%	22.51%	31.55%
<b>Other information</b>					
No of Branches	27	30	36	41	50
No of employees	730	777	894	1024	1172
No of foreign correspondents	422	441	501	517	528
Average earning assets	13254.64	17230.13	23233.08	31929.08	46092.85
Average total assets	17547.94	21804.03	28305.38	36933.96	51202.88
Average deposits	14795.74	18482.42	24276.24	32045.85	45373.27
Average equity	1392.34	1654.14	2010.83	2523.90	3333.94

Source: Annual Reports of PBL 2002-2006, Dhaka, p.27.

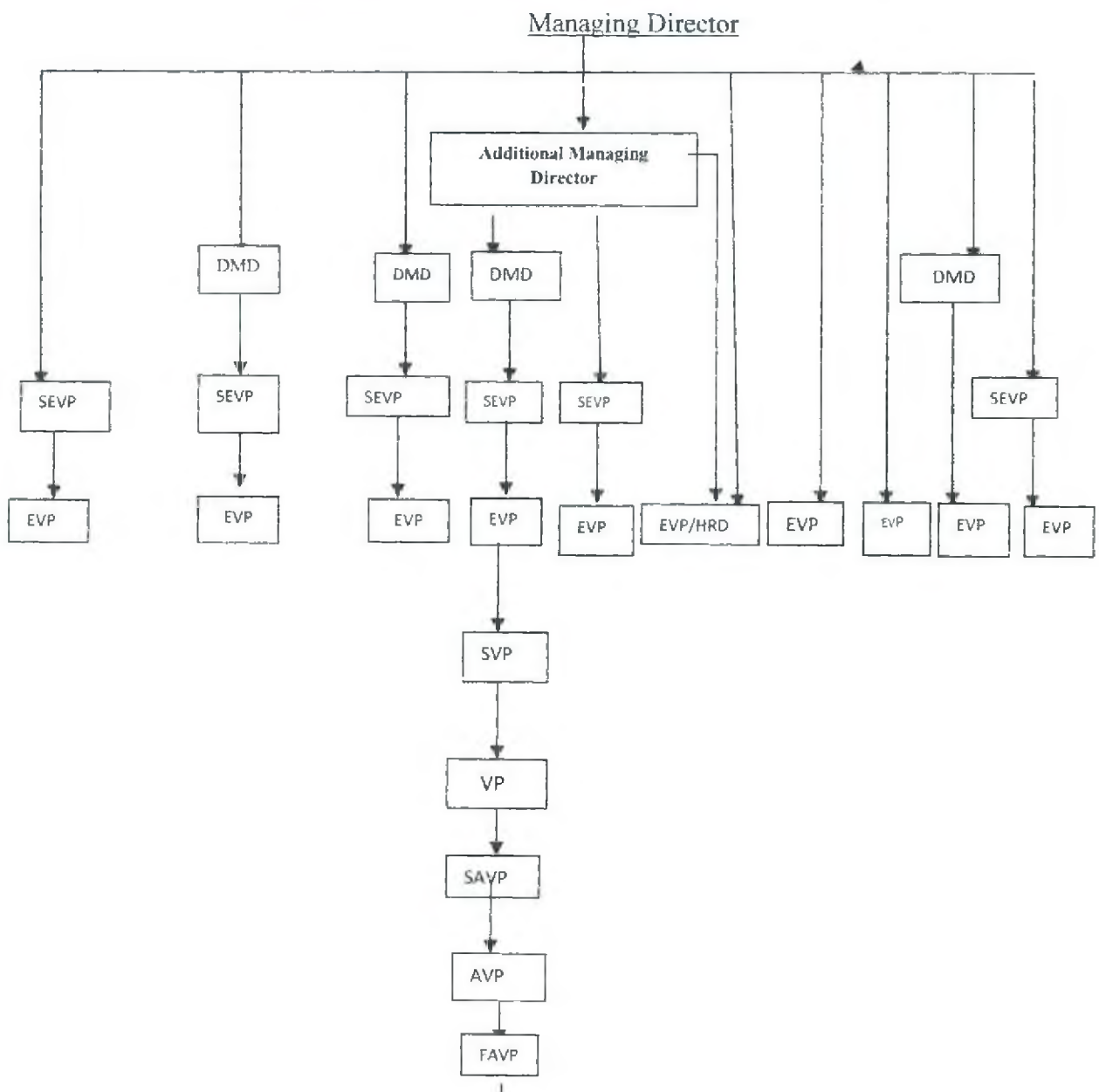
From the above figure, it is observed that from 2002-2006 the overall performance of PBL at a glance is satisfactory. All the account head of the bank conducting at the time of banking functions is satisfactory.

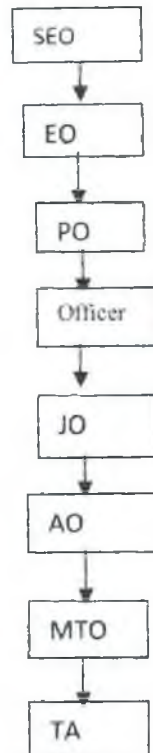
## Organization Chart of PBL

An 'Organization Chart' illustrates the positions, units, or functions of an organization and the way they interrelate (Chart- 3.01) These Charts aren't limited to organizational structures, of course; they can also be used to outline messages. PBL has also an individual organization Chart known as 'Organogram' which is as below:

### Chart: 3.01 # Organogram of Prime Bank Limited

#### Bank's Corporate Organogram-2008





**Source:** Prime Bank Limited. Service Rules (1995), Dhaka, Updated in 2007.

Normally Prime Bank Limited recruits the new employees as Trainee Assistant and Management Trainee Officer. Really Management Trainee Officer (MTO) is their entry officer level post. On the other hand, Trainee Assistant is a post less than officer level. The researcher divided the whole organogram as three tiers: **i. Higher Level Officers:** First tier stratification includes the Executive and Decision Makers of Prime Bank Limited. **ii. Mid Level Employees:** Second tier stratification includes the respondents from Mid-level employees of Prime Bank Limited (other than Executives & Decision Makers & Lower Level Employees). **iii. Lower Level Employees:** Third tier stratification includes Driver, Messenger, Guard & Sweeper working in the Prime Bank Limited.

**Table: 3.19 # Staffing Pattern, Ranks and Status of the Employees of PBL**

Serial No	Rank & Status	HR position in 01.07.07	Remarks
(i)	<i>Higher Level Employees</i>		
1	Managing Director	1	
2	Additional Managing Director	1	
3	Deputy Managing Director	3	
4	Senior Executive Vice President	9	
5	Executive Vice President	11	
6	Senior Vice President	20	
7	Vice President	13	
8	Senior Assistant Vice President	50	
9	Assistant Vice President	50	
10	First Assistant Vice President	46	
11	Senior Executive Officer	69	
12	Executive Officer	102	
13	Principal Officer	186	
14	Senior Officer	202	
15	Officer	95	
(ii)	<i>Mid Level Employees</i>		
16	Junior Officer	95	
17	Assistant Officer	90	
18	Management Trainee Officer	50	
19	Trainee Assistant	237	
(iii)	<i>Lower Level Employees</i>		
20	Driver	21	
	Total	1351	

Source: Service Rule of PBL, 1995, Dhaka, p.55, & Annual Report-2006 & Field Survey.

The above Table is the picture of the staffing pattern of Prime Bank Limited. All of the Rank & Status of the employees are divided in to three tiers. *i. Higher Level Employees* (Arrangements were made to conduct interview of the officers from Officer to Managing Director). Higher Level Employees of Prime Bank Limited, through interview schedule in different areas of Bangladesh; *ii. Mid Level Employees* (*Mid Level Employees* means persons employed below the rank of Officer, *Trainee Assistant to Junior Officer*); & *iii. Lower Level Employees* (Arrangements were made to conduct interviews of some Driver, Messenger, Guard, & Sweeper of Prime Bank Limited were included. Two classes of employees namely class III and class IV were also taken into consideration).

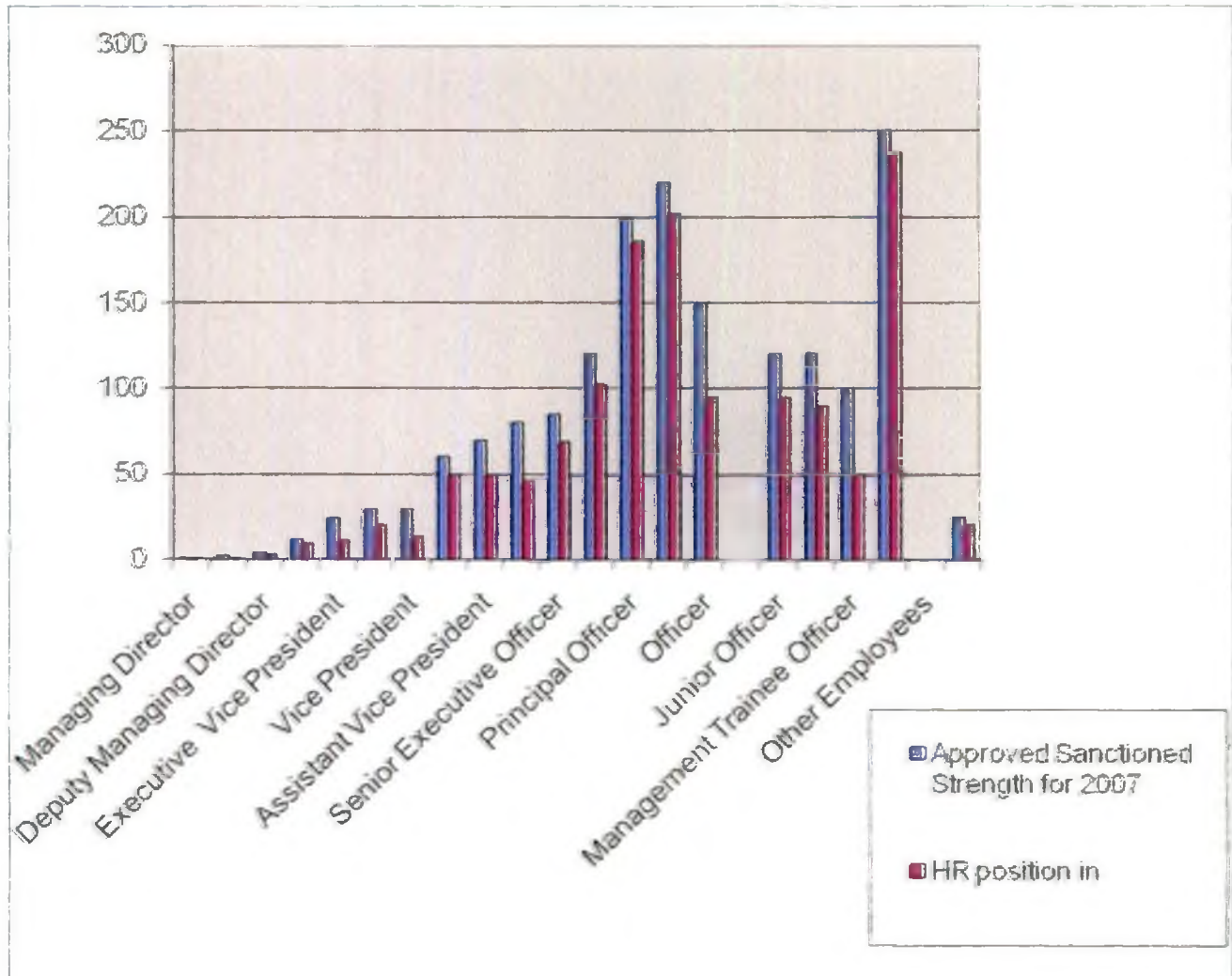
**Table: 3.20 # Existing Staffing Pattern of the Employees as on 01.07.2007**

S. No.	Rank	Approved Sanctioned Strength for 2007	HR position on 01.7. 07	Surplus/ Deficiency	Remarks
(i)	<i>Higher Level Employees</i>				
1	Managing Director	1	1		
2	Additional Managing Director	2	1	-1	
3	Deputy Managing Director	4	3	-1	
4	Senior Executive Vice President	12	9	-3	
5	Executive Vice President	24	11	-13	
6	Senior Vice President	30	20	-10	
7	Vice President	30	13	-17	
8	Senior Assistant Vice President	60	50	-10	
9	Assistant Vice President	70	50	-10	
10	First Assistant Vice President	80	46	-34	
11	Senior Executive Officer	85	69	-14	
12	Executive Officer	120	102	-18	
13	Principal Officer	200	186	-14	
14	Senior Officer	220	202	-18	
15	Officer	150	95	-55	
(ii)	<i>Mid Level Employees</i>				
16	Junior Officer	120	95	-25	
17	Assistant Officer	120	90	-30	
18	Management Trainee Officer	100	50	-50	
19	Trainee Assistant	250	237	-13	
(iii)	<i>Lower Level Employees</i>				
20	Driver	25	21	-4	
		1703	1351		

Source: Service Rule of PBL, Dhaka, 1995, p.55 & Annual Report-2006 & Field Survey.

In every post in the PBL there is a common shortage of employees. They need a minimum number of employees; but they recruit a fewer number than the optimum number of employees they need. Total number of employees they need in this bank is 1703 according to the interview of the respondents; but they recruited 1351 employees only on 1<sup>st</sup> July, 2007. These situations occurs the workload, stress, burden & burnout to the existing employees of the bank.



**Graph No-3.07 # Staffing Pattern as on 01.07.2007 (Rank-Wise)**

The Graph shows the entire staffing pattern of PBL with the total employees. In every post, the number of employees has shown in the figure. In the upper level, the numbers of employees are very small in number, but in the lower level the numbers of employees are gradually increased and at the bottom level, the numbers of employees are small, because in this stage a few employees are working.

## Definition of Human Resource Management

**Human** is chiefly used as an adjective or noun referring to a person or people (as in a human being, human weaknesses, humans, and other animals). Human being means, a person, viewed especially as having imperfections and weaknesses.<sup>10</sup>

**Resource** is a reserve supply of something such as money, personnel or equipment<sup>11</sup>. Resource is a supply of something that a country, an organization or an individual has and can use, especially to increase wealth; on the other hand: A thing that gives help, support, or comfort when needed.<sup>12</sup>

**Human Resource** means all the people who work in a business or organization, considered as a whole, concerned with recruiting and managing employees. A person will be human resource only if he or she can be turned in to a productive power by acquiring necessary quality and skill through education and training.<sup>13</sup>

Human development Index (HDI) may be included various variables such as life expectancy, literacy rate and real Per Capita GDP and status of human freedom etc.

The concept of human resource is a new development in Economic thought and socio-demographic inquiries.<sup>14</sup> The concept has many different meanings. It may be equated with labor in the sense of a factor of production or as a kind of natural resource or a people resource just as we have mineral and forest resources. However, it will be improper to consider human resource identical with men. All human resource may be man, but all man, may not be human resource. A person may become human resource only when he /she is

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<sup>10</sup> Encarta Dictionary, 2007. Microsoft Corporation, USA.

<sup>11</sup> Ibid. 2007.

<sup>12</sup> *Oxford Advance Learners Dictionary*. (1999). p.621.

<sup>13</sup> Wright, Patrick and Gary. McMahan, (1992). "*Theoretical Perspectives for Strategic Human Resource Management*," *Journal of Management* 18, pp. 301.

<sup>14</sup> Rahman, Aatur, (2007), *Human Resource Management*. Dhaka. Zahin Publications, 2007, p. 12.

turned into a productive power by acquiring necessary quality and skill through education and training so that he/she becomes useful to himself society as a whole.<sup>15</sup> The popular statement, There are many works to do, but still they aren't transformed into human resource to get a job acquiring a particular level of education and skill.

### **The Concept of Human Resource Development**

Various theories, interpretations, and meaning of the term “Human Resource” have given birth to jargons like: Human Resource Development, Human Capital Formation, Manpower Development etc.<sup>16</sup>. The concept of Human Resource development may be defined broadly as all formal and informal process by which individual learn. The Concept of Human Resource Development may be both formal and informal. Formal development takes place when individual learn as a consequence of participating in an educational and training program, such as those offered in a school of other institution or by means of a planned learning experience, such as job, rotation, special assignments , a designated internship and the like.<sup>17</sup> Informal development takes place simply as a consequence of living with the people in the society and the surrounding environment. HRD in the organizational context means a process by which employees of an organization are continuously helped in a planned way to acquire capabilities (Knowledge, perspective, attitude, values and skills) required to perform various tasks or functions associated with their present of future expected roles , to develop this general enabling capabilities as individuals so that they able to discover and utilize their own inner potential for their own or organizational development purposes and also to develop and organizational culture where superior – subordinate relationships , team work and collaboration among different

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<sup>15</sup> Ibid. 2007. p.3.

<sup>16</sup> Wright, Patrick and Gary McMahan (1992). “*Theoretical Perspectives for Strategic Human Resource Management.*” Journal of Management 18. p. 301.

<sup>17</sup> Kumar, Ashok (ed.), (1991): *HR Development* Journal. No.1, Anmol Publications, New Delhi, India, P.11.

sub-units are strong and contribute to the organizational health, dynamism and pride of employees. However, in the national context the HRD may be defined as a process by which the people in various groups (age group, regional group, socio-economic group, community group etc.) can acquire new competences continuously so as to make them more and more self-reliant and simultaneously develop a sense of pride in their home country. This self-reliance and sense of pride can be developed through a variety of interventions at national, regional, and organizational levels.

Basically the HRD involves two issues: (1) relationship of the person to oneself, and (2) relationship of the person with the society.<sup>18</sup> A person may be an asset or a liability to himself and the abilities and his own self and to the society through his self image, social attitudes, values and his work. The HRD not only means the development of abilities and the work competence of the persons or the development of the resources or abilities in the individual, it also refers to one's social commitment. Therefore, the HRD should aim at the development of professional competence as well as pro-social attitude. The factors influencing HRD are many types.

Among them, health, education, self-image, and social attitudes are important. These are also factors in the individuals, which determine his personal satisfaction, social utility and work efficiency. There are the factors in personality of the individual, his attitudes, and professional skill etc. These factors can be broadly categorized as four, namely; 1) General potentialities or cognitive abilities such as intelligence; 2) Acquired personal traits such as

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<sup>18</sup> Wright, Patrick and Scott Snell (1991). "*Toward an Integrative View of Strategic Human Resource Management.*" Human Resource Management Review 1, p.203.

rationality, work commitment<sup>19</sup> etc.; & 3) Social attitude such as altruism, consumerism, health-population attitudes etc.; and 4) Work competence such as skill and creativity.<sup>20</sup> The development implies the development of these factors or determinants, which are influenced and shaped by education, training, and socializing agencies of family, school, and mass media<sup>21</sup>.

Therefore, the concept of HRD should cover innate as well as acquired abilities and attitude of the individuals and relationship between the self and the society.<sup>22</sup> As HRD is for human being and for the well being to the society, So, it should lead to the development of abilities & attitudes of the individual leading to personal growth and self actualization, which enable the individuals to contribute to societal well being and development and achieving personal satisfaction and happiness. HR practice and process will go through colossal changes. Global recruitment to ensure diversity of work force and the talent hunting will become norms. Widespread use of flextime and flexi place will become common place.<sup>23</sup> HRD increases capability, judgment power, motivation effective leadership special contact, accuracy, and relevance<sup>24</sup>

### **Measurement of HRD**

The concept of HRD has both quantitative and qualitative dimension. Characteristics like the size, composition, and distribution of the labor force, the number of hours worked, the

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<sup>19</sup> Schuler, Randall S. (1988) "*Human Resource Management Choices and Organizational Strategy*," in Readings in Personnel and Human Resource Management 3rd edition, eds. Randall S. Schuler, Stuart A. Youngblood, and Vandra L. Huber, St. Paul, Minn.: West Publishing, p. 24.

<sup>20</sup> Ibid. p 25.

<sup>21</sup> Kumar, Ashok. (ed.) (1991): *HR Development*. Journal No.1, Amol Publications, New Delhi, India.p.19.

<sup>22</sup> Porter, Michael E. (1980), *Competitive Strategy*. New York Free Press. Schuler, Randall S. and Susan E. Jackson (1987). "Linking Competitive Strategies with Human Resource Management Practices." *Academy of Management Executive* 1, p. 207.

<sup>23</sup> Hossian, Anwar (2001): *Vision for HRM & Development in 21<sup>st</sup> Century*. Paper presented at the International Conference organized by Rapport Bangladesh Ltd., March 30-31, & April 1.p.2.

<sup>24</sup> Ali, M Mahboob & Nuruzzaman. M. (2000): *HRD in the Banking Sector of Bangladesh: An Analysis with special Reference to BIBM*, Vol. 8, No. 1, Jan- June,2001.p.15.

output earnings per head etc are quantitatively measurable while characteristics like knowledge, skills, aptitudes, values, motivation, etc are qualitative in nature. Regarding these qualitative dimensions there are conceptual problems and debates. Development is the result of complicated interaction between socio-economic and political factors. Development does not mean just growth. It means growth plus change. Change in turn may be social, culture, economic, qualitative, and quantitative. Development is this multi-dimensional and dynamic concept. Recently UNDP has introduced Human Development Index (HDI) to include many variables so as to capture the multi-dimensional nature of HRD. Initially it included indicators like life expectancy, literacy rate and real per capital GDP and later on, attempt was made to include factors like human freedom. However, the exercise of qualifying the various indicators of HRD poses many conceptual as well as methodological problems.<sup>25</sup> HRD is not training, it is learning and the various aspects of learning requires information, knowledge, and skill.<sup>26</sup>

HRD has been an evolving concept. The concept now includes five dimensions viz. i. Empowerment: Expansion of people's capabilities that involves enlargement of the choice and this increase in freedom; ii. Co-operation: The way how people interact and co-operates in communities; iii. Equity: In a sense much broader view-seeking equity in basic capabilities and opportunities rather than in terms of wealth or income; iv. Sustainability: Sustainable HRD meets the needs of the present generation without compromising the ability of future generation to meet their needs; v. Security: Human development that everyone should enjoy a minimum level of security livelihood, jobs, and threats of diseases repression as well as sudden and hurtful disruptions in the daily life.

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<sup>25</sup> Chowdhury, Omar Haider (1991): *Human Development Index: A Critique*, *The Bangladesh Development Studies*, Vol. 19, No. 3, BIDS, Dhaka, Bangladesh, p.19.

<sup>26</sup> Rangnekar, Sharu (2000): *In the world of Corporate Managers*, Vikas Publishing House Pvt. Ltd., 10<sup>th</sup> reprint, New Delhi., P.13.

A super economic growth can be evaluated by considering the achievements of dimensions of HRD. It is growth that promotes HRD in all its dimensions<sup>27</sup> i.e. growth that: Generates full employment and security of livelihood, Fosters people's freedom, and empowerment. Distributes benefits equitably, Promotes social cohesion and co-operation, Safeguards future human resource development.<sup>28</sup>

At this point, it is very interesting to ponder over how today's super economic growth concept is distinctly engraved in Islam about sixteen hundred years ago since all the above dimensions assimilate with the very precepts of the modern religion of Islam.

### **The Concept of Human Resource Management**

The term 'Human Resource Management' may be defined as the functions of management process concerning with people at work of an organization. Generally, we know, the basic functions of management are: planning, organizing, staffing, leading, and controlling.

"In total, they represent the management process. Some of the specific activities involved in each function include: Planning: Establishing the goals and standards, developing rules, procedures, and plans and forecasting. Organizing: Giving each subordinates a specific task; establishing departments; delegating authority to subordinates; establishing channels of authority & communications; coordinating the work of subordinates. Staffing: Determining what type of people should be hired; recruiting prospective employees; selecting employees; setting performance standards; compensating employees; evaluating performance; counseling employees; training & developing employees. Leading: Getting others to get the job done; maintaining morale; motivating subordinates. Controlling: Setting standards such as sales quotas, quality standards, or production

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<sup>27</sup> Osterman, Paul (1994). "*How Common is Workplace Transformation and Who Adopts It?*" Industrial and Labor Relations Review 47(2), pp. 173-188.

<sup>28</sup> Cappelli, Peter and Harbir Singh (1992). "*Integrating Strategic Human Resources and Strategic Management*" in Research Frontiers in Industrial Relations and Human Resources, eds. David Lewin, Olivia S. Mitchell, and Peter D. Sherer. Madison, Wis. Industrial Relations Research Association. pp. 165-192.

levels; checking to see how actual performance compares with these standards; taking corrective action as needed.”<sup>29</sup>

The management functions are: 193 (1) planning, (2) organizing, (3) leading, and (4) controlling.<sup>30</sup> Robbins (1998) defines managers as individuals who achieve goals through other people. Mintzberg (1998) has conducted research on what managers do. He concludes that managerial work involves: (1) interpersonal roles, (2) informational roles, and (3) decisional roles. He says these roles require a number of skills: developing peer relationships, carrying out negotiations, motivating subordinates, resolving conflicts, establishing information networks and disseminating information, making decisions with little or ambiguous information, and allocating resources. The *Three Managerial Roles* are definite:

- I. Interpersonal roles: Figurehead, leader, and liaison.
- II. Informational roles: Monitor, disseminator, and spokesperson.
- III. Decisional roles: Entrepreneur, disturbance handler, resource allocator, and negotiator.

The researcher is going to on one of these functions in this research work; the Staffing, “*Personnel Management*” or *Human Resource Management* function.<sup>31</sup> We may suppose, Human Resource Management is the Policies and practices involved in carrying out the ‘People’ or human resource aspects of a management position, including recruiting, screening, training, rewarding and appraising. Different writers have defined it from different angles. Some of these are as follows: Human Resource Management is the process of acquiring, training, appraising, and compensating employees & attending to

<sup>29</sup> Dessler, Gary. (2005): *HRM*. Pearson Education Upper Saddle River, New Jersey, USA, p-4.

<sup>30</sup> Robbins, Stephen P. *Organizational Behavior* (Upper Saddle River, New Jersey: Prentice Hall, 1998), p.51.

<sup>31</sup> Anthony, William P., Pamela L. Perrewe, and K. Michele Kacmar (1993). *Strategic Human Resource Management*. Fort Worth: Harcourt Brace Jovanovich, p.3.



their labor relations, health & safety, and fairness concerns.<sup>32</sup> The topics will be discuss should therefore provide with the concepts and techniques need to carry out the “people” or personnel aspects of management job.<sup>33</sup>

Businesses rely on effective Human Resource Management (HRM) system to ensure that they hire and keep good employees and that they are able to respond to conflicts between workers and management. HRM specialists initially determine the number and type of employees that a business will need over its first few years of operation. They are then responsible for recruiting new employees to replace those who leave and for filling newly created positions. A business’s HRM division also trains or arranges for the training of its staff to encourage worker productivity, efficiency, and satisfaction, and to promote the overall success of the business. Finally, human resource managers create workers’ compensation plans and benefit packages for employees.

Human Resource Management (HRM) is the set of organizational activities directed at attracting, developing, and maintaining an effective work force.<sup>34</sup> HRM takes place within complex and ever changing environmental context. This term has various terminologies such as ‘Personnel Management’ ‘Manpower Management’ ‘Labor Management’ ‘Personnel Administration’ etc. HRM is usually used today in the place of the old term Personnel Management or Labor Management or Personnel Administration. But there are some small differences between Personnel Management and HRM. PM is used in narrow sense, which includes Manpower recruitment, selection process, training and development, promotion, transfer, and placement etc. On the other hand HRM is used

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<sup>32</sup> Ibid, p.4

<sup>33</sup> McDuffie, John Paul (1991). *Beyond Mass Production: Flexible Production Systems and Manufacturing Performance in the World Auto Industry*. unpublished Ph.D. dissertation, Massachusetts Institute of Technology, p.14, USA.

<sup>34</sup> Griffin, Ricky W. *Management*. AITBS Publishers, New Delhi, India.1997. p.382.

in broad sense which also includes job analysis, performance appraisal, manpower development program, maintaining discipline, handling grievance, wages and salaries administration etc. except the above function.<sup>35</sup>

Personnel management is that part of management meaning which is concerned with people at work and with their connection within an organization. It is that part of management which first and foremost concerned with human relations within an association. The work of workers is deals especially with procuring, hiring, training, placing, utilizing and maintaining an effective labor force that support in the achievement of the firm's objectives.

Human Resource Management refers to the practices and policies on needs to carry out the 'People' or 'Human Resource' aspect of Management position, including job analyzing, recruiting, screening,<sup>36</sup> training and developing, rewarding and appraising. HR M successfully describes the procedure of planning, and directing the applications, expansion and use of human resources in service. HRM is a Management function, through which managers recruit, select, train, and develop organization's members in a proper way.<sup>37</sup> HRM may be defined as a set of activities which include acquisition, development, motivation, maintenance, and utilization of manpower for the purpose of effective and timely achievement of organizational goal(s).<sup>38</sup>

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<sup>35</sup> Mohiuddin, M, 2007, *Essay on Human Resource Management: An Islamic Perspective* (Unpublished), p.3.

<sup>36</sup> Dessler, Gary, (2003). *H. R. Management*, Pearson Prentice Hall, New Jersey, USA, p.4.

<sup>37</sup> Stoner, Freeman and Gilbert, (1999). *Management*, Sixth Edition, Prentice Hall of India-1999, p374.

<sup>38</sup> Rahman, Ataur, (2007). *Human Resource Management*, Dhaka, Zahin Publications, 2007, p.12.

From the above definitions, it may be said that HRM refers to the functions of Management process dealing specially with job analyzing, recruiting, selecting, training and developing, placing, compensating, integrating, appraising, utilizing and maintaining the employees properly for attaining the desired objectives of an organization.

From the Islamic point of view, HRM refers to that part of Management process which is concerned with human aspects such as processing ,training and developing, placing, compensating or rewarding, appraising, utilizing and maintaining the employees with an enterprise in light of the principles of Islamic Shariah (Mohiuddin, 2007).In this regard, some basic ethical manners of Islam, like Al-Ukhuwwat and &Al-ihsan (Brotherhood & Benevolent), Al-'Adl (Justice &Fairness ), Huquq-al-Ibad (People's Right), Al-Ujrah (Fair compensation), Al-Amanah and Al-Ikhlis (Trusteeship & Honesty) etc. must be ensured to the organization, so that employees get maximum satisfaction as well as the owners can be earn their fair profit or due benefit.<sup>39</sup>

It is remarkable that if human resources aren't dealt with in a right and ethical manner, the work efforts will be affected adversely, which will, in turn, affect the overall performance of the enterprise.<sup>40</sup>

### **Importance of Human Resource Management**

Human Resource Management is most important among all the branches of Management for any organization or an institute, Because, People or Human Resource are vital force for the effective operation often organization or a company or a Bank.

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<sup>39</sup> Mohiuddin (2007). *Essay on Human Resource Management: An Islamic Perspective* (Unpublished essay). p.4.

<sup>40</sup> Sadeq, Abul Hasan M.(2000). *Islamic Ethics in Human Resource Management*. quoted from Ethics in Business and Management. Asian Academic Press, London. p-300

Even human resource is assumed as the most important asset among all other resources of a bank, because, they lead over all other resources. Yet the “human assets” are visually never shown on the balance sheet as distinct category, although a great deal of money is invested in the recruitment, selection and training of people.<sup>41</sup> According to the president of a company for many years it has been said that capital is the bottleneck for the developing industry. I don’t think this any longer holds true. I think it’s the work force and the company’s inability to recruit and maintain a good workforce that does constitute the bottleneck for production. I don’t know of any major project backed by good ideas, vigor, and enthusiasm that has been stopped by a shortage of cash. I do know of industries whose growth has been partly stopped and hampered because they can’t maintain an efficient and enthusiastic labor force, and I think this will hold true even more in the future.<sup>42</sup>

A manager will be successful even with adequate plans, organization, equipment, or controls by hiring the right people or Human Resources for the right job and motivating, appraising and developing them. On the other hand, a manager may failure with excellent plans, methods, clear organization chart<sup>43</sup>, and setting up modern assembly lines and sophisticated accounting controls by hiring the unskilled or wrong people or by not motivating subordinates.<sup>44</sup>

Importance of HR Management can be explained with some points. If all these things are properly managed, we can say that there is an importance of HRM. However, these points

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<sup>41</sup> Wehrich, Heinz & Koontz, Harold. (1999). *Management*. McGraw-Hill, Inc., Singapore. p.435.

<sup>42</sup> Dessler, Gary. *HR Management*. Pearson Prentice Hall, New Jersey, USA. 1999. p.5.

<sup>43</sup> Arthur, Jeffrey B. (1992). *The Link between Business Strategy and Industrial Relations in American Steel Minimills*.<sup>7</sup> *Industrial and Labor Relations Review* 45(3). p. 488.

<sup>44</sup> Op.cit. p.5.

are as follows: I. Proper policy formulation; II. Satisfactory execution of the policy; iii. Review of employee Needs; IV. Utilization of human resources; V. Social welfare development; VI. Effective trade unionism; VII. Overall development of organization.<sup>45</sup>

In conclusion, we can see the importance of HRM in a bank in Bangladesh is very poor in practice. So, HRM system should be established in the banking sector in a strong position. It is also clear that HRD of a country is the precondition of its production increase. There are particularly vital components of this context are HRM's strategic importance and the legal and social environment of HRM.

### **The Strategic Importance of HRM**

Human resource are critical for effective organizational functioning HRM (or personnel, as it is some time called ) was once relegated to second class status in many organizations, but its importance has grown dramatically in the last two decades. Its new importance stems from increased legal complexities, the recognition that human resource are valuable means for improving productivity and the awareness today of the costs associated with poor HRM.<sup>46</sup>

Indeed, managers now realize that the effectiveness of their HR function has a substantial impact on the bottom-line performance of the firm. Poor HR planning can result in spurts of hiring followed by layoffs-costly in terms of unemployment compensation payments, training expenses, and morale. Haphazard compensation systems do not attract, keep, and motivate good employees and outmoded recruitment practices can expose the firm to expensive and embarrassing discrimination law-suits.<sup>47</sup>

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<sup>45</sup> Rahman. Ataur, (2007), *Human Resource Management*, Dhaka. Zahin Publications, 2007, p-20

<sup>46</sup> Griffin, Ricky W. *Management*, AITBS Publishers, New Delhi, India, p.382.

<sup>47</sup> Ibid. pp.383-384

## Norms & Principles of HRM

Norms and principle is a fundamental declaration of truth explaining cause and effect rapport between two or more variables. Every subject matter is guided by its values. HRM isn't an exception. The fundamental principles of HRM are as follows:

"i. Complete Individual: Deal with people as complete individuals consider employee as a whole person. For an example, the family life of an employee may have an effect on his working life; ii. Worthwhile: make people feel worthwhile and related. People are the most valuable asset of the organization; iii. Social Capital: People ought to be considering as social capital& capable of development; iv. Growth Opportunity: Provides opportunities for growth within the organization; v. Group Interest: Group Interest predominance over individual interest; vi. Personal Program: Sell the personnel program. It must be sold. This follows because employees will learn by themselves or others if management doesn't teach them."<sup>48</sup>

## Moral Values & Ethics in Banks

Values are the basic theme that a specific mode of conduct or end-state of existence is individually or within society preferable to an opposite or converse mode of conduct or end-state of existence.<sup>49</sup> It is the Broad tendencies to prefer certain states of affair over others.<sup>50</sup>

At the present time *Customer* or *Public Relations* are very important for a Banking service. In all publications, media announcements and advertisements for the promotion and marketing of their financial status or banking products and services, the banks must always abide by the relevant laws and regulations in force, or the generally accepted norms and moral values. They can't and should not use deregulatory terms and /or phrases against other banks or against the products and services of other financial institutions, and are

<sup>48</sup> Rahman. Ataur. (2007), *Human Resource Management*, Dhaka. Zahin Publications, 2007, as Quoted in, p.23.

<sup>49</sup> Robbins. Stephen P.,(1998), *Organizational Behavior*, Upper Saddle River, Prentice Hall, New Jersey,USA.p.132

<sup>50</sup> Hofstede. Geert, (1997), *Cultures & Organizations: Software of the Mind*. New York: McGraw-Hill. USA, P.263.

bound to provide the most accurate, timely and comprehensive information to the public at all times and act in an honest and realistic manner in order to avoid actions that could considerably jeopardize their reputation or could be detrimental to the respectability of the banking profession as a whole. Confidentiality is perhaps one of the most important features of modern day banking. Except for the classified information and documents required to be disclosed to the Government itself and its attached organizations such as the Bureau of Anti-corruption or the income Tax Department under the existing laws and regulation, banks are obliged to handle all financial information provided by the customers with the utmost good faith, including the personal locker transactions & dealings.

In addition, certain banks also adopt and prepare internal regulations providing inter-alia, that the employees shall not have any unethical dealings, such as mutual debts; receivables, providing guarantee of 'gifts and graft' from the customers; and shall under no circumstances engage in personal gains by using their positions through their own work environment or business contingencies of their customers. The Banks should move according to the principles of integrity & transparency and provide all relevant information, documents, & records that may be required or requisitioned or requested for the purposes of impartial inspection & auditing, which ought to be delivered on an accurate, complete, and timely basis.

While ethics in Banking has its own dimensions that are quite vast, certain aspects of ethics as a whole remain the same. One important pillar of the Banking business is *Trust*. It is commonly said "everything depended on trust, because there were no codified laws to conduct the banking business. But there was one plus point; those who conducted the banking business were almost all reputed for their impeccable honesty, integrity, &

reliability. The dictum of vogue is then was; An Honest as a Banker and as banking become complex day-by-day, relevant laws and regulations had to enacted everywhere for smooth operation of the banks & protection of the depositors. However distortion of ethical values & moral standards has also taken place at different times & places, notwithstanding, the tough laws and multiplicity of good intentions.

Now-a-days the Banks are no more just receivers of simple depositors; or for cash & values or just money lenders. Banks in modern age are conducting all the business including the foreign exchange transactions, and multifarious economic activities keeping in conformity with the growth & movements of goods & services. Of course, the profit motives remain the core objective throughout. But it is also true that to earn profit they have to pass through a very tough and demanding channel, where modality and profit seen to be in constant conflict, but unfortunately the latter wins. Obviously it calls for litmus test, as experts opine.

In 1998, former President Justice Shahabuddin Ahmed had aptly pointed out<sup>51</sup> that, in the past, adherence to rules by bankers was enough to ensure ethical conduct; but that the situation had changed due to ambitious and greedy actors making 'the banking systems vulnerable to misconduct by the controllers at the operational level, directors at the decision making level and managers at the operational level, threatening not only the appropriate functions of the banking system and financial institution of the banking system and financial institutions but also the entire economy' Justice Shahabuddin went on to say that 'rules of business must not collide with the principles of public welfare, justice and fairness.'<sup>52</sup>

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<sup>51</sup> The Daily Observer, Dhaka. 15<sup>th</sup> July, 1998, p.1.

<sup>52</sup> The Daily Observer, Dhaka. 15<sup>th</sup> July, 1998, p.1.



In present day Bangladesh may unethical banking transactions take place, under the very nose of the concerned authorities, in which loan are frequently sanctioned under pressure from different quarters, which may vary from political to social, or even due to monetary consideration, to undeserving parties and for undeserving project. Business viability; is seldom cross-checked, and the actual financial conditions of the loan application are seldom considered. Sometimes oily heads are even further oiled!<sup>53</sup>

Obviously all these create scores of 'willful defaulters'. And unfortunately, the resultant cost of the huge default culture has all through been borne by honest and small/medium size borrowers. In fact, it is this 'mega default' culture that has pushed out financial sectors bank to the walls and created insurmountable problems for each successive government. Apart from those cases where the banks have sanctioned loans more in consideration of the socio-political influence than the financial merit of the case of unethical transactions where bankers have also been deeply involved to satisfy their greed. Of course in some cases, in order to save their own skins from 'witch-hunting', they have been found to become thoroughly immoral or we are found to change their color with the change of regimes for unethical purposes.

According to M. Syeduzzaman, former Minister for Finance 'unethical banking practices have also been engendered by policies at various times, for example the influence of the government in shaping credit policy, sanction of loans, and interest waiver on the plea of industrialization'.<sup>54</sup> All this has led to an unethical atmosphere prevailing in the banking sector as business lobbies continue to put pressure on banks and their management even before a transaction takes place! Indeed violations of banking ethics have been widespread

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<sup>53</sup>Hofstede, Geert (1997). *Cultures & Organizations: Software of the Mind*. New York: McGraw-Hill, USA, P.263.

<sup>54</sup> The Independent, 19<sup>th</sup> July, 1987. p.1-4.

until recently, when new banking guidelines were introduced by the government in order to restrict the use and misuse of banks resources by its mentor- the Director. The guidelines have set up difficult compliance requirements that should eventually help in preventing unethical transactions and wayward conduct.

In fact, a 2002 World Development Report<sup>55</sup> on the basis of empirical studies points out that a sound financial system helps to mitigate risk, create confidence, attract savings and create opportunities for investment. It also says that corruption on the whole and the consequences engendered by the unethical banking system can cost the poor three times more than the rich. A sound banking system, says the above report, “operating under market discipline in a congenial macro- economic environment can help reduce poverty through helping the creation of employment and income.” It should be borne in mind at all times that banking stands at the centre of all economic activities in the modern state and society, because it is built upon ‘trust’, and trust is indispensable. We must therefore ensue that financial sector reforms initiated from 1989 to 1991 must continue unhindered if we are to achieve success. And perhaps that is the least we can do. Like other area of ethics business ethics has to do with the establishment and maintenance of vital and significant relationships among human beings specifically, in this case among employers, employees , competitors, consumers, suppliers, creditors, community etc. As in other areas, ethical principles have the valuing of life, the string for goodness and avoiding of badness, the just and fair distribution of good and bad, honesty and truth telling and individual freedom amply to business ethics.<sup>56</sup>

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<sup>55</sup> World Bank Report, July, 2002, p.7.

<sup>56</sup> Khan, A R, (2001). *Business Ethic's*, Jupiter Publications, Dhaka, p.1.

## **Position of Prime Bank Limited in Case of Moral Values & Ethics**

In case of moral values & ethics of HRM & its practice, Prime Bank Limited are trying their best to obtain a first class position in the banking sector of Bangladesh, according to the answers of most of the respondents.

## **Status on Moral Values & Ethics in PBL**

Moral values & ethics of human resource management & its practice, Prime Bank Limited are trying their best to obtain a first class position in the banking sector of Bangladesh, according to the answers of most of the respondents.

**Table No-3.22 # Status on Moral Values & Ethics in PBL**

Level of Officers	Yes	Partly	No	Total
Higher Level Officers	100	00	00	100
Middle Level Officers	100	00	00	100
Lower Level Officers	100	00	00	100

Source: *Field Survey*

The question was, "Is the moral values & ethics of the workplace supposed to be good enough?" Different answers received by commenting yes or not. In these cases total respondents were 300 hundred. 100 were higher level officers, 100 middle level officers and 100 were lower level officers. In every cases 100% gave the answers yes.

## **Objectives of Human Resource Management**

Following objectives are important which can be discussed in short. With the fulfillments of these objectives HRM can become successful: First objective of HRM is to develop efficiency and skills of employees working in the organization. If these objectives are achieved organization can reach at its target.<sup>57</sup> HRM can ensure effective performance of

<sup>57</sup> Hosain, Amir. (2001). *Loan and Investment Management Variety of Conventional & Islamic Banking in Bangladesh*. unpublished Ph D Thesis. Dhaka University Library. Dhaka, Bangladesh, p.47.

employees. Effective performance at all levels can help the organization to obtain productivity target. With a view to change behavior of employees, HRM activities can be performed. Behavior change can ensure to reduce resistance to change.<sup>58</sup> The fourth objectives of HRM are to train up subordinates for effective performance. Job satisfaction is essential for proper performance and good labor Mgt relation; where HRM tries to achieve job satisfaction level. Without attracting good people organization can't run smoothly or organization can't cope with the competition, Where HRM wants to attract good people for the organization.<sup>59</sup>To make all organization programs an effective one, HRM acts restlessly. And for thus al policies are formulated accurately.HRM determines its objectives. Because it knows that without good people organization can't run. The organization can try its best to give them proper assignment and make sure that everything has been done timely. Coordination among different sections of the organization, HRM can set its objective and get the objective fulfilled.HRM practices in the Management system should be examined clearly to fulfill the goals. Another objective of HRM is developing working conditions of the organizations. Without this performance, quality and target can't achieve.

### **A Banks Principal Objectives**

A Bank is a financial institute. A bank is an institute where money is receipt for custody and repaid on demand.<sup>60</sup> It has some objectives; those are as follows:

1. To mobilize national savings;

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<sup>58</sup> Rahman, Aatur.( 1988). *Management Training in Nationalized Commercial Banks in Bangladesh*. Unpublished Ph D Thesis, Banaras Hindu University, Banaras, India. p.36.

<sup>59</sup> Ibid., p.41.

<sup>60</sup> Dev, AT.(1999). *English to Bangla Dictionary*. Zoha Publications, Dhaka, p.19.

2. To finance industries, micro-enterprises, trades & commerce, agricultures and other productive undertakings;
3. To provide any other Banking services as required for socio-economic development of the country.

### **Nature of HRM in the Banking Sector of Bangladesh**

The nature of Human Resource Management in the banking sector of Bangladesh can be detected by some points. So, these can be kept in mind to develop the condition of HRM of a developing country like Bangladesh. These are:

Management is more or less efficient, employees are more or less committed, and they are more or less skilled, high degree corruptions, lack of feeling of accountability, lack of proper HRM policy, heavy pressure of trade union, political undue pressure, and lack of quick decision.<sup>61</sup>

### **Functions of Human Resource Management & Its Practice**

There are three basic HRM functions. Because of the increase in service- based production; i. customer service is a major issue; ii. Quality (effectiveness and continuous improvement) initiatives remain as important factors in all organizations. But perhaps the most important issue is productivity; iii. Which is the tool of the value-added manager had to determined?

It is widely known that serviced-based enterprises drive the economy. The service professional is now a knowledge worker in that they collaborate and communicate for the

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<sup>61</sup> Ibid. p.25.

purpose of creating, using, and distributing information. Executives, managers, supervisors, and professionals are all knowledge workers.<sup>62</sup>

## **Practice**

*Practice* means the actual doing of something; action as contrasted with ideas; regularly repeated exercise or training done in order to improve one's skill at something; a way of doing something that is common, habitual, or expected.<sup>63</sup> In this context, we want to express the condition of practice, the management function related with the employees i.e. human resource management practice of a Bank, is either implemented properly under the banking rules & regulations of Bangladesh or not.

## **Position of Prime Bank Limited in Case of Practice**

In case of, functions of Human Resource Management & its practice, Prime Bank Limited are trying their best to obtain a first class position in the banking sector of Bangladesh according to the answers of most of the respondents.

## **Environment of Human Resource Management**

**Meaning of Environment:** Environment means the conditions, circumstances, etc affecting a person's life; on the other hand, it means conditions, e.g. land air and water, in which people animals and plants live.<sup>64</sup> In this case, it means the working environment of an employee. Special definitions are as follows:

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<sup>62</sup> Tesone, D.V. (2005): *Human Resource Management in the Hospitality Industry*. Prentice Hall, New Jersey, USA, p.17.

<sup>63</sup> *Oxford Advanced Learner's Dictionary*, (1999), Oxford University, UK, p.905.

<sup>64</sup> Oxford Dictionary, Oxford University Press, UK, P.387.

1. The environment as composed of those institutions or forces that affect the performance the organization, but over which the organization has little control.<sup>65</sup>
2. The environment includes factors outside the firm which can lead to opportunities for or threats to the firm.<sup>66</sup>

### **Environmental Barriers in Bangladesh**<sup>67</sup>

Some environmental barriers hamper the normal activities of HRM. These probable barriers may be clarified in to following points.

1. Legal support has not been established as yet.
2. Area of specialization on HRM hasn't been recognized till now.
3. Loosing public organization suffers from HRM crises.
4. Reckless CB process prevails in the organizations.
5. Competitive environment hasn't yet been established.
6. Mass people aren't conscious about HRM practices.
7. HRM in most of the organization aren't fair.
8. Accountability practices haven't yet been established and followed.
9. Infrastructural facilities aren't sufficient.
10. Research & Development (R&D) organizations are almost absent.

### **Environment in Prime Bank Limited**

A number of laws regulate various aspects of employee, employer relations, especially in the areas of equal employment opportunity, compensation and benefits, labor relations and occupational safety and health are apparently present in this Bank; but it is an assumption

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<sup>65</sup> Robbins, S. P., as quoted in Rahman, Ataur, (2007), *HR Management*. Dhaka. Zahin Publications. Dhaka, 2007, p.35.

<sup>66</sup> Glueck, W.F.,and Jauch, L.R., as quoted in Rahman, Ataur,(2007), *HRM*, Dhaka. Zahin Publications, Dhaka, 2007, p.35.

<sup>67</sup> Rahman, Ataur, (2007), *HRM*, Dhaka. Zahin Publications. Dhaka, 2007, p.37.

only, when the investigation has been completed by the researcher and collected answers from the respondents, it was seen that apparent situation was not correct at all. A minimum assumption is correct but most of the assumption is not proved to be as a correct one. The apparent is best on the undue mental pressure, and for them always the most of the lower level employees are leading a frustrated life. The human appeal to the authority is useless and is always gone in vain.

Prime Bank is always committed in discharging its due social commitment and is especially concerned about the impact of bank's financed projects on surrounding environment. An environmental policy is formulated in accordance with guidelines issued by the Government. As per the policy, environmental impact will be considered at the time of credit and lending risks analysis.

**Table No-3.23 # Environments of the Workplace in PBL**

Level of Officers	Yes	Partly	No	Total
Higher Level Officers	94	03	03	100
Middle Level Officers	93	04	03	100
Lower Level Officers	82	09	09	100

Source: Field Survey

The question was, "Is your inside environments of the workplace supposed to be good enough?" They have given different answers by commenting yes or not. In these cases total respondents were 300 hundred. 100 were higher level officers, 100 middle level officers and 100 were lower level officers. In every case 94%, 93% & 82% gave the answers yes respectfully.



### Satisfaction with Environment of Prime Bank Ltd

An environmental policy is formulated in accordance with guidelines issued by the Government in PBL. As per the policy, environmental impact will be considered at the time of credit and lending risks analysis.

**Environment:** Prime Bank is always committed in discharging its due social commitment and is especially concerned about the impact of Bank's financed projects on surrounding environment. An environmental policy is formulated in accordance with guidelines issued by the Government. As per the policy, environmental impact will be considered at the time of credit and lending risks analysis.

**Table No-3.24 # Satisfaction with Environment of Prime Bank Ltd**

Levels of Officers	Total	Strongly Satisfied	Satisfied	Neutral	Dissatisfied	Strongly Satisfied
Higher Level Officers	100	75	25	00	00	00
Mid Level Officers	100	60	25	15	00	00
Lower Level Officers	100	65	25	10	00	00

Source: Field Survey

A set of question was on the higher-level employees (respondents) either they are satisfied or not on the job in PBL. Employees have been questioned, "Are you satisfied with the environment planning in this bank?" The question was on the three groups. Different answer received by commenting. 75% answered in strongly positive, only 25% answered normally satisfied. No person answered in negative sense. 60% answered in strongly positive, only 25% answered normally satisfied & 15% is neutral. No person answered in negative sense. 65% answered in strongly positive, only 25% answered normally satisfied & 10% are neutral. No person answered in negative sense. Because, bank authority afford a high cost for the bank. Higher level officers get high level salary, so they are fully satisfied with the environment of the bank.

## **Social Change and HRM**

The Human Resource Departments responsibilities have gradually become broader and more strategic since the days when business people began including “personnel department” in their organization charts. In the earliest firms, “personnel” first took over hiring & firing from supervisors, ran the pay roll department, and administered benefit plans. As technology in areas like testing and interviewing began to emerge, the personnel department began to play an expanded role in employee selection, training, and promotion.<sup>68</sup>

## **Position of Prime Bank Limited**

In the field of social change PBL has an endeavor. In communication, use modern technology and other sectors they are trying their best to obtain a first class position in the banking sector of Bangladesh according to the answers of most of the respondents.

## **Globalization**

Globalization refers to the tendency of firms to extend their sales, ownership, and /or manufacturing to new markets abroad. Examples are all around us. More globalization means more competition, and more competition means more pressure to be “world class”- to lower costs, to make employees more productive, and to do things better and less expensively.<sup>69</sup>

Beyond the objective legal context of Human Resource Management, various social changes are also affecting how organizations interact with their employees. Those are

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<sup>68</sup> Dessler, Gary. (2003). H. R. Management. Pearson Prentice Hall, New Jersey, USA, 1999. p 10.

<sup>69</sup> Ibid. p.11.

socialization of the employees and their knowledge of social behaviors, norms, and conduct of life style etc.

### **Position of Prime Bank Limited**

Bangladesh, in the field of globalization is in backward position. According to the recent globalize circumstances; we can make comment that the HRM Practice of a private sector banking of Bangladesh can't be able of competing with the current competitive situation. Many cause may be under lined, **Firstly**, the lack of favorable technology; & **Secondly**, the lack of proper trained & skilled employees. If these two factors are made strong by the authority, it may be the matter of hope for the researcher that the Bangladeshi HRM practice can compete with global action very often.

### **Feeling on Globalization of HR System**

The term globalization isn't familiar in all levels of organization, though the researcher tried his best to know the situation of the condition of globalization. The question was, "Have you any idea on globalization? Are your banking functions trends to be globalized?" The question was on the three groups. Different answer received by commenting yes or not.

**Table No-3.27 # Feeling on Globalization of HR System**

Level of Officers	Yes	Partly	No	Total%
Higher Level Officers	95	05	00	100
Middle Level Officers	85	15	00	100
Lower Level Officers	20	30	50	100

Source: Field Survey

The term globalization is not familiar in all levels of organization, though the researcher tried his best to know the situation of the condition of globalization. The question was, "Have you any idea on globalization? Are your banking functions trends to be globalized?"

The question was on the three groups. Different answer received by commenting yes or not. In these cases total respondents were 300 hundred. 100 were Higher Level Officers, 100 Middle Level Officers and 100 were Lower Level Officers. In the executive level, 95% said, the condition was good, in employee level 85% is good and in other employee level 20% is good.

### **Ethics and HRM**

Ethics, the philosophical field that asks fundamental questions about how a person should treat the other, is differently understood in the integrity and intimacy cultural orientations. In the integrity orientation, to test what is ethical can be verified by asking “Would I like it if another acted to me in the same way?” In the intimacy orientation ethics seek to preserve or even enhance the integrity of the people involved. The ethical thought is: “I avoid harming others, because such actions harm me in same way as well.”

It is becoming apparent that the HR practitioner must be an eclectic manager. The HR manager is occasionally placed in the role of internal adjudicator within the company.<sup>70</sup> Also, there is the duty for the HR practitioner to function as a manager’s manager, hence the duty to be well informed in all areas of business practices. The HR manager (and all good managers) should be well versed in matters of legal, ethical, and moral law for the purpose of testing the actions of managers to ensure the prevention of harm on any member of the stakeholder groups. This is the means by which the manager protects the assets of the organization and enhances career potential.<sup>71</sup>

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<sup>70</sup> Tesone, D. V., (2005): HRM in Hospitality Industry. Pearson Prentice Hall. New Jersey, USA. p.81.

<sup>71</sup> Ibid. p.81.

## Ethics in Banking

Ethics, as someone has so rightly put it, consist of choosing the good over the bad, the right over the wrong and the fair over the unfair. Ethics is the integrity measure, which evaluates the values, norms and rules that constitute the base for individual and social relationships from a moral perspective (Anonymous). Since banks, in a modern day society, almost everywhere play a multifarious role which includes unifying and intermediary roles between the fund supplying and fund demanding sides of the society, executing savings and investment functions, which are construed as “playing a key role in the economy” while working under the principles of profitability and productivity, are obliged to obey certain ethical principles of the banking profession and organizational ethics. That in short, what we call ethics in banking.<sup>72</sup>

According to David Cares at times there is a big gap between what the banks claim and what they actually do. As the Asian financial crisis has demonstrated, ethical values are still not firmly entrenched and followed in many banks in the region. Bribery and corruption have been one of the root causes of banking problems, and the Band Bali Candle has shown that the process of reform has still a long way to go.<sup>73</sup>

The problem is, as David Cares rightly points out that, in an increasingly complex business environment the choice is not always the simple one between what is right and what is wrong. It is more often between what is right and less right; in other words between shadows of gray.

This increases the need for organizations to adhere to a strong set of values to steer through the minefield of ethical choices with which they are faced as they make business decisions.

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<sup>72</sup>David Cares (1999), Deputy Chief Executive of the Hong Kong Monetary Agency, while presenting the keynote paper at the banking conference on Business Ethics in Hong Kong, p.3.

<sup>73</sup> Ibid.p.3.

A reputed economist maintains that the standard of ethics in a bank and inter banking system depends on some **key factors**. These include the **license authorities**, **shareholders**, **sponsor/directors**, **top management**, **the regulators**, and **the government**. He asserts that if the malaise of the banking system in Bangladesh is examined, then the responsibilities can be laid at the door all these actors.

As we continue our discussion of the core topic today, i.e. ethics in banking and ethic dilemmas involving banks that have been in the news at some time or the other, it must be admitted without any reservations that the banking business is becoming more and more complex with each passing day. One reason is perhaps the globalization of business activates, which may be summed up 'as the tendency of the world to become one market place'.<sup>74</sup> We have seen time and again that as the banks reach out beyond their home market, they become increasingly exposed to unfamiliar business environments and customers whose ethical standards may vary and may be quite different from their own. This, according to financial experts puts an extra strain on the know yours customers" policy about which the regulators are so unrelenting.

It has been noticed quite often that when banks stay outside their home territories, ethical dilemmas crop up. Banks therefore need to be extra cautious about their business dealings and relationships with people having dubious track records. Care should be taken, especially if he (or she) is a politician, no matter which way they lean-right or left. The next lesson to be kept in mind is the ever-increasing power of the media and social pressure groups that throw the spotlight on what they regard as 'unethical' business deals and activities. In the case of banks, such activities might include financing the clandestine arms trade or even open arms trade which may at some stage become controversial due to

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<sup>74</sup> Sadeq, M. Abul Hasan, (2000). *Islamic Ethics in HRM*, quoted from Ethics in Business and Management, Asian Academic Press, London, p-300.

their political connections (like the Bofors case of India), or industries that damage the entire environment [like the tanneries in Dhaka.]

On the other hand, From the Islamic point of view, HRM refers to that part of management process which is concerned with human aspects such as processing, training and developing, placing, compensating or rewarding, appraising, utilizing and maintaining the employees with an enterprise in light of the principles of Islamic Shariah.<sup>75</sup> In this regard, some basic ethical manners of Islam, like Al-Ukhuwwat and Al-Ihsan (Brotherhood & Benevolent), Al-'Adl (Justice & Fairness), Huquq-al-Ibad (People's Right), Al-Ujrah (Fair compensation), Al-Amanah and Al-Ikhlās (Trusteeship & Honesty) etc. must be ensured to the organization, so that employees get maximum satisfaction as well as the owners can be earn their fair profit or due benefit.<sup>76</sup>

It is remarkable that if human resources aren't dealt with in a right and ethical manner, the work efforts will be affected adversely, which will, in turn, affect the overall performance of the enterprise.<sup>77</sup> In the view point of Islam, human resource or human being is recognized as the most valuable assets because it is the great culture of Allah. The relevance of human development to economic growth only emerged as an important economic school of thought after the World War II. But, Islam however, emphasized the importance of this factor fourteen hundred years ago. At the present time, Muslim countries have abundant there large number of human resource (about 130 crore) and material wealth. Unfortunately this resource remains undeveloped. The present- day

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<sup>75</sup> Mohiuddin (2007). *Essay on Human Resource Management: An Islamic Perspective* (Unpublished). p.7.

<sup>76</sup> Ibid. p.7.

<sup>77</sup> Sadeq, M. Abul Hasan. (2000). *Islamic Ethics in HRM*, quoted from Ethics in Business and Management. Asian Academic Press, London. p-300.

Muslim socio-economic environment is such that it is unable to motivate people to render their best either in their own interest or in the interest of the society.<sup>78</sup>

Actually, everything, that exists in the heavens and on the earth is directed or managed under the control of Allah (ST), who is the sovereign and supreme owner of all. In this regard, the holy Qur'an commends "to him belongs every being that is in the heavens and on the earth; all are devoutly obedient to him."<sup>79</sup> He directs the affairs from the heavens to the earth, and then it ascends into him.<sup>80</sup> Although, the individual ownership is recognized in Islam but it is nothing just for Amanah (Trustee). It must be used according to the direction or wish of Allah (ST).

Indeed, all the creatures in the heavens and on earth are accountable to him and dependent on him, But there is no other being to whom he can be accountable. So, human being must be accountable to Allah (ST) for their all activities. In this regards the holy Qur'an commends Muslims – "He cannot be questioned for his acts, but they will be questioned (for theirs) i.e.: Allah is self – subsisting."

Islam encouraged the human beings to devote themselves at work in time after finishing their prayer so that the optimum use of human resource can be ensured. In this regard, says in the holy Qur'an 'And when the prayer is finished, then you may disperse through the land, and seek of the bounty of Allah (JS).'<sup>81</sup> Here bounty means living or livelihood that was given by Allah (JS).

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<sup>78</sup> Chapra, M Omar. (1988), *Islam and Economic Challenge*. Islamic Foundation, UK. p.67.

<sup>79</sup> Al-Qur'an, Surah: Al-Rum-2

<sup>80</sup> Al-Qur'an, Surah: Al-Sajdah-5.

<sup>81</sup> Al-Qur'an, Surah: Al-Juma-10



### Status on Ethics in PBL

Ethics, as someone has so rightly put it, consist of choosing the good over the bad, the right over the wrong and the fair over the unfair. Ethics is the integrity measure, which evaluates the values, norms and rules that constitute the base for individual and social relationships from a moral perspective (Anonymous) Since banks, in a modern day society, almost everywhere play a multifarious role which includes unifying and intermediary roles between the fund supplying and fund demanding sides of the society, executing savings and investment functions, which are construed as “playing a key role in the economy” while working under the principles of profitability and productivity, are obliged to obey certain ethical principles of the banking profession and organizational ethics. That in short, what we call ethics in banking.<sup>82</sup>

**Table No-3.28 # Status on Ethics in PBL**

Level of Officers	Good	Partly Good	Not Good	Total
Higher Level Officers	95	03	02	100
Middle Level Officers	94	04	02	100
Lower Level Officers	87	05	05	100

Source: Field Survey

The question was, “Is Ethics of the workplace supposed to be good enough?” The question was on the three groups. Different answer received by commenting yes or not. In these cases total respondents were 300 hundred. 100 was Higher Level officers, 100 Middle Level Officers and 100 was Lower Level officers. In every case they gave different answers. From different levels 95%, 94% & 90% gave answer by yes.

<sup>82</sup>David Cares (1999). Deputy Chief Executive of the Hong Kong monetary Agency, while presenting the keynote paper at the banking conference on *Business Ethics* in Hong Kong, p.3.

## Environment in the Banking Sector

Managers are all aspects of banking face ever-increasing complexities because of the massive and rapid changes that are affecting their organization.

“i. Banks are more heavily regulated than ever before, and many laws directly involving employee relations have been passed in the last few years. Banks must implement laws covering equal opportunity, equal pay, safety and benefits, to name just a few; ii. Social changes such as the civil rights movements and the woman’s movement affect the attitudes, expectations, and opinions of the workforce and have made many current Management practices outdated and ineffective—not to mention illegal! iii. Many employees and managers in banking Institutions are familiar with modern Management theories and expect top Management to endorse and apply these ideas; iv. In addition to these pressures, the size of Banks influences Personnel activities. As Banks grow, it becomes critical that all employees are managed in a consistent and equitable manner.”<sup>83</sup>

Human Resource Departments are instrumental in providing management with up-to-date and comprehensible information about such matters as laws, social changes and modern management theories and policies. Because, there have been so many rapid, important and complicated changes in all these areas, HRM in banks of all sizes has become a more complex responsibility. This enlarged responsibility requires that personnel officers know what choices are available in handling various situations, that they have a clear idea of why a particular approach should be taken, and that they determine how their Banks will be served best. Another responsibility of HR Departments is to make maximum use of Human Resources. HR utilization involves carefully selecting, training, developing, appraising, rewarding, and retaining employees, so that collectively their efforts contribute to the goals and direction that Management has established.

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<sup>83</sup> Summers, Donald B (1981). *Personnel Management in Banking*. McGraw-HILL, Inc. , p.27, USA , p.27.

People in HRM positions have an opportunity to shape the direction of their departments and can become interested in helping management and employees achieve their goals. However, to be effective personnel officers must be attentive to what needs to be done in their banks and must foster a 'clientele' of managers who are informed of the services that their HR departments provide. They achieve a positive influence only if they take the initiative to create a central and valuable role for their departments. The only way to accomplish this is by staffing HR departments with people who are competent, knowledgeable, and committed to their work.<sup>84</sup> The following Table is showing the condition of the position of Prime Bank Limited in case of environments of the workplace.

### Position of PBL in case of Environment

In Bangladeshi banking sector, HRM practice is not followed completely at all. Banks are functioning in Bangladesh are following the HRM practices in their own rules.

**Table No-3.29 # Environments of the Workplace in PBL**

Level of Officers	Good	Partly Good	Not Good	Total
Higher Level Officers	90	05	05	100
Middle Level Officers	85	07	08	100
Lower Level Officers	87	06	07	100

Source: Field Survey

The question was, "Is your inside environments of the workplace supposed to be good enough?" Different answers have been received by commenting yes or not. In these cases total respondents were 300 hundred. 100 were higher level officers, 100 middle level officers and 100 were lower level officers. In every case 90%, 85% & 87% answered yes.

<sup>84</sup> Summers, Donald B.(1981). PM in Banking. McGraw-Hill Book Company. New York, USA. 1981, p. 27.

## Conditions on Smoking

Smoking was generally not forbidden at the case-study banks, although it was forbidden on the common floors, in food areas, and for employees in contact with customers. As the question was very much prestigious, the respondents answered very slowly.

**Table No-3.30 # Conditions on Smoking in PBL**

Level of Officers	Yes	Partly Yes	No	Total
Higher Level Officers	10	20	70	100
Middle Level Officers	20	30	50	100
Lower Level Officers	12	20	68	100

Source: Field Survey

Here, the question was “Were they smoking any how in the office area?” The question was on the three groups. Different answer received by commenting yes or not. In this case, total respondents were 300; where 100 from the executive level, 100 from mid level employees and 100 from lower level employees. From the 1<sup>st</sup> group, 10% Yes, from the 2<sup>nd</sup> group, 20% yes and from the 3<sup>rd</sup> group, 12% answered yes. From this situation it is proved that the number of smoker is not so high in this bank.

## Human Resource Planning

Meaning of HRP: Human resource is an important corporate asset and the overall performance of company depends upon the way, it is put to use. In order to realize company objectives, it is essential to have a manpower plan.<sup>85</sup> It is ‘the process for ensuring that the human resource requirements of an organization are identified and plans

<sup>85</sup> V.S.P. Rao, (1999), *Bank Management*. Chapter-9, Manpower Planning in a Bank. Discovery Publishing House, New Delhi, p.87.

are made for satisfying those requirements<sup>86</sup>. In common sense, we know, organizations succeed largely through the efforts of the individuals working within a group or team. It follows that selecting the right individuals is a fundamental importance and a cornerstone of good management.

The consequences of good selection are often clear, whereas those of poor selection aren't always obvious. The cost of advertising, the management time involved in selection and training, and the expense of dismissal are easy to calculate, but the longer-term effects, such as lowering of morale, reduced business opportunities and reduced quality of product or service, are possibly more serious.<sup>87</sup>

### **Effective HR Planning in Banks**

To compound the problem further there are unpredictable external influences on HR planning such as changes in labor market conditions, technology, market conditions, economic cycles, changes in social and economic values, political changes, etc. in such a scenario it becomes difficult to forecast the personnel available with the bank at a future date. While vacancies caused by retirements can be predicted accurately other factors like resignation, turnover, deaths, competitive attractions are difficult to forecast. This problem becomes more acute in respect of important personnel (especially at the middle and top level) because their replacements cannot be arranged in a short span of time. At times, top management support may not be available to the manpower planning efforts. These problems could be avoided, if certain guidelines are followed in respect of manpower planning.

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<sup>86</sup> Bulla, D N. and Scott, P M. (1994). *Manpower Requirements Forecasting: a case example*, in HR Forecasting and Modeling, ed. D Ward, T P Bechet and R Tripp, HR Planning Society, New York, p.361.

<sup>87</sup> *Managing People (2007)*, (ACCA-Course Book), 2006, (Writer unknown, Kaplan Publishing Foulks Lynch, Unit 2 The Business Centre, Berkshire, UK), British Council Library, Dhaka. p.74.

- a. **Objectives:** The HR plan must fit in with the overall objectives of the organization. Important aspects such as people working in the bank, working conditions, human relationships, etc. must be kept in mind while developing the plan.
- b. **Top Management Support:** The plan must meet the changing needs of the bank and should enjoy consistent support from top management.
- c. **HR Inventory:** The bank must have an up-to-date employee skills inventory showing previous jobs held, tenure or current job, educational and training qualifications, specific knowledge and skills, prior work performance, past and current compensation, mobility factors by maintaining service book update. Markov analysis (an approach to forecast the internal supply of HR tracing past patterns of personnel movements) may be pressed into service while preparing the HR inventory.

### HRM Planning (Properly) in PBL

The HR plan must fit in with the overall objectives of the organization. Important aspects such as people working in the bank, working conditions, human relationships, etc. must be kept in mind while developing the plan.

**Table No-3.31 # HRM Planning (Properly) in PBL**

Level of Officers	Satisfied	Neutral	Dissatisfied	Total
Higher Level Officers	53	40	07	100
Middle Level Officers	50	35	15	100
Lower Level Officers	37	37	26	100

Source: Field Survey

Employees have been questioned, "Are satisfied with the proper HR planning in this bank?" The question was on the three groups. Different answer received by commenting yes or not. In PBL 300 respondents out of 1172 employees has been questioned about the

proper HR planning on the three groups (higher level officers-100, middle level officers 100 and lower level employees-100 respondents). In this survey, overall, the employees said that their *boss* made the proper HR planning of this bank. From executive level, 53%, middle level officers 50%, and lower level employees satisfied only 37. On the other hand, disagree was 07%, 15% & 26% respectfully.

### **Personnel or HR Policy**

Policies provide direction, uniformity, and consistency to the actions organizations take. They establish the general framework from which managers plan how corporate goals and objectives are to be carried out. Because policies encourage consistency in organizations, we find a myriad of them in every bank.<sup>88</sup> There can be many major strategies in the area of human resources and relationships. They deal with such topics as union relations, compensation, selection, hiring, training, and appraisal, as well as with special matters such as job enrichment.<sup>89</sup>

In common sense, we know, organizations succeed largely through the efforts of the individuals work with them. It follows that the selecting the right individuals is a fundamental importance and a corner stone of good management.

The consequences of good selection are often clear, whereas those of poor selection aren't always obvious. The cost of advertising, the mgt time involved in selection and training ,and the expense of dismissal are easy to calculate, but the longer- term effects , such as

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<sup>88</sup> Summers, Donald B. (1981). , *Personnel Management in Banking*. McGraw-HILL, Inc. USA, p. 59.

<sup>89</sup> Wehrich, Heinz & Koontz, Harold. (1999). *Management*. McGraw-HILL, Inc., Singapore, p.178.

lowering the morale , reduced business opportunities and reduced quality of product or service, are possibly more serious.<sup>90</sup>

## Policy

Policy is a means of encouraging discretion and initiative, but within limits. The amount of freedom will naturally depend on the policy and in turn will reflect position and authority in the organization.<sup>91</sup> Human Resource Management or Personnel Management is grounded in policies that are developed to effectively utilize the Human Resource of banks. Personnel or Human Resource policies set the stage for selecting, training, rewarding and communicating with employees. When carefully prepared, policies provide managers with the limits of their authority as defined by upper management. In turn, knowing the extent of their authority, managers are free to develop approaches that allow them to operate effectively within these boundaries. Without definitive policies, managers- as well as other employees- are left to guess what upper management expects of them, and under such circumstances they are more likely to take actions that are inconsistent with the goals and objectives of their banks.<sup>92</sup>

Personnel policies are guiding principles “stated in broad, long-range terms that express or stem from the philosophy or beliefs of the organizations top authority.”<sup>93</sup> They are also based on organizational goals and are designed to influence decisions affecting people in a bank. Policies are prepared to minimize the possibility that managers will make expedient

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<sup>90</sup> *Managing People*, (ACCA-Course Book), 2006, (Writer unknown, Kaplan Publishing Foulks Lynch, Unit 2 The Business Centre, Berkshire, UK), British Council Library, Dhaka, p.112.

<sup>91</sup> Op.cit, p.125.

<sup>92</sup> Summers Donald B.(1981), *Personnel Management in Banking*, McGraw-HILL, Inc. USA, p.61.

<sup>93</sup> Delery, John F.(1994). “*The Determinants of Human Resource Management Practices: An Empirical Investigation*.” paper to be presented at the 54 th annual meeting of the Academy of Management, August 17, 1994, Dallas, Texas,p.3.



and short sighted decisions as they go about their daily activities; they limit the number of legitimate actions that managers can take. At the same time, they positively establish the ground rules that allow managers to concentrate on actions that are most likely to contribute to an organization's effective operation.

Policies effectively support the operation of a bank when they are based on the clear and well-defined intent of management the development of policies should evolve out of general purposes that senior management wishes to achieve. In this way, policies are a part of a process that links the general desires of management with the day- to- day operation of a bank. Of course, this does not mean that employees below upper management can't introduce the idea for a new policy, but it doesn't mean that no policy should ever be formulated and adopted without the firm support of the top tier of management, because it is at this level that the final decision for a bank's direction rests.

**Managerial Flow Chart for Making Policy**<sup>94</sup>: **Figure No 3.01** in Appendix. The Chart illustrates how policies fit into a total scheme that connects upper management with the base or operating facets of a bank. In this flow chart, policies are shown growing directly out of what upper management wants to accomplish. The current widespread interest in employee privacy and the confidentiality of personnel records is a good example of how this process operates. Recently many top-level bank managers have become interested in the subject of employee privacy through journal articles, the press and management meetings of various kinds. Policies describe what managers will do and why they will chose certain strategies. Procedures, programs, and practices indicate how policies are to be implemented. Unless a distinction is maintained between policies and procedures, programs and practices, managers' loss sight of the g general direction that upper

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<sup>94</sup> Yoder, Dale,(1970). *Personnel Management and Industrial Relations*. 1970. Quoted in PM in Banking, p-63.

management has established. Just as a physician must first determine the illness of a patient before selecting a method for curing the diseases, organizations formulate policies before specific methods—procedures, programs, and practices—are chosen for implementing the intentions of upper management.<sup>95</sup> The following seven criteria identify the major characteristics of policies that distinguish them from procedures, programs, and practices.

“i. Policies are statements of a company’s intent or goal as a guide to individual action; ii. Policies are in writing; iii. Policies are stated in broad terms; iv Policies are inviolate, insofar as it is within the power of management to keep them so; v. Policy formulation requires an unusually high level of thinking and contemplation; vi. Policies are approved by the highest authority in the organization; & vii. Policies are long range, long term.”<sup>96</sup>

Procedures, programs, and Practices are designed in tandem with the personnel policies and support the purpose of policies.<sup>97</sup>

### **Human Resource Policy of Prime Bank Limited**

The Prime Bank Limited has its own Personnel Policies Consisting of Recruitment, Placement, Promotion, Transfer, Motivation, & other Related HRM Functions, Termination, HR benefits etc. The components of the Personnel Policy are discussed in the following paragraphs.

### **HR Information Systems**

To manage employee skills inventories, bank should maintain computerized Human Resource Information System (HRIS) containing data on: individual demographics, career

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<sup>95</sup> Ibid., p-63.

<sup>96</sup> Rahman. Ataur.(2007), *Human Resource Management*. Dhaka. Zahin Publications, 2007, p.73

<sup>97</sup>Dessler. Gary.(2007). *H. R. Management*. Pearson Prentice Hall. New Jersey, USA. p.17.

progression, appraisals, skills, interests, training, target positions, performance ratings, geographic preferences, promo ability ratings etc.

### **Benefits of Human Resource Information Systems**

HRIS have many benefits. These benefits can be enjoyed if all steps are followed for collecting and by using the information regarding HRM. However these benefits are discussed in the following points. A human resource information system can:

- Enable the HR function to provide better services to line management;
- Provide a conduit to link HR policies and processes throughout the organization, thus facilitating the development of an integrated and coherent approach to HR management;
- Provide essential data for strategic HR decision taking, enabling personnel people to access and analyses information quickly to put their ideas and plans to the –it helps in the identification of the benefits of HR Strategies in terms that the business can recognize as adding value, not just cutting costs;
- Reduce the workload of the HR function, eliminating low-value tasks while still enabling the function to provide efficient administrative services.
- These benefits will only be achieved in full if a strategic and corporate view is taken of HR information requirements. If the system is simply used to automate certain aspects of HR administration such as record keeping it will not realize its full potential.

### **HR Information Strategy & Its Practice in PBL**

The HR strategy of an organization in relation to HR information is concerned first with the use of computerized information for strategic decision making, second with the range of applications which should be included in the system and finally with the provision to line manage of the facility to have direct access to any personnel data they need manage their own teams in a devolved organization.

HR Information Strategy in Prime Bank Limited is now under processing. They are trying their best to solve their problems through this process.

### **Need for Written Policies & its Position of PBL**

There is a number of written telltale signs which help to identify the time when policies should be formulated. These indicators include:<sup>98</sup> i. Employees complain that they don't know what is going on, what is expected of them and that communication is poor; ii. Employees complain that many instructions and decisions affecting them are conflicting; iii. Problems arise in the operation of the bank when employees leave because there no continuity; & iv. Department operates independently of one another with little regard for the rest of the bank;<sup>99</sup> v. Employees misuse or misrepresent their authority. Different auditors and consultants engaged by the bank ask the same questions over and over; vi. Employees ask basic questions about policies, benefits and services regularly; vii. New employees feel they lack an understanding of what is expected of them; viii. New employees feel negatively about the amount and quantity of information they have received; & ix. Charges of discrimination or unfair practices increase through making a sound policy.<sup>100</sup> The authorities have a service rule; but it is in practice a poor level. So, the written policy is not completely in practice.

### **Purposes of Policies & its Position of PBL**

In combination with one another, bank personnel policies serve four purposes. As: i. they help Banks to achieve their goals; ii. Policies maintain consistency and continuity in the development of plans and strategies; iii. Personnel policies define the roles,

<sup>98</sup> Summers Donald B. (1981), *Personnel Management in Banking*. McGraw-HILL, Inc. USA, and p.61.

<sup>99</sup> Rahman. Ataur. (2007), *Human Resource Management*. Dhaka. Zahin Publications, 2007, p.73.

<sup>100</sup> Dessler. Gary. (2003), *H. R. Management*, Pearson Prentice Hall, New Jersey, USA, p.17.

responsibilities;<sup>101</sup> and iv. Expectations of **Managers, Personnel Departments,** and **Employees** make good concern. Authority or the owners of the Bank are closely engaged with this purpose. They influence on the purpose of policies.

### **Limitations of Policies**

Although policies are essential organizational structures, they will not work properly unless they are revised as circumstances change and unless they respond to the needs of organizations. Several serious limitations can arise that should be kept in mind as policies are administered: i. once established and approved, policies are often updated slowly if at all; ii. Policies can be inflexible and thus limit initiative;<sup>102</sup> iii. When policies are out tune with bank needs, managers evade them; & iv. Restrictive policies may force managers to abide by rules that are costly to the bank.

### **Influence on Development of Policy**

Formulating and implementing bank policy is a process of understanding, balancing, and reconciling many different and divergent<sup>103</sup> points of view. Those are: government, human resource, size, needs of employees, and capabilities of management.

### **Job Analysis**

**Meaning of Job Analysis:** Job Analysis is a key driver of almost every human resource strategy. For instance, job specifications and job descriptions are used to provide qualifications and realistic job previews during recruiting and selection activities. Compensation plans are determined by qualifications and activities of positions, as well.<sup>104</sup>

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<sup>101</sup> Rahman, Ataur, (2007). *Human Resource Management*. Dhaka. Zahin Publications, 2007,p.53.

<sup>102</sup> Ibid.p.54.

<sup>103</sup> Delery, John E. (1994). "*The Determinants of Human Resource Management Practices: An Empirical Investigation*," paper to be presented at the 54th annual meeting of the Academy of Management, August 17, 1994, Dallas, Texas.p.3.

<sup>104</sup> Miles, Raymond E., and Charles C. Snow (1978). *Organization Strategy, Structure, and Process*. New York: McGraw-Hill,USA.p.102..

Career planning and development activities are also driven by the job analysis functions , as well as training n, orientation, performance management systems and health/safety plans. Of course, there are safeguards to be taken in the design and implementation of job analysis activities.<sup>105</sup>

The word job has been under because it implies restrictive work opportunities for the involved employee.<sup>106</sup> The use of the word job does not restrict the work opportunities of the jobholder. Jobs can be as broad and flexible as an organization wishes them to be. Job analysis is the procedure for determining the duties and skill requirements of a job and the kind of person who should be hired for it<sup>107</sup>. Job analysis is the process of studying and collecting information relating to the operation and responsibilities of a specific job). Job analysis is the procedure for determining the dries and skill requirements of a job and the kind of person who should be hired for it.<sup>108</sup>. Job analysis is a process by which some information about the skill, efficiency, ability, believes, values, duties, and responsibilities required for the employees to perform their duties effectively and satisfactorily are collected evaluated and analyzed. Job analysis is a procedure to launch an article the 'job relatedness' of employment procedures such as training, selection, compensation, and performance appraisal.

Job analysis involved the recognition and description of what is incident on the job. This process uses some methods and instruments for collection and crucial job date into fob details that will be used for a diversity of functional organization reason. The flourishing

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<sup>105</sup> Robbins, Stephen P. (1998), *Organizational Behavior*. Pearson Prentice Hall. New Jersey, USA, p.142.

<sup>106</sup> Rahman. Ataur, (2007), *Human Resource Management*. Dhaka. Zahin Publications. 2007, p.71.

<sup>107</sup> Ibid. p.71.

<sup>108</sup> Dessler, Gary.(2007). *Human Resource Management*, p.112.

completion of the job investigation process is typically labor insensitive, consuming huge amounts of instance of the incumbent, the incumbent's supervisor, and job analysts or subject matter experts.<sup>109</sup>

Job analysis involves collecting data about the jobs performed in an organization. However this definition is probably too simplistic when all of the different types of information that must be collected are considered. For example, the data collected should clearly describe exactly what is required to perform a specific job. Job analysis some elements of Job analysis:

*Knowledge* is defined as the degree to which a job holder is required to know specific technical material. *Skill* is defined as adequate performance on tasks requiring the use of tools, equipment, and machinery. *Abilities* refer to the physical and material capabilities needed to perform tasks not requiring the use of tools, equipment, and machinery. Further, where the job is completed must be considered.

### **Features of Job Analysis**

Job Analysis is the procedure through which you determine the duties of these positions and the characteristics of the people to hire for them.<sup>110</sup> The features are as follows:

- "i. Work activities: Collection of information about the job's actual work activities, such as cleaning, selling, teaching, or painting. ii. Human behaviors: The specialist also collects information about human behavior like sensing, communicating, deciding, and writing .iii. Machine, Tools, Equipment: The category includes information regarding tools used, materials processed, knowledge dealt with or applied and services rendered; iv. Performance Standards: The employer may also want information about the job's performance standards. v. Job Context: job context

<sup>109</sup> Op.cit. p.72.

<sup>110</sup> Ouchi. W. G. (1981). *Theory Z: How American Business can meet the Japanese Challenge*. Addison-Wesley, Mc. GrawHill Book Company. New York, U.S.A, p.117.

includes here is information about such matters as physical working conditions, work schedule, and the organization and social context for instance, the number of people with whom the employee would normally interact. vi. Human Requirement: This includes information regarding the job's human requirements, such as job related knowledge or skills and required personal attributed."<sup>111</sup>

### Objectives of Job Analysis

The purpose of job analysis is to establish and document the 'job relatedness' of employment procedures such as training, selection, compensation, and performance appraisal.<sup>112</sup> The data collected from the job analysis can be used for a variety of purposes these are as: in view of the fact that the procedures of recruitment & selection are expensive and involve substantial use of management time, it is necessary to define as in particular as possible the job requirement and the type of person essential. The more precise the organization can be in defining these aspects, the more effective will be its recruitment procedures.<sup>113</sup> Defining these requirements is none as the job analyses.

Although precision is necessary, the task is subjective. Watson noted that the job analysis relied too much on judgment to identify key aspects of a job and to identify the important qualities that determine success.

This component of the process, which we will be covering in more specify, involves more than just a job description as includes likely personality aspects of the triumphant

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<sup>111</sup> Rahman, Ataur, (1988), *Management Training in Nationalized Commercial Banks in Bangladesh*. Unpublished Ph D Thesis, Banaras Hindu University, Banaras, India, p. 63.

<sup>112</sup> Ibid., p.63.

<sup>113</sup> Miles, Raymond E., and Charles C. Snow (1978). *Organization Strategy, Structure, and Process*. New York: McGraw-Hill, USA, p.121.



applicant.<sup>114</sup> The job outline then acts as a draft against which successful applicants can be considered.

**Job Description:** Based on the information from the job analysis, the job description defines the position that needs to be filled. It covers the purpose, duties, and relationship of the job and the physical, social, and economic factors that affect it. The derived towards flexibility and changing practices at work has been new forms of 'work descriptions' being developed.<sup>115</sup> For example, some enterprises have begun to replace or complement job descriptions with performance contracts. These contain details of what a job-holder agrees to accomplish over a period of time. A contract will summarize the purpose of a job, how it will be met over the specified time, and how the achievement of objectives will be assessed.

**Job Specification:** job specification detail the knowledge, skills and abilities relevant to a job, including the education, experience, specialized training, personal traits, and manual dexterity required.<sup>116</sup> The job specification is important for a number of reasons. First, certain jobs have qualification required by law.

**Job Evaluation:** The information gathered throughout a job analysis can be used as input for the organization's job evaluation scheme. The job evaluation determines the significance of a particular job to the organization. This information is

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<sup>114</sup> Ibid., p.121.

<sup>115</sup> Dyer, Lee, and Gerald Holder (1988). "*A Strategic Perspective of Human resource Management.*" in Human Resource Management: Evolving Roles and Responsibilities, ed. Lee Dyer and Gerald Holder. Washington, D. C.: Bureau of National Affairs, pp. 1-46.

<sup>116</sup> Armstrong, Michael. (2003). *A Hand Book of Human Resource Management Practices* (9<sup>th</sup> Edition) . Published by Kogan Page Limited. London & Sterling, VA, USA, p.97.

above all used to decide the pay for job. Thus, employees should extra for operational on more hard jobs.<sup>117</sup>

Job Analysis can is used in training “needs assessment” to identify: i. Training content; i. Assessment tests to measure effectiveness of training; ii. Equipment to be used in delivering the training; iii. Methods of training (i.e., small group, computer-based, video, classroom...),<sup>118</sup>

**Compensation:** Job Analysis can be used in compensation to identify or determine: a. Skill levels; b. Compassable job factors; c. Work environment (e.g., hazards; attention, physics effort); d. Responsibilities<sup>119</sup> (e.g., fiscal; supervisory); e. required level of education (indirectly related to salary level).

**Selection Procedures:** Job Analysis can be used in selection procedures to identify or develop: i. Job duties that should be included in advertisements of vacant positions; ii. Appropriate salary level for the position to help determine what salary should be offered to a candidate; iii. Minimum requirements (education and/or experience) for screening applicants; iv. Interview questions; v. Selection tests/instruments (e.g., written tests; oral tests; job simulations); vi. Applicant appraisal/evaluation forms; vii. Orientation materials for applicants/new hires; viii. Length of probationary periods; ix. Duties to be evaluated.”<sup>120</sup>

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<sup>117</sup> *Managing People*. (2006). (ACCA-Course Book). (Writer unknown. Kaplan Publishing Foulks Lynch. Unit 2 The Business Centre, Berkshire, UK), British Council Library. Dhaka. p.114.

<sup>118</sup> Rahman, Aatur, (2007). *Human Resource Management*. Dhaka. Zahin Publications, 2007, p.76.

<sup>119</sup> Dyer, Lee, and Gerald Holder (1988). “A Strategic Perspective of Human resource Management,” in *Human Resource Management: Evolving Roles and Responsibilities*, ed. Lee Dyer and Gerald Holder, Washington, D. C.: Bureau of National Affairs, pp. 1-46, USA.

<sup>120</sup> Rahman, Aatur, (2007). *Human Resource Management*. Dhaka. Zahin Publications, 2007, p.75.

## Job Analysis Interview Checklists

It is helpful to use a checklist when conducting the interview. Elaborate checklists are not necessary; they only confuse people. The essence of the art of job analysis is 'keep it simple'. The points to be covered are:

- What is your job title?
- To whom you are responsible?
- Who reports to you? (An organization chart is helpful.)
- What is the main purpose of your job? (That is, in overall terms, what are you expected to do?)
- To achieve that purpose, what are your main interests of responsibility? (For example, principal accountabilities, key result areas or main tasks.) Describe what you have to do, not, in any detail, how you do it. <sup>121</sup>Also indicate why you have to do it, i.e. the results you are expected to achieve by carrying out the task.
- What are the dimensions of your job, in terms such as output or sales targets, numbers of items processed, numbers of people managed, numbers of customers?
- Is there any other information you can provide about your job to amplify the above facts, such as:
  - How your job fits in with other jobs in your department or elsewhere in the company;
  - Flexibility requirements in terms of having to carry out a range of different tasks;
  - How work is allocated to you and how your work is reviewed and approved;
  - Your decision-making authority;
  - The contacts you make with others, inside and outside the company;
  - The equipment, plant and tools you use;
  - Other features of your job such as travelling or unsocial hours or effort or stamina demands or hazards;

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<sup>121</sup> Armstrong, Michael, (2003). *A Hand Book of Human Resource Management Practices* (9<sup>th</sup> Edition). Published by Kogan Page Limited. London & Sterling, VA, USA. p.97.

- The major problems you meet in carrying out your work;
- The knowledge and skills you need to do your work.

### Age Group of the Respondents in PBL

A number of qualified Employees are working in the PBL. Undoubtedly, without caring or counting any religious, Language or racial purposes, the authority of the Bank recruits a large number of highly qualified HRs for conducting its Banking activities in the modern competitive market. They are human being, so, they have their own individual attitudes with respect to their age limit. In this case, the bank authority takes care for the employees' attitudes with respect to their age limit. The current researcher has collected data from *Field Survey* and presented it in the following Tables about the age limit of the employees of PBL:

**Table No-3.32 # Age Group of the Respondents in PBL**

Level of Officer	20-29	30-39	40-49	50-60	Total
Higher Level Officers	00	00	50	50	100
Middle Level Officers	00	20	50	30	100
Lower Level Officers	50	30	12	08	100

Source: Field Survey

The current researcher divided the age group of respondents into four categories, where the range of the age was: 20-29, 30-39, 40-49 and 50-60. As the employees join in the Prime Bank Limited in the age limit of 18-30, the higher level officers already have taken promotion several times, so there age limit may be started from 40. From the 100 respondents of higher level officers 50% in the range of 40-49 years of age and the rest 50% are in the 50-60 years of age group. From the 100 respondents of middle level officers 20% in the range of 30-39 years of age, 50% are in the 40-49 years and the rest 30% in the 50-60 years of age group. As the employees join in the Prime Bank Limited in the age

Limit of 18-30, the lower level officers, (from the 100 respondents) 50% in the range of 20-29 years of age, 30% are in the 30-39 years, 12% are in 40-49 and the rest 08% in the 50-60 years of age group. As the employees go to retirement at the age of 60, so the age limit over 60 years is not in the account.

**Graph No-3.08 # Age-Group of the Respondents in PBL**



The above graph shows, the age group-wise division of employees, working in the PBL.. The figure shows, in higher level employees, most of the employees are more than 50 in age. In mid employees level, a number of employees are in 50 in age & below 50 years & in the lower level employees group, all the employees are below 50.

### **Benefits of Human Resource Information Systems**

HRIS have many benefits. These benefits can be enjoyed if all steps are followed for collecting and by using the information regarding HRM. However these benefits are discussed in the following points. A human resource information system can:

- Enable the HR function to provide better services to line management;

- Provide a conduit to link HR policies and processes throughout the organization, thus facilitating the development of an integrated and coherent approach to HR management;
- Provide essential data for strategic HR decision taking, enabling personnel people to access and analyses information quickly to put their ideas and plans to the –it helps in the identification of the benefits of HR Strategies in terms that the business can recognize as adding value, not just cutting costs;
- Reduce the workload of the HR function, eliminating low-value tasks while still enabling the function to provide efficient administrative services.

These benefits will only be achieved in full if a strategic and corporate view is taken of HR information requirements. If the system is simply used to automate certain aspects of HR administration such as record keeping it will not realize its full potential.

### **HR Information Strategy**

The HR strategy of an organization in relation to HR information is concerned first with the use of computerized information for strategic decision making, second with the range of applications which should be included in the system and finally with the provision to line manage of the facility to have direct access to any personnel data they need manage their own teams in a devolved organization.

### **Job Analysis in Prime Bank Limited**

There is not any fresh written down job analysis procedures; but are following poorly, in an oral demonstration. Job analysis gives important information for several HR activities. It helps in developing the job description and the job specification. The job description and

job specification help the managers to make recruitment and selection decisions, performance appraisals, job evaluations, and to determine training needs.

In the eighteenth century Frederick Taylor and Adam Smith wrote on the growing positive relation between job specialization and efficiency. However, this correlation is not a watertight relation anymore. Nowadays, employees want humanized jobs. The job needs to be challenging. Through job enlargement and job rotation employers aim to enrich an employee's job. They are trying their best to obtain the first class position in the Banking sector of Bangladesh.

### **Job Description**

**Meaning of Job Description:** Job description is a listing of tasks, duties, responsibilities, and reporting relationships for an individual, who is placed in a position.<sup>122</sup> It is a written statement of what the jobholder does, how it is done, and why it is done. It should accurately portray job content, environment, and conditions of employment. A common format for a job description includes the job title, the duties to be performed, the distinguishing characteristics of the job, and the authority and responsibilities of the jobholder.<sup>123</sup>

“Job description is a list of a job's duties, responsibilities, reporting, relationships, wording conditions, and supervisory responsibilities.”<sup>124</sup> A job description is a written declaration of what the job holder does, how it is prepared, under what environment it is done and situation of services. It should exactly represent the job substance, environment, and

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<sup>122</sup> Tesone, D.V. (2005). HRM in Hospitality Management, Pearson's Prentice Hall, New Jersey, USA, p.88.

<sup>123</sup> Dyer, Lee, and Gerald Holder (1988). “*A Strategic Perspective of Human resource Management.*” in *Human Resource Management: Evolving Roles and Responsibilities*, ed. Lee Dyer and Gerald Holder, Washington, D. C.: Bureau of National Affairs, p. 46.

<sup>124</sup> Dessler, Gary,(2003). *H. R. Management*, Pearson Prentice Hall, New Jersey, USA, p.92.

conditions of employment. A job description is an organized, factual statement of the duties and responsibilities of specific job. In brief it should tell what is to be done, and why? "A job description is a written statement of what the job holder actually does, how he or she does it, and under what conditions the job is performed."<sup>125</sup> This information is, in turn, used to write a job specification that lists the knowledge, abilities, and skills needed to perform the job satisfactory.

### Some Propositions of Job Description

Before learning how to write a job description, it is crucial to understand the meanings and differences of the following six propositions:<sup>126</sup> position, job, class, class-series, family & occupation.

### Components of Job Description

There are some facial appearances of job description. The presence of these skin tones makes the job description program a success. On the other hand, nonappearance of this skin job description Program could not give out its idea as per need. Therefore the person accepted should be very vigilant in recounting jobs. Those are: i. Title of the Job; ii. Alternative title; iii. Name of the department; iv. Name of the sub department; v. Name of the branch; vi. Brief description of work; vii. Limitations of jobs responsibilities; viii. Training activities; ix. Relationship between jobs; x. Supervisory facilities; xi. Working condition; xii. Concept about the jobs; xiii. Physical and mental abilities; xiv. Remuneration; xv. Methods of job comparison.<sup>127</sup>

<sup>125</sup> Rahman, Aaur (2007). *Human Resource Management*. Zahin Publications, Dhaka. pp.93-94

<sup>126</sup> Dyer, Lee, and Gerald Holder (1988). "A Strategic Perspective of Human resource Management." in *Human Resource Management: Evolving Roles and Responsibilities*, ed. Lee Dyer and Gerald Holder, Washington, D. C.: Bureau of National Affairs, pp. 1-46.

<sup>127</sup> Ibid. pp.93-94



Before writing a job description, it is a vital matter to understand the meanings and differences of these propositions: position, job, class, class-series, family, and occupation.

### Steps in Job Description

In the Job Description the following steps are to be followed:

“1. Job Identification: The job identification section severe types of information. These are summarized as follows: i. The job title specifies the title of the job, such as Deputy General Manager, Junior Officer, Driver etc. It lists title for all the jobs. ii. The job status section permits quick identification of the exempt or nonexempt status of the jobs.iii. The job code permits easy referencing of all jobs. Each job in the Bank should be identified with a code, these codes represent important characteristics of the job, such as the wage class to which it belongs. iv. The date refers to the date of the job description was actually written and v. Written by indicates the person who wrote it.vi. There is also space to indicate who approved the description and a space that shows the location of the job in term of its plants/division and department/section.vii. The immediate supervisor’s title is also shown in the identification section as is information regarding the job’s salary and / or pay scale. viii. The space grade/level indicates the grade or level of the specific job; ix. Finally, the pay range space provides for the specific pay or pay range of the job as Junior Officer, Driver etc. 2. Job summary: The job summary describes the general nature of the job, listing only its major functions or activities. i. Relationship: The relationships statement shows the jobholder’s relationship with others inside and outside the organization. ii. Responsibilities and duties: This section presents a detailed list of the job’s actual responsibilities and duties. Each of the job’s major duties should be listed separately, and described in a few sentences. iii. Authority: This section defines the limits of the jobholder’s authority, including his or her decision-making authority, direct supervision of other personnel and budgetary limitations. iv. Standard of Performance: Some job descriptions also contain standards of performance section. These states the standards of the employee, which is expected to achieve in each of the job description’s main duties and responsibilities. v. Working Conditions and Physical Environment: The job description will also list the general working conditions involved on the job. These might include things like noise level, hazardous conditions, or heat. vi. Accountabilities: The accountabilities section of a job description briefly describes the major results achieve which the satisfactory performance. It acts as a guide for the gal setting process that integrates job requirements with jobholder contribution.”<sup>128</sup>

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<sup>128</sup> Ibid. pp.95-96.

## Setting the Standard

In setting performance standard of the job description instruments like **planning**, **operations**, and **control** are to be accomplished.<sup>129</sup> These may be organized /structured in the following ways:

**Planning** comprises of organization design, staffing levels, career ladders and career path, Job design & pay system design.

**Operations** comprises of recruiting and screening, hiring, placement and orientation, development procedure& training and development.<sup>130</sup>

**Control** comprises of performance standards, legal requirements, & collective bargaining.<sup>131</sup>

Even though it does not habitually emerge, a section allowed provision of employment may perhaps be additional to a Job Description. Those are: situation of employment, Environmental situation, sound accommodation, &comparing situation of employment. There are some ways of describing jobs in the organization enterprises in Bangladesh. These ways are:

- “i. Position Description: Under this method, positions of employees are described and their activities are identified. Executives who are placed at the higher position and employees who are placed at the lower position are identified. ii. Class Description: Under the way different hierarchies are described. By this description, are shown the higher positions and their duties or responsibilities.

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<sup>129</sup> Tesone, D. V., (2005): *HRM in Hospitality Industry*. Pearson Prentice Hall, New Jersey, USA. p.108.

<sup>130</sup> Armstrong, Michael,(2003), *A Hand Book of Human Resource Management Practices* (9<sup>th</sup> Edition) , Published by Kogan Page Limited, London & Sterling, VA, USA,p.112.

<sup>131</sup> Arthur R. Pell. (2001), *The Complete Idiot's Guide to Human Resource Management*. Indianapolis: Alpha Books, 2001, p.227.

Resorting this way also identifies similarly lower positions. iii. Standing Operation Procedures: What types of operation are going on in the organization can be described with this way. Among these operations a limited number of operational procedures are identified as standards."<sup>132</sup>

### **Job Description in Prime Bank Limited**

In Prime Bank Limited it's a list of job duties, responsibilities, reporting relationships, working conditions, and supervisory responsibilities. The job description is a part of job analysis. A job description is a list of job duties, responsibilities, reporting relationships, working conditions, and supervisory responsibilities (Dessler, 2003, p. 531). The job description is a part of the job analysis. The bank did not make a good & specified job analysis, and consequently they were unable to come up with high quality job descriptions.

**Table No-3.33 # Feeling of PBL Executives on Job Description**

Level of Officers	Good	Partly Good	Not Good	Total
Higher Level Officers	27	42	31	100
Middle Level Officers	25	50	25	100
Lower Level Officers	10	40	50	100

Source: Field Survey

What is the feeling on job description of the employees of this bank? On account of this question different answers are received. In PBL 300 respondents out of 1172 employees has questioned about their idea on job description on the three groups (Higher level officers-100, middle level officers 100 and lower level employees-100 respondents). In this survey, overall, the employees said that they have not got any clear idea on job descriptions of this bank. From executive level, 27%, middle level officers 25%, and lower level employees satisfied only 10%.

<sup>132</sup> Rahman, Ataur, (2007), *Human Resource Management*. Zahin Publications, Dhaka.p.98.

## Employment

**Global Employment Trends:** At the beginning of the twenty-first century, the global employment situation remains deeply flawed. Despite the revival of the global economy, the persistence of widespread unemployment gives rise to serious concern.<sup>133</sup> The International Labor Organization (ILO) estimated open unemployment at the end of 2000 at approximately 160 million, 20 million higher than before the peak of the East Asian crisis in 1998.<sup>134</sup> There has been economic recovery in many of the countries hit by that crisis, but many other countries find themselves struggling in the process of transition to a fully market-oriented pattern of development. Transition implies disruption and frequently insecurity.<sup>135</sup>

While more and more people are finding employment in the United States and increasingly in other industrialized countries, unemployment is growing in Latin America, remains high in Central and Eastern Europe, in the Middle East and North Africa, and in the towns of Sub-Saharan Africa, and is emerging into the open in China.<sup>136</sup> Poor-quality jobs, low pay, overwork, unsafe and unhealthy working conditions, job and income insecurity are widespread. People living in poverty in the developing world, about 1.2 billion are almost entirely supported by the earnings of the 500 million workers among them – the "working poor". If those people who work substantially less than full-time, but wish to work more, are included, then one-third of the world labor force of about 3 billion are either

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<sup>133</sup> Tesone, D. V., (2005): *HRM in Hospitality Industry*. Pearson Prentice Hall, New Jersey, USA, p.108.

<sup>134</sup> Arthur R. Pell, (2001), *The Complete Idiot's Guide to Human Resource Management* (Indianapolis: Alpha Books, 2001), p.227.

<sup>135</sup> Armstrong, Michael. (2003). *A Hand Book of Human Resource Management Practices* (9<sup>th</sup> Edition) . Published by Kogan Page Limited, London & Sterling, VA, USA.p.112.

<sup>136</sup> International Labor Office.(2001). *World Employment Report 2001* [CD-ROM] (Geneva: International Labor Office, 2001b). Chapter 1, p. 11.

unemployed, underemployed or earn less than is needed to keep their families out of poverty.<sup>137</sup>

## **Women and Employment**

Workforce demographics are changing. The workforce is becoming more diverse as women, minority groups, and older workers enter the workforce.<sup>138</sup> In the US women represented 46% of the workforce in 1994 and will represent an estimated 47.8% by 2005.<sup>139</sup>

Recent research reveals how the labor market situation of women is changing in developing countries. Horton<sup>140</sup> concludes, on the basis of analysis of available labor force surveys (from the 1960s to the 1990s) from Asia, Latin America, North Africa and the Middle East, that women's labor force participation is tending to increase over time, they are tending to shift out of agriculture, mainly into manufacturing, professional services, commerce, clerical and sales occupations, and out of unpaid family worker status into wage employment. Certain previously male-dominated occupations have become female-dominated (clerical work in Asia, for instance); and, a conclusion supported also by Tzannatos<sup>141</sup>, their pay is rising relative to men's (in the case of Asia and Latin America at a rate faster than occurred during industrialization in the US). Results reported by standing

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<sup>137</sup> Ibid. p. 11.

<sup>138</sup> Butler, John E., Gerald R. Ferris, and Nancy Napier (1991). *Strategy and Human Resources Management*. Cincinnati: South-Western Publishing, p.11.

<sup>139</sup> "The American Workforce, 1994-2005," *BNA Bulletin to Management*, January 4, 1996, 4- 5; quoted in Gary Dessler, *Human Resource Management* (Upper Saddle River, New Jersey: Prentice Hall, 2003), p.9.

<sup>140</sup> S. Horton, (2001). "*Marginalization Revisited: Women's Market Work and Pay, and Economic Development*," *World Development*, 1999; quoted in International Labor Office, *World Employment Report 2001* [CD-ROM] (Geneva: International Labor Office, 2001b), Chapter 1, p. 12.

<sup>141</sup> Z. Tzannatos, "Women and Labor Market Changes in the Global Economy: Growth Helps, Inequalities Hurt and Public Policy Matters," *World Development*, 1999; quoted in International Labor Office, *World Employment Report 2001* [CD-ROM] (Geneva: International Labor Office, 2001b), Chapter 1, p. 133.

are generally consistent with these conclusions, but he warns that they may reflect a convergence of male and female patterns of labor force participation: "while there has been an overall trend toward more flexible, informal forms of labor, women's situation has probably become less informal, while men's has become more so."<sup>142</sup> In the same spirit, Elson suggests that participation in labor markets does not automatically empower women and that reduction in gender differentials in earnings may be the result of harmonizing down rather than up.<sup>143</sup>

Yet, despite some positive developments, continued discrimination in the labor market especially hurts the wages and career prospects of women (for example they are under-represented in the information and communication technologies (ICTs) workforce in many countries) and the need for gender related policy interventions remains strong. These include increased access for women and girls to education and training, enactment and enforcement of legislation on maternity leave and against discrimination, and government expenditure on monitoring, providing and subsidizing day care and offsetting the costs of maternity leave (rather than increasing the costs of employing women by leaving all this to employers).<sup>144</sup> The five major institutional pressures resulting in the adoption of women friendly policies are:<sup>145</sup>

- External pressure for firms to manage workforce diversity.

<sup>142</sup> G. Standing. (1999). "*Global Feminization through Flexible Labor: A Theme Revisited.*" *World Development*, 1999; quoted in International Labor Office, *World Employment Report 2001* [CD-ROM] (Geneva: International Labor Office, 2001b), Chapter 1, p.13.

<sup>143</sup> D. Elson. (1999). "*Labor Markets as Gendered Institutions: Equality, Efficiency and Empowerment Issues.*" *World Development*, 1999, 27:3; quoted in International Labor Office, *World Employment Report 2001* [CD-ROM] (Geneva: International Labor Office, 2001b), Chapter 1, p.3.

<sup>144</sup> 184 International Labor Office, (2001). *World Employment Report 2001* [CD-ROM] (Geneva: International Labor Office, 2001b), Chapter 1, p.3.

<sup>145</sup> 185 Lynn Perry Wooten, (2002). "What Makes Women-Friendly Public Accounting Firms Tick? The Diffusion of Human Resource Management Knowledge through Institutional and Resource Pressures." *Sex Roles: A Journal of Research*. September 2001. Retrieved December 5, 2002. from [http://www.findarticles.com/cf\\_0/m2294/2001\\_sept/84397366/print.html](http://www.findarticles.com/cf_0/m2294/2001_sept/84397366/print.html)

- Pressure from constituents.
- Consistency and congruence of institutional pressures with an organization's existing goals.
- Pressures imposed by legal authorities.
- Pressures resulting from environmental uncertainty.

Addressing gender inequality in development processes has now become a central element in the work of Northern donor development agencies. Spurred on by the growing strength and impact of women's organizing efforts throughout the world, donor agencies have been confronted with the need to develop strategies for addressing gender inequalities.<sup>146</sup> Gender inequalities are now on the agenda of all mainstream organizations, and resulted in the formulation of elaborate and detailed policies on equal rights and opportunities for men and women. The importance of addressing gender inequality for economic growth and the welfare of families is being increasingly recognized.<sup>147</sup>

Women have entered many of the professions previously reserved for men, and their earnings have become an essential part of household income. This change has led to shifts in societal views of the role of women in economy.<sup>148</sup>

Hofstede (1997) says that although people might expect it, there is no relationship between the masculinity or femininity of a society's culture and the distribution of employment over men and women.<sup>149</sup>

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<sup>146</sup> Mandy Macdonald, Ellen Sprenger, and Iree Dubel.(1997). *Gender and Organizational Change* (Amsterdam: Royal Tropical Institute, 1997), p.7.

<sup>147</sup> *Women in Management*.(2000) , International Labor Office, *Breaking Through the Glass Ceiling – Women in Management*. Summary (Geneva: International Labor Office, 2000), p, 1.

<sup>148</sup> Ibid., p.1.

<sup>149</sup> Geert Hofstede,(1997), *Cultures and Organizations: Software of the Mind* (New York: McGraw- Hill, 1997), p.95.

**Table No-3.34 # Total Figure of Male & Female Respondents in PBL**

Level of Officers	Male	Female	Total	% of Male	% of female
Higher Level Officers	95	05	100	95%	05%
Middle Level Officers	90	10	100	90%	10%
Lower Level Officers	100	00	100	100%	00%

Source: Field Survey

In the Prime Bank Limited, the current researcher has been taken total 300 respondents where the total employees of the bank are 1172 on 1<sup>st</sup> July, 2007. These employees are divided in to three groups. In these three groups first group is for higher level officers here in after are called *executives and decision makers*. In these 100 respondents, 95% are male, and the rest 05% are female. In the second group (employees-100 respondents) 90% are male, and 10% are female. In the third group (lower employees-100 respondents) 100% are male, and there is no female in this group. In observation, it is seemed that the nature of the work in this group is not favorable for the female employees.

## Recruitment

**Meaning of Recruitment:** Recruitment is concerned with finding the applicants; it is the process of contacting the public and encouraging suitable candidates to come forward for final selection.<sup>150</sup>

Watson defines recruitment and selection as: the processes by which organizations solicit, contact and interest potential appointees, and then establish whether it would be appropriate to appoint any of them.<sup>151</sup>

<sup>150</sup> Armstrong, Michael.(2003). *A Hand Book of Human Resource Management Practices* (9<sup>th</sup> Edition) . Published by Kogan Page Limited, London & Sterling, VA, USA.p.126.

<sup>151</sup> *Managing People*. (2006). (ACCA-Course Book), 2006. (Writer unknown, Kaplan Publishing Foulks Lynch, Unit 2 The Business Centre, Berkshire, UK), British Council Library, Dhaka. P.105.



All too often, new employees are hired in a hurry little consideration is given to the actual demands of the vacant position or thought given to whether the post needs to be filled at all. Sometimes the recruitment campaign is hurriedly put together.<sup>152</sup>

### **Importance of Recruitment**

Employment considered as a basic concept and category of labour law is a relatively recent development. Prior to the Great Depression and World War II the emphasis was upon the prevention or reduction of excessive unemployment rather than upon long-term employment policy as part of a comprehensive scheme to promote economic stability and growth.<sup>153</sup> The new approach, arising from changes in political outlook and contemporary economic thought, has increasingly found expression in legal provisions that establish the creation of employment opportunities as a general objective of policy. To this end, legislation has established the necessary legal framework for the forecasting of manpower needs and availability and the provision of employment services including placement, recruitment, vocational training, and apprenticeship. Freedom from forced labour, quality of treatment in employment and occupation, and unemployment benefits may, in a broad sense, be regarded as part of the same general subject.

### **Recruitment Policy**

Recruitment and selection play an important part in the organization's strategy. It is closely linked with the organizational goals and objectives, and much of the training and

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<sup>152</sup> Katz, D. (1978). *The Social Psychology of Organizations*. (2<sup>nd</sup> edition.), John Wiley & Sons. New York, USA, p.114

<sup>153</sup> Osterman, Paul (1994). "How Common is Workplace Transformation and Who Adopts It?" *Industrial and Labor Relations Review* 47(2), pp. 173-188.

development that follows it.<sup>154</sup> Its position is shown in the following diagram: Figure 3.02 in Appendix.

The aim of most organizations is to produce goods or services at a profit, so the people working in these organizations will need to be good at their jobs. There is always the possibility of training someone to do the job efficiently but it is obviously better if people are placed in jobs where their natural abilities and interests are reasonably suited.<sup>155</sup>

### **Recruitment Policy in Prime Bank Limited**

Personnel Management is by far the most important element an organization. This is particularly true for a service organization like a commercial bank. Progressive companies pay special attention to recruitment, selection, training, orientation, evaluation, promotion and compensation of Executives, Officers.<sup>156</sup>

### **Circulations of Recruitment of Employees in PBL in the National Dailies**

A number of qualified Employees are working in the PBL. Undoubtedly, without caring or counting any religious, Language or racial purposes, the authority of the Bank recruits a large number of highly qualified HRs for conducting its Banking activities in the modern competitive market for attracting suitable candidates. They are human being, so, they have their own individual attitudes with respect to their age limit. In this case, the bank authority takes care for the employees' attitudes with respect to their age limit that will be their possible candidate for job in future. The current researcher has collected data from *Field Survey* and presented it in the following Tables who will be the possible candidate for job in future:

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<sup>154</sup> Mintzberg, H. (1973), *The Nature of Managerial Work*. Harper Publications, New York, USA, p.11.

<sup>155</sup> *Managing People*, (2006). (ACCA-Course Book). 2006. (A group of Writer unknown, Kaplan Publishing Foulks Lynch, Unit-2, the Business Centre, Berkshire, UK). British Council Library, Dhaka, P.106.

<sup>156</sup> Service Rules-1995 of Prime Bank Limited, Published by PBL., Dhaka, p.98.

**Table No-3.35 # Circulations of Recruitment of Employees in PBL in the National Dailies**

Level of Officers	Yes	Neutral	No	Total
Higher Level Officers	100	00	00	100
Middle Level Officers	100	00	00	100
Lower Level Officers	100	00	00	100

Source: Field Survey

The question was “Did the advertisements for the recruitment of Probationary Officers of your Bank use to publish in the National Dailies regularly?” Different answers received by Commenting yes or not. In these cases total respondents were 300 hundred. 100 was Higher Level officers, 100 Middle level officers and 100 was Lower Level Officers. In every cases 100% gave the answer yes. But they added a minimum number of employees sometimes join through nepotism, which is held on behalf of the authority & for the owners of the Bank.

### Year-wise Recruitment in PBL

PBL has been established in April, 1995 as a scheduled bank. During the inception of the bank it has only one 161 employees in two offices, one was the first branch in Motijheel and the other was its head office. The current researcher has collected data from *Field Survey* and presented it in the following Tables which show the 12 years history of PBL in case of recruitment:

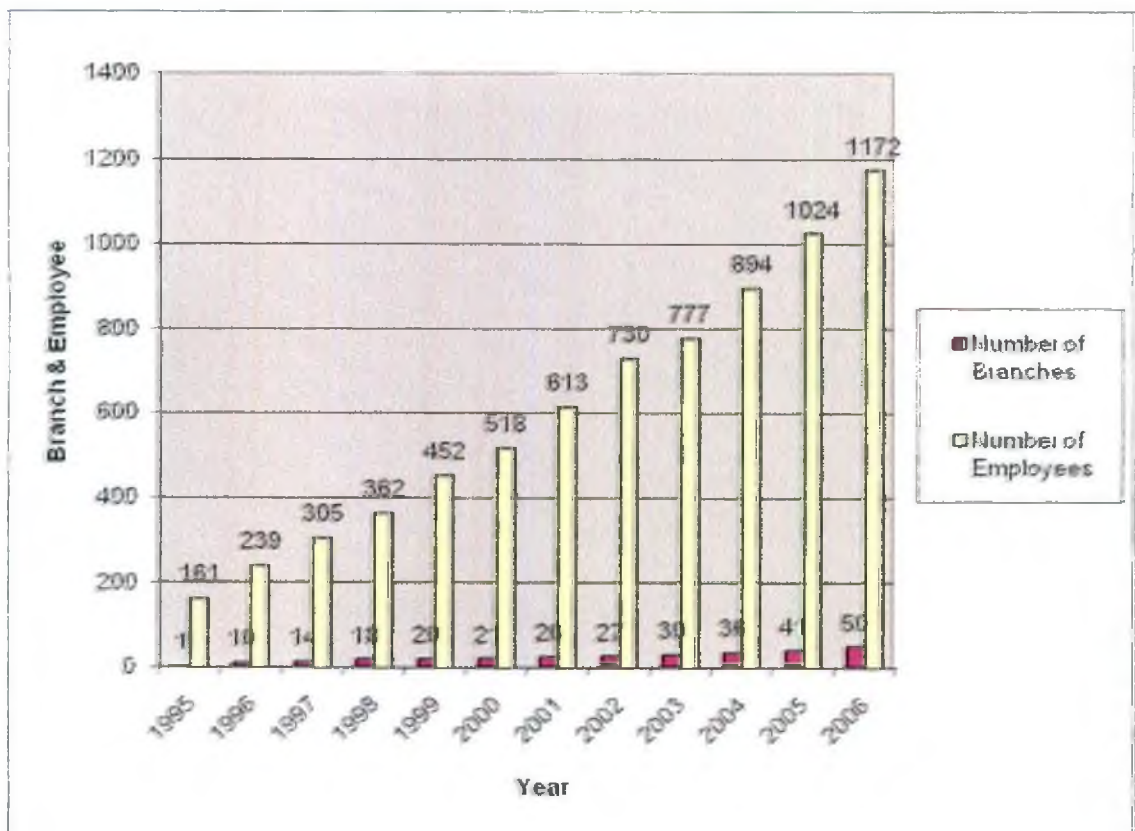
**Table No-3.36 # Year-wise Recruitment in PBL**

Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Number of Branches	01	10	14	18	20	21	26	27	30	36	41	50
Number of Employees	161	239	305	362	452	518	613	730	777	894	1024	1172

Source: Annual Reports (1996-2006), Published by PBL, Dhaka. & Field Survey

After twelve years in 2006, the bank has appointed 1172 employees. At the second year (1996) off its inception, it was recruited newly 78 employees and the total employees became 239 for its new branch launched and total branch became 10. In 1997, at the 3<sup>rd</sup> year of the bank, launched 4 new branches and recruited 66 employees, then the total branch has become 14 and total employees 305. In this way in every year it was increasing its employees and branches, and in 2006 the branches become 50 and employees 1172. It is observed that in every year it was increasing its branches and employees.

**Graph No-3.09 # Recruitment of Employees in PBL**



The Graph shows, the figure of Year-Wise position of Employees & number of branches of PBL. The figure shows, every year the Branches of bank and the number of employees (Recruitments) are increasing gradually. This is the proof of the gradual improvement of the bank.

### Nepotisms in Recruitment of Employees in PBL

The employer generally gets the employees he deserves.<sup>157</sup> The Bank authority clearly favored the advancement of relatives and friends. This nepotism<sup>158</sup> happened the most at top and higher organizational level, although it occurred at middle and lower organizational level as well. Respondents at higher organizational level said that nepotism was widely practiced in Bangladesh, because Bangladeshi persons are generally mistrusted people from other in-groups. Nepotism resulted in Banks not having employees fit for their job.

**Table No-3.37 # Nepotisms in Recruitment of Employees in PBL**

Level of Officers	No	Partly	Yes	Total
Higher Level Officers	100	00	00	100
Middle Level Officers	100	00	00	100
Lower Level Officers	100	00	00	100

Source: Field Survey

At all levels nepotism resulted in deleterious situations, such as: 1) Incompetent management. 2) Disturbed subordinate-superior relationships. 3) Lost opportunities. 4) Lower product quality. 5) Short-term thinking. 6) Lower productivity.

The question was, "Is there any nepotism in recruiting employees in this bank?" In this case total respondents were 300 hundred. 100 was higher level officers, 100 mid level officers and 100 was lower level officers. In every cases 100% gave the answer No. But they added a minimum number of employees sometimes join through nepotism, which is held on behalf of the authority & for the owners of the Bank.

<sup>157</sup> Walter Gilbey;(1991). cited in Webster, *Webster's Dictionary*. New York: Lexicon Publications Inc., 1991, p.QD-36.

<sup>158</sup> Webster -1991 defines nepotism as favoritism shown in the advancement of relatives, especially by appointing them to offices for reasons other than personal worth, p.671.

## Choosing the Right Candidate

The aim of most organizations is to produce goods or services at a profit so the people working in these organizations will need to be good at their jobs. There is always the possibility of training someone to do the job efficiently, but it is obvious better if people are placed in jobs where their natural abilities and interests are reasonably suited.

Choosing the right candidate for the job, or selecting the right person for promotion, is a critical organizational decision for a number of reasons. Incorrect decisions can lead to frustrated employees and poor performance levels for the organization.

A careful analysis of the job to be done, and identification of the skills and knowledge needed to carry out the job successfully, should provide useful information for the selection process. Carrying out appraisals and performance reviews with existing staff should identify those employees who have the necessary skills and knowledge to satisfy job description requirements.

The process of filling vacancies is important from the manager's or supervisor's point of view, because he or she will be responsible for the newly recruited person in a specific department or section.<sup>159</sup>

## Recruitment Process

The overall aim of an organizations recruitment and selection process is to obtain the quantity and quality of employees required to fulfill the objectives of the organization.

Recruitment and selection are part of the same process and some people often refer to both as the recruitment process.<sup>160</sup> This is not entirely accurate. The process of recruitment, as distinct from selection, involves the attraction of a field of suitable candidates for the job.

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<sup>159</sup> Ibid. p. 106.

<sup>160</sup> Armstrong, Michael,(2003). *A Hand Book of Human Resource Management Practices* (9<sup>th</sup> Edition) . Published by Kogan Page Limited, London & Sterling, VA, USA,p.126.

Once this has been achieved, the Selection process begins; these are aimed at selecting the best person for the job from that field of candidates (Figure 3.03 in Appendix).

### **Recruitment Process & Procedure in Prime Bank Limited**

The success of a commercial Bank depends largely on the quality of services rendered to the clients. Quality depends on the competence and the quality of the Officers and Executives. Prime Bank Limited believes in paying competitive salary and emoluments to its employees and to get maximum services out of them. Therefore, the authority of the bank has to be careful in recruiting the right person for the right job. Figure is 3.03 in Appendix.

It should be the duty of the managing director along with the top Management to analyze the manpower requirement of the organization every year and fix up the number of officers, executives and lower employees of each category required for effective operations of the Bank. The Board of Directors on the recommendation of the Management will be the supreme authority to sanction or to create additional post. Creation of a post implies commitment of fund for about thirty years. Therefore, it is the responsibility of the management to examine the work load and does the job analysis work and to look into the real requirement of employees under various categories and to see whether and additional hand is really necessary. Prime Bank must recognize the importance of manpower estimation and accordingly an Organogram should be prepared for Head Office and for each division & branch. The Organogram shall however, not be rigid, be reviewed and revised as may be considered necessary from time to tome .Subject to review from time ,

the appointments will be given by the competent authority as per power delegated by the Board.<sup>161</sup>

Prime Bank Limited assesses its needs for HR recruitment with the Bank's organizational goals. Open positions are advertised the National Dailies. The advertisement mainly provides a description of the positions, scale of pay, age, nationality, educational qualifications, experience and other terms and conditions of the application and service. Current employees may apply to fulfill the advertised open positions. In terms of age of a candidate, normally he shall not be less than twenty years and more than thirty years of age at the time of appointment by direct recruitment as an officer, and not less than eighteen years and more than thirty years of age at the time of appointment by direct recruitment, as an employee other than an officer in the service of the banks. However, in special cases, the employer can relax the upper age limit for reasons to be recorded in writing. In terms of nationality, Prime bank Limited does not appoint any person to any post unless he is a citizen of Bangladesh. Physical fitness is another important factor in the recruitment of personnel at a bank. Thus an applicant must be declared physically fit by the Medical Officer of the bank or some other Medical Authority specified by the bank on their behalf.

### **Recruitment Strategy & Plan**

The process of Recruitment involves generating a pool of qualified applicants for positions within the organization. The external factors that influence recruitment strategies are all focused on the labor market. The labor market consists of individuals in possession of knowledge, skills, attitudes, and abilities (KSAAAs) that meet the standards for employment within the organization.<sup>162</sup> Factors in the locality of the operation (such as education levels,

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<sup>161</sup> Service Rules-1995 of Prime Bank Limited, p.98

<sup>162</sup> Tesonc, D. V., (2005): *HIRM in Hospitality Industry*. Pearson Prentice Hall, New Jersey, USA, p.105.



personality types, unemployment rates, competitor recruitment strategies practices, median age of the population, diversity levels, and others) are external variables that must be considered prior to constructing recruitment strategies.<sup>163</sup>

Human resource planning (previously termed man power planning) can be distinct as ‘a strategy for the acquisition, utilization, improvement, and retention of an organization’s human resource’.<sup>164</sup> The determination of a company’s long term objectives is a precondition to effective Human Resource Planning in order that the Human Resources can be optimally used.

**Table No-3.39 # Recruitment Strategy & Plan in PBL**

Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Number of Branches	01	10	14	18	20	21	26	27	30	36	41	50
Number of Employees	161	239	305	362	452	518	613	730	777	894	1024	1172

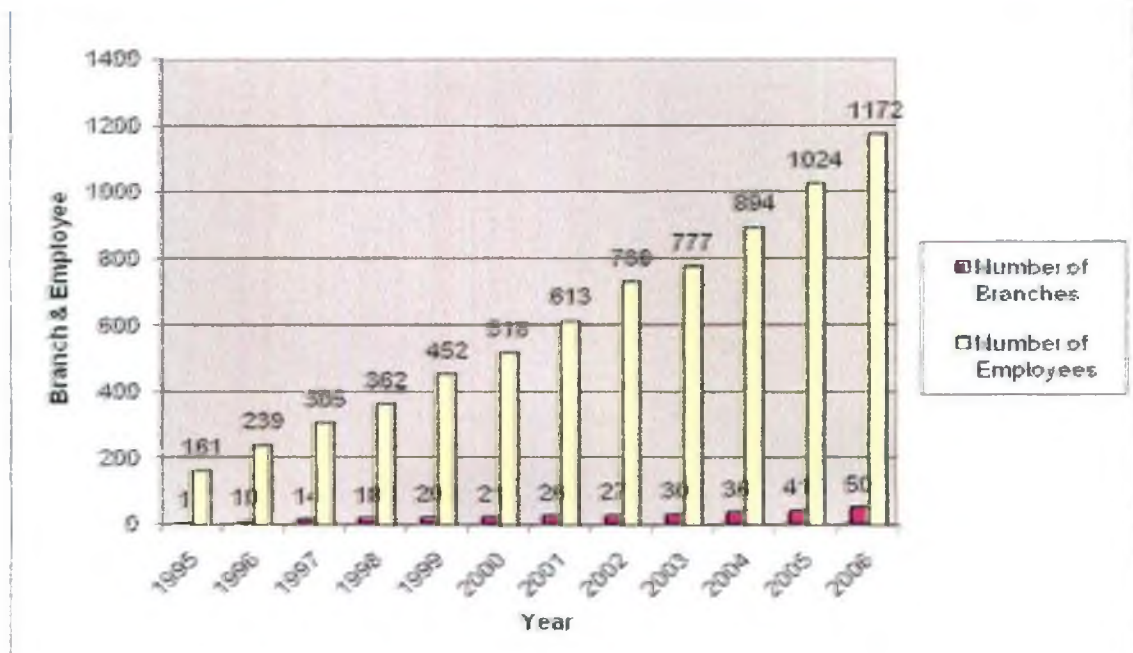
Source: Prime Bank Limited, Annual Reports (1996-2006), Dhaka, & Field Survey

“What is the condition of recruiting employees in this bank in the last twelve years?” The gist of the answer was as bellow: PBL has been established in April, 1995 as a scheduled bank. During the inception of the bank it has only one 161 employees in two offices, one was the first branches in Motijheel and the other was its head office. After twelve years in 2006, the bank has appointed 1172 employees. At the second year (1996) off its inception, it was recruited newly 78 employees and the total employees be came 239 for its new branch launched and total branch became 10. In 1997, at the 3<sup>rd</sup> year of the bank, launched 4 new branches and recruited 66 employees, than the total branch has become 14 and total employees 305. In this way in every year it was increasing its employees and branch, and in 2006 the branches become 50 and employees are 1172. It is observed that in every year it was increasing its branch and employees.

<sup>163</sup> Osterman, Paul (1994). “*How Common is Workplace Transformation and Who Adopts It?*” *Industrial and Labor Relations Review* 47(2), pp. 173-188.

<sup>164</sup> Ouchi, W. G. (1981). *Theory Z: How American Business can meet the Japanese Challenge*. Addison-Wesley, Mc. GrawHill Book Company, New York, U.S.A. p.03.

### Graph No-3.10 # Recruitment Strategy & Plan of Employees in PBL



The Graph shows, the figure of Year-wise position of employees & number of branches of PBL. The figure shows, every year the branches of bank and the number of employees are increasing gradually by selecting & recruiting every year. This is the proof of the gradual improvement of the bank.

### Phases in Human Resource Planning <sup>165</sup>

- I. Auditing the existing personnel in the company, its strong point and weaknesses, age spreads, practice and training levels etc.
- II. Forecasting the demand for and the supply of labour in terms of quantity, type and quality of people the company should employ to gather planned necessities and cover expected return ,

<sup>165</sup> Nayyar, Praveen R. (1993). "On the Measurement of Competitive Strategy: Evidence from a Large Multi-productive U.S. Firm." *Academy of Management Journal* 36(6). USA. pp. 1652-1669.

III. Planning personnel policies to recruit, train, and develop the labour force indicated in the forecast, i.e. to fill the gaps between what we have and what we need to meet the plan.

IV. Controlling by measuring the effectual operation of human resources and its role towards the getting of business objectives.

There is no perfect plan for recruitment, no fantastic model to be allowed. All organizations have their personal method of doing it, with changeable degrees of success. What is significant is for an organization to be conscious of what has been useful and successful in the precedent and try to develop a system is well designed and correctly functional.

“Plumbley identified the following questions that should be asked before Recruiting: i. what is the purpose of the job? ii. Is it necessary? iii. Is it full filling its purpose? Iv. Could it be combined with another job or jobs? V. Could task be allocated to make better use of other people in the department? Vi. Can we learn any lessons from the record of the last person? Vii. Could the vacancy be used as a temporary training position? Viii. Are we certain that know existing employee would be suitable? Could we afford to train someone? Ix. Is the required type of person easier to recruit locally? X. Are there aspects of the job analysis or of the person specification which could be adjusted to attract a wider choice of candidates?”<sup>166</sup>

Recruitment is concerned with finding applicants for a job .it is a positive action that involves analyzing the job and drawing up a job description, then deciding on the type of person required and writing a specification. All of this information is used to attract suitable candidates.

As shown in the diagram below, the recruitment plan includes: 1. the clarification of the exact nature of the position to be filled; 2. determining the skills, aptitudes, and abilities

<sup>166</sup> *Managing People*, (2006), (ACCA-Course Book), 2006, (Writer unknown. Kaplan Publishing Foulks Lynch, Unit 2 The Business Centre, Berkshire, UK), British Council Library, Dhaka. Pp.113-114.

required for the job; 3. establishing a profile of the candidate; & for Attracting candidates by advertising or other means ( Figure 3.04 in Appendix).

The four stages of Recruitment are: (1) Job analysis, (2) Job description, (3) Person specification, and (4) Internal & External Recruitment.

**Job Analysis:** In view of the fact that the procedures of Recruitment & Selection are expensive and involve substantial use of management time, it is necessary to define as in particular as possible the job requirement and the type of person essential.<sup>167</sup> The more precise the organization can be in defining these aspects, the more effective will be its recruitment procedures. Defining these requirements is none as the job analyses.

Although precision is necessary, the task is subjective. Watson noted that the job analysis relied too much on judgment to identify key aspects of a job and to identify the important qualities that determine success.

This component of the process, which we will be covering in more specify, involves more than just a job description as includes likely personality aspects of the triumphant applicant. The job outline then acts as a draft against which successful applicants can be considered.

**Job Description:** Based on the information from the job analysis, the job description defines the position that needs to be filled. It covers the purpose, duties, and relationship of the job and the physical, social, and economic factors that affect it.<sup>168</sup>

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<sup>167</sup> Schuler, Randall S. (1988) "*Human Resource Management* Choices and Organizational Strategy," in *Readings in Personnel and Human Resource Management 3rd edition*, eds. Randall S. Schuler, Stuart A. Youngblood, and Vandra L. Huber, St. Paul, Minn.: West Publishing. Pp. 24-39.

<sup>168</sup> Nayyar, Praveen R. (1993). "*On the Measurement of Competitive Strategy: Evidence* from a Large Multiproduct U.S. Firm," *Academy of Management Journal* 36(6), USA, pp. 1652-1669.

The derived, towards flexibility and changing practices at work has been new forms of 'work descriptions' being developed. For example, some enterprises have begun to replace or complement job descriptions with performance contracts. These contain details of what a job-holder agrees to accomplish over a period of time. A contract will summarize the purpose of a job, how it will be met over the specified time, and how the achievement of objectives will be assessed.

**Person Specification:** Sometimes known as the 'personal specification', this is a profile of the kind of person who would be a good match for the job. When drawing up this document, care must be taken not to infringe the provisions of the Sex Discrimination and Race Relations.<sup>169</sup>

Organizations are increasingly using competencies to create a specification of the characteristics sought for the position. This is because stereotypes of the 'ideal' person may be contained within personnel stereotype in the recruitment process.

**Internal Recruitment:** Internal recruitment generally applies to those jobs where there is some kind of career structure, as in the case of management or administrative staff.<sup>170</sup> Most firms invariably recruit supervisors from their own shop floor staff. If a policy of internal recruitment is to be pursued, the following points should be noted:

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<sup>169</sup> Schuler, Randall S. (1988) "*Human Resource Management Choices and Organizational Strategy*," in *Readings in Personnel and Human Resource Management 3rd edition*, eds. Randall S. Schuler, Stuart A. Youngblood, and Vandra L. Huber. St. Paul, Minn.: West Publishing, pp. 24-39.

<sup>170</sup> Cappelli, Peter and Harbir Singh (1992). "*Integrating Strategic Human Resources and Strategic Management*" in *Research Frontiers in Industrial Relations and Human Resources*, eds. David Lewin, Olivia S. Mitchell, and Peter D. Sherer. Madison, Wisc.: Industrial Relations Research Association, pp 165-192.

# recruiting from within by promoting existing employees can act as a source of motivation and may be good for the general morale of the workforce.

# in dealing with existing staff, selection can be made on the basis of known data the old adage of 'better' the devil you know applies here.

# It can save considerable time and expense in recruitment and selection.

# if training is required, this can be costly, but generally no induction is needed, and the firm may be able to train employees to its own specifications.

# One of the problems caused by internal recruitment could be the ill-feeling it creates among those not selected or the difficulty of promoting someone to supervise ex-workmates.

**External Recruitment:** In general the advantages and disadvantages of external recruitment are the inverse of those of internal recruitment, but the following specific points should be noted.

External recruitment may be essential if an organization is seeking specific skills and expertise not already available. At some stage, external recruitment is necessary to restore staffing levels depleted by employee wastage and internal promotion policies.<sup>171</sup>

It may be necessary to inject new blood into an enterprise. People from outside the firm often bring with them new ideas and different approaches to the job, gleaned from their experience working in other organizations. With internal promotion policies, there is a real danger of producing a succession of employees all with the same ideas; indeed, this may be a prerequisite to progress in the organization. On the other hand, new techniques can be

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<sup>171</sup> Ouchi, W. G. (1981), *Theory Z: How American Business can meet the Japanese Challenge*. Addison-Wesley, Mc. GrawHill Book Company, New York, U.S.A. p.03.

equally set in their ways and have difficulties adjusting to new techniques and approaches.<sup>172</sup>

### Attraction Suitable Candidates

This is the process where the vacancy is brought to the attention of suitably qualified people to stimulate them to apply. This is the sort of process which, if it goes badly, means that the organization could have too few candidates with no real choice of hundreds of totally unsuitable applicants.<sup>173</sup> Then the authority makes a suitable List and finds the ways of encouraging external suitable applicants to apply for jobs.

Methods that might attract external applicants to apply for vacancies might be focused on journal or newspaper advertising, recruitment fairs and media advertising such as TV and Radio.

Whatever method chosen, it should deter people who do not meet the requirements without discouraging those who have much to offer but do not quite match the job specification.

**Position in Prime Bank Limited:** The Bank gives a suitable facility for coming new Job seeker in this Bank. Those are: i. A good and Attractive Salary; ii. A Charming Internal Environment; iii. Charming & Attractive Office Arrangements; iv. Influential Flow of Communication etc.

<sup>172</sup> *Managing People*, (2006), (ACCA-Course Book), 2006. (Writer unknown, Kaplan Publishing Foulks Lynch, Unit 2 The Business Centre, Berkshire, UK), British Council Library, Dhaka, p.116.

<sup>173</sup> Tesone, D. V., (2005): *HRM in Hospitality Industry*. Pearson Prentice Hall, New Jersey, USA, p.103.

## Selection of Human Resources

**Meaning of Selection:** Selection is the progress of choosing between applicants for the job and a progress of elimination of unsuitable applicants.<sup>174</sup> Selection is the process of identifying individuals to occupy vacant positions within an organization all of the activities within the selection are for the purpose of selecting a single person fill an employment. Selection is the screening and filtering process of job applicants who have been invited to apply for the vacant positions through which the process comes to an end.<sup>175</sup> These practices are referred to as pre-employment activities. the application provides areas for the applicant to complete information about employment experience by asking for information such as: employer name, location, type of business, address, phone number, start and end dates of employment, starting title ending title, starting and ending and description of duties.

### Pre-Employment Activities <sup>176</sup>

- I. Applicants submits resumes and complete application blanks in person or online;
- II. Short pre-screening interviews with HR representative;
- III. HR Representative eliminates unqualified candidates from the pole;
- IV. Applicants are scheduled for screening interviews;
- V. HR Representative selects three to five candidates from that pool for further selection;

<sup>174</sup> *Managing People*. (2006), (ACCA-Course Book), 2006, (Writer unknown, Kaplan Publishing Foulks Lynch, Unit 2 The Business Centre, Berkshire, UK), British Council Library, Dhaka.p-105.

<sup>175</sup> Rahman, Ataur, *Human Resource Management*. Dhaka. Zahin Publications. 2007, p.134.

<sup>176</sup> Tesone, D. V., (2005): *HRM in Hospitality Industry*. Pearson Prentice Hall, New Jersey, USA, p.103.



- VI. Pre-employment tests for ability, aptitude, personality, honesty or assessment centers;
- VII. HR Representative forwards pre-employment file to hiring department managers
- VIII. Managers from departments conduct additional interviews with remaining candidates ;
- IX. Manager advises HR Representative of selection for employment ;
- X. HR Rep makes a tentative offer to the candidates of choice pending drug or medical test results ; &
- XI. Security office is authorized to conduct background investigation of selected candidates.
- XII. A formal offer of employment is extended to the candidates indicating start date and orientation reservation;
- XIII. Applicants who were not chosen are advised of their status;
- XIV. Applications are retained in applicant's files for one to three years.

Next, the HR Rep conducts a short pre-screening interview for the purpose of determining which candidates are clearly not qualified for the position. The remaining pool of applicants is scheduled for second interviews with the HR office.<sup>177</sup> At the completion of this interviews source representatives conduct reference checks with prior employers. Based on the result of these interviews, three to five candidates are referred to the hiring department for further interviews. In some cases, after passing the departmental interview process, candidates will be scheduled to meet with the executive committee, although this is not always the case.

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<sup>177</sup> Ibid.p.134.

The selection process concludes with a formal offer of employment, which begins the employment relationship between the newly hired individual and the organization (Figure 3.02).<sup>178</sup>

### **Selection Process**

Selection activities typically follow a standard pattern, beginning with an initial screening, interview and concluding with the final employment decision. Selection process typically consists of eight steps.<sup>179</sup> Such as: i. Initial screening interview; ii. Completion of the application form; iii. Employment tests; iv. The comprehensive interview v. Background investigation; vi. Conditional job offer; vii. Physical or Medical examination; viii. Job offer ( Figure-3.04 & 3.05 in Appendix).

### **Member of Selection Body/Committee**

The selection committees are commonly made by seven members. In the seven members the Chairman of the Board of Directors attends regularly. The other members of the committee are MD, AMD, DMD, and SEVP respectively.<sup>180</sup>

### **Selection in Prime Bank Limited**

After the acceptance of application and medically fit, a candidate has to appear at the written & oral test respectively. After succeeding the tests, the job seeker gets the letter of appointment and then he joins at the job.

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<sup>178</sup> D. V. Tesone (2005): *HRM in Hospitality Industry*. Pearson Prentice Hall, New Jersey, USA. p.116.

<sup>179</sup> Rahman, Ataur. (2007), *HRM*, Zahin Publications, Dhaka, pp.136-137.

<sup>180</sup> Field Survey-Source.

## Nepotisms in Selecting Employees in PBL

The employer generally gets the employees he deserves.<sup>181</sup> The bank authority clearly favored the advancement of relatives and friends. This nepotism<sup>182</sup> happened the most at top and higher organizational level, although it occurred at middle and lower organizational level as well. Respondents at higher organizational level said that nepotism was widely practiced in Bangladesh, because Bangladeshis generally mistrust people from other in-groups. Nepotism resulted in Banks not having employees fit for their job. At all levels nepotism resulted in deleterious situations, such as: (1) Incompetent management. (2) Disturbed subordinate-superior relationships. (3) Lost opportunities. (4) Lower product quality. 5) Short-term thinking. (6) Lower productivity.

**Table No-3.40 # Nepotism in Selecting Employees in PBL**

Level of Officers	No	Partly	Yes	Total
Higher Level Officers	95	02	03	100
Middle Level Officers	90	05	05	100
Lower Level Officers	85	10	05	100

Source: Field Survey

The question was, "Is there any nepotism in selecting employees in this bank?" Different answers received by commenting yes or not. In this case total respondents were 300. 100 were higher level officers, 100 mid level officers and 100 were lower level officers. From this case 95%, 90% & 85% answered 'No'. But they added a minimum number of employees sometimes join through nepotism, which is held on behalf of the authority & for the owners of the Bank.

<sup>181</sup> Walter, Gilbey; (1991). cited in Webster, *Webster's Dictionary*. New York: Lexicon Publications Inc., 1991. p.QD-36.

<sup>182</sup> Webster -1991 defines nepotism as favoritism shown in the advancement of relatives, especially by appointing them to offices for reasons other than personal worth. p.671.

## **Placement**

Placement means, the act of either placing or arranging something in a position or location, or the act of being placed or arranged in this way.<sup>183</sup> After completing the above procedures an applicant who has passed the various tests, invited by the authority to join in the job within a pre-fixed duration of time following a specific terms & conditions indicated in the Bangladesh bank and specific rules & regulations of BD Constitution.

### **Placement in Prime Bank Limited**

In Prime Bank Limited, Positions may be filled by direct Recruitment or by the promotion of an existing employee. Prior to starting in a new position, a new employee must fulfill the terms and conditions stipulated in the appointment letter he receives notifying him of the offer.

### **Employee Orientation**

Employee orientation is an essential element for the newly appointed and placed employees of a bank or any company for all Permanent staff. Every bank companies also gave employee orientation for its staff, although it is extremely brief. Employee orientation is given for permanent employees at higher, middle & lower organizational level, extremely brief as well.<sup>184</sup>

Employee orientation at all in a Banking job is a common task. Here, the top and higher managers indirectly acknowledged the importance of Employee orientation, although because of 'practical reasons' they are not conducted, since they cost money and time, and do not give benefits in the short-term, according to these managers.

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<sup>183</sup> Microsoft Encarta USA.

<sup>184</sup> Rahman, Aatur, Human Resource Management, Dhaka. Zahin Publications, 2007, p.146.

The majority of the respondents, who had had an employee orientation, describe that they conceived a vast knowledge at the beginning of their assignment, and became quickly connected to their job and to the Bank Company. Furthermore, the majority of the top and higher managers at the local companies saw employees as hands, and not as human capital, which might explain the relative low priority of employee orientation at the local companies.

### **Orientation in Prime Bank Limited**

Employee orientation is an essential element for the newly appointed and placed employees of a bank or any company for all permanent staff. Prime Bank Limited also gives employee orientation for its staff in every year, after recruiting new employees, although it is extremely brief. Employee orientation is given for permanent employees at higher, middle & lower organizational level, extremely brief as well. Employee orientation at all in a banking job is a common task. Here, the top and higher managers indirectly acknowledged the importance of employee orientation, although because of '*practical reasons*' they are not conducted, since they cost money and time, and do not give benefits in the short-term, according to these managers.

### **Induction of New Employees**

Training and Development is to be given induction of new employees about many aspects of their jobs; it's a formal ceremony in which a person is inducted in to an office or into military service.<sup>185</sup> When a new employee joins in an office, he is quite unknown in his job oriented work. It is a noble duty of the experienced employees of that office to take-up the responsibility of that new employee to make him introduced in this office. Every

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<sup>185</sup> Armstrong, Michael, (2003). *A Hand Book of Human Resource Management Practices* (9<sup>th</sup> Edition) . Published by Kogan Page Limited, London & Sterling, VA, USA, p.122

experienced employee should help him in all his works & duties as they have a vast experience in that office works. It is said that a skill employee teaches a much experience from his bosses & experienced persons.

### Induction in Prime Bank Limited

Through the respondents it has been known that the upper level executives introduce a new employee to the existing employees with an informal way in the office directly for its staff in every year, after recruiting new employees, although it is extremely brief.

Specially, in PBL, After Orientation, high officials are to be given induction of new employees about many aspects of their jobs; it's a formal ceremony in which a person is inducted in to an office.

### Training and Development

**Meaning of Training and Development:** Effective Training and Development requires a systematic approach, which will start with the needs defined by the Human Resource Plan. This wills the outline of the job requirements for the future and the performance criteria necessary.<sup>186</sup> Past appraisals or a skills analysis exercise could determine the existing position of the current and proposed job-holder. From this base of future need and present capability, a systematic, step-by-step Training and Development scheme can be defined.<sup>187</sup>

When a company or bank completes its recruiting and placing the employees in the right place, the next place is to train and develop HR who joined recently. There are different features of training and development in the banking sector of Bangladesh. Training and

<sup>186</sup> Armstrong, Michael. (2003). *A Hand Book of Human Resource Management Practices* (9<sup>th</sup> Edition) . Published by Kogan Page Limited. London & Sterling. VA, USA,p.222.

<sup>187</sup> *Managing People*,(2006). (ACCA-Course Book). 2006, (Writer unknown, Kaplan Publishing Foulks Lynch, Unit 2 The Business Centre, Berkshire, UK), British Council Library, Dhaka. p.177.

development means changing what employees know how they work their work or their interaction with their co-workers or supervisors.<sup>188</sup> Training is the process of giving and receiving information related to problem solving. Training is a learning process whereby people learn skills, concepts, attitudes, and knowledge to aid in the achievement of goals. Training is the process of teaching new employees the basic skills they need to perform their jobs.<sup>189</sup> Programs that are more recent-day oriented, focuses on individual's current jobs, enhancing specific skills, and abilities to immediately perform their Jobs, called training. Training usually refers to the teaching operational or technical employees how to do the Job for which they were hired.<sup>190</sup>

In conclusion we can say, training is a social, continuous process of giving knowledge, increasing skills and efficiency and changing attitudes, aptitudes, interest and accommodating the employee in the organization for the performance of assigned task/achievement of the organization goal.<sup>191</sup>

### **Meaning of Management Development**

In every development there is a process of increasing efficiency and changing mentality toward particular issues for the achievement of objectives. Development refers to teaching managers & professionals the skills needed for both present and future jobs.<sup>192</sup> It is for decision makers or executive level employees only. It is subsequent process enhancing efficiency of managers required for perforating their assignments. Development is any

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<sup>188</sup> Rahman, Ataur (2007) *Human Resource Management*, Zahin Publications, Dhaka. p.149.

<sup>189</sup> Dessler, Gary, H. R. *Management*, Pearson Prentice Hall, New Jersey, USA. p.270.

<sup>190</sup> Griffin, Ricky W. *Management*, AITBS Publishers, New Delhi, India, p.394.

<sup>191</sup> Rahman, A. (2007), *Human Resource Management*, Zahin Publications, Dhaka. p.149

<sup>192</sup> Op.cit. p.394.

attempt to improve current or future management performance by imparting knowledge, changing attitude or increasing skills<sup>193</sup> (Figure 3.06 in Appendix).

From the above figure, we can conclude that **Education** is broad process, **Training** is less broad process, and **Development** is a very limited process of Learning.

Above all, **Learning** might be the acquisition of a new knowledge, a modified attitude of a combination of all three. Learning is the result of experience. People use their knowledge of the results of past behavior to change, modify, and improve their behavior in future. Learning cannot take place without appropriate feedback. The experience may be planned, as in studying any book or it may be accidental, such as learning from one's mistakes. However, learning cannot be seen; it can only be inferred by observing changes in behavior.

Learning frequently occurs when an individual has to deal with a situation new to them. It is about developing new skills, competencies, and attitudes to meet new situations.<sup>194</sup>

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<sup>193</sup> Dessler, Gary, (2003). *Human Resource Management*. Pearson Prentice Hall, New Jersey, USA, p.3.

<sup>194</sup> *Managing People*. (2006), (ACCA-Course Book). (no specific writer /Writer unknown, Kaplan Publishing Foulks Lynch, Unit 2 The Business Centre, Berkshire, UK). British Council Library, Dhaka, p.163.



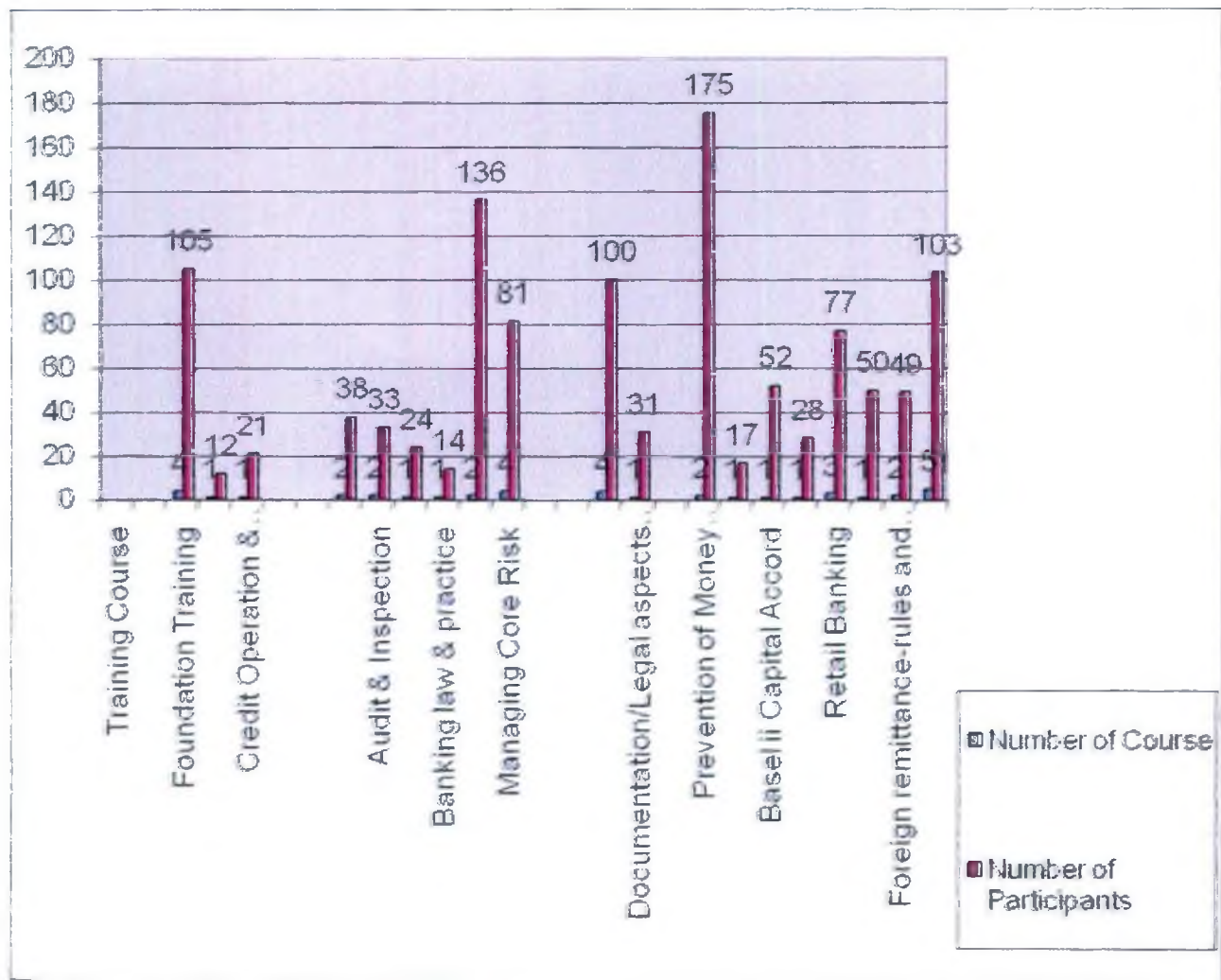
**Table No-3.41 # Training & Development Position of PBL**

There are some rules & regulations in PBL. Training Schedule of PBL is as follow:

Sl No	Subject	Number of Course	Number of Participants
1	Training Course		
a	Foundation Training	4	105
b	Islamic Banking Operation	1	12
c	Credit Operation & Management	1	21
d	International Trade & Finance	2	38
e	Audit & Inspection	2	33
f	Customer Service	1	24
g	Banking law & practice	1	14
h	Information Technology	2	136
i	Managing Core Risk	4	81
2	Workshops/Seminars/Induction Program		
a	Credit Risk Grading	4	100
b	Documentation/Legal aspects in loan sanction and disbursement	1	31
c	Prevention of Money Laundering	2	175
d	Standard Operating Procedure	1	17
e	Basel ii Capital Accord	1	52
f	Credit Card Operation	1	28
g	Retail Banking	3	77
h	Relationship Banking	1	50
i	Foreign remittance-rules and Procedures	2	49
j	Induction program	5	103
	Total	39	1146

Source: Prime Bank Limited, Annual Report, 2006, Dhaka, p.29 & Field Survey

Graph No-3.11 # Training &amp; Development System in PBL



The above Graph is showing the condition of participation of employees in various courses. It also shows how many employees are taking part in various courses. Member schedules are being done at the time of training courses. Here the graph is showing like this picture.

**Table No-3.42 # Academic Calendar Program 2006 (INDEX)**

This is an academic calendar of PBL in the year 2006 for training programs. A large number of employees participate in these training courses. The schedules are as follows:

Sl.	Course Title	Duration
1.	Foundation Training Course for Management Trainee of Prime Bank Limited (General Banking/Banking Operation) Part-I	1 week
2.	Foundation Training Course for Management Trainee of Prime Bank Limited (International Trade and Finance) Part-II	1 week
3.	Foundation Training Course for Management Trainee of Prime Bank Limited (Credit Operation & Management) Part-III	1 week
4.	Foundation Training Course for junior Officers and Trainee Assistant	2 week
5.	Credit Operations & Management	1 week
6.	Islamic Banking Operation	1 week
7.	Law & Practice of Banking	1 week
8.	Risk Based Supervision and Internal Audit	1 week
9.	Orientation Program/Basics of Banking	1 week
10.	International Trade Management and Finance	1 week
11.	Managing Core Risk in Banking in collaboration with SEDF	1 week
12.	Accounting for Banking and Statements>Returns	7 days
13.	Foreign Remittance and Rules & Procedures	7 days
14.	Problem solving & decision making	7 days
15.	Customers Services Development / Relationship Management	7 days
16.	Documentation/ Legal Aspects in Credit Sanction and Disbursement	7 days
17.	Performance Appraisal	7 days
18.	Effective Branch Management	7 days
19.	SBS Formats-1,2&3	7 days
20.	Classification of Loans and Provisioning and CIB Reporting	7 days
21.	Credit Card Marketing & Recovery	7 days
22.	Lease Finance Operations	7 days
23.	Treasury Management and Dealing Room Operations	7 days
24.	Management of NPA & Recovery Strategies	7 days
25.	Small & Medium Enterprise & Micro Credit/Retail Banking	7 days
26.	Insurance of Bank Services Products	7 days
27.	Home Loan & Personal Loan	7 days
28.	Basel-II	7 days
29.	Market Focused Management	7 days
30.	Building Leadership for tomorrow	7 days
31.	Innovation in Banking	7 days
32.	Customers Satisfaction & high-tech Banking	7 days
33.	Developing Competency for effective decision making	7 days
34.	Management Audit in Banks	7 days
35.	Human Resources Management in Banks	7 days
36.	Stress Management & Crisis Management	7 days
37.	Special Training Program on Anti-Money Laundering	7 days
38.	Strategic Management & Negotiation Skill	7 days
39.	Time Management	7 days
40.	Outreach Training Programs on special issues, as time demands	5 days
41.	Special Training Programs, Workshop, Seminars as situation demands	10 days

Source: Service Rule-1995, 2006 & Academic Calendar Program 2006, Published by PBL, Dhaka, p.3

## Research & Development in PBL

PBL has established in April, 1995 as a scheduled bank in probate sector in pursuance of the policy of liberalization of banking and financial services in Bangladesh. During the inception of the bank it has only one 161 employees in two offices, one was the first branches in Motijheel and the other was its head office. A number of qualified Employees are working in the PBL. Undoubtedly, without caring or counting any religious, language or racial purposes, the authority of the Bank recruits a large number of highly qualified HRs for conducting its Banking activities in the modern competitive market. They are human being, so, they have their own individual attitudes with respect to their age limit. In this case, the bank authority takes care for the employees' attitudes with respect to their age limit. They also conducting research program in banking as a bye product. So the program is so weak in nature. The current researcher has collected data from *Field Survey* and presented it in the following Table about the research program of the employees of PBL:

**Table No-3.43 # Research & Development in PBL**

Level of employees	Yes	No	Neutral	Total
Higher Level Officers	90	05	05	100
Middle Level Officers	80	05	15	100
Lower Level Officers	69	11	30	100

Source: Field Survey

The respondents are questioned; "Are there any Research & Development system in this bank?" The respondents were of three categories. They have given the questions for commenting Yes, No, or Neutral marking. In Executives level 90% given Yes and 05% is marking Neutral. In Middle level 80% Yes and 15% is Neutral. On the other hand, in Lower group 65% Yes and 30% is Neutral.

## Objectives of Training

There has not been developed any effective training & development system in the private sector banking in Bangladesh. Yet, we may suppose some objectives of training and development in the private sector banking in Bangladesh. Those are as follows: I. Induction of new employees; II. Knowledge about new; III. Knowledge on company Policy; IV. Knowledge on bank – customer relations; V. Attitude changing; VI. Career planning & development; VII. Loyalty; VIII. Reduction of labor turnover; IX. Productivity; X. Quality; XI. Future growth; XII. Climate; XIII. Health; XIV. Time schedule or time duration in office; and XV. Behavior.<sup>195</sup>

## Importance of Training

The purpose of **training** and **development** in the work situation is to develop the **abilities** of the individual and to satisfy the current and future **manpower needs** of the organization. HRM is a process of building and enhancing the skills, Knowledge, and attitudes of employees through training.<sup>196</sup> Proper training of human resource needs would be identified in the human resource plan, which would be formulated from the overall objectives of the Bank. Apart from the benefits to the individual worker–e.g. greater versatility and extra skills–the Bank benefits from employees become more flexible and the productivity and quality of work improving. Job satisfaction might also increase–with consequent reduction in absenteeism<sup>197</sup> and staff turnover rates and the organization need not fear the consequences of new technology.

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<sup>195</sup> Rahman, Ataur, (2007), *Human Resource Management*, Zahin Publications, Dhaka, pp 152-153.

<sup>196</sup> Tesone, D. V. , (2005): *HRM in Hospitality Industry*, Pearson Prentice Hall, New Jersey, USA, p.107.

<sup>197</sup> Op.cit. p.155.

## Training and Development Policies

Organizations formulate training and development policies in order to: i. Define the relationship between the organization's objectives and the current and future human resource needs;<sup>198</sup> ii. Provide a framework for facilitating development, and training; iii. Provide information for employees, e.g. to stress the performance standards expected and to inform employees of opportunities for training and development; iv. Enhance public relations. e. g. to help attract high – caliber recruits, reassures clients and the public about quality of products or services.<sup>199</sup>

As with Recruitment and Selection, training and development is inextricably linked with the organizational goals and objective. Its position is shown in the diagram below:<sup>200</sup> Figure 3.07 in Appendix.

## Training Aids and Equipments in Bangladesh

Some training aids are used in the training institutes in Bangladesh. These aids help in making the program a success. Without these aids training program may not be completed successfully.<sup>201</sup> However these aids are mentioned as: Handouts, Brochures, Manual, Bulletin, Posters, Drawing, Charts and Graphs, Stationery, Multimedia Projector, Overhead projector, Movies/Films, Slides, Exhibits, Displays, Whiteboard, Flip Charts, Computer, Video Conferencing, & Close Circuit TV (CCTV).<sup>202</sup>

<sup>198</sup> Rahman, Aatur.(2007). Human Resource Management. Zahin Publications. Dhaka. p.152.

<sup>199</sup> Managing People. (ACCA-Course Book), 2006. (Writer unknown, Kaplan Publishing Foulks Lynch. Unit 2 The Business Centre, Berkshire, UK), British Council Library, Dhaka, p.170.

<sup>200</sup> D. V. Tesone (2005): HRM in Hospitality Industry. Pearson Prentice Hall, New Jersey, USA. p.161.

<sup>201</sup> Armstrong, Michael,(2003), A Hand Book of Human Resource Management Practices (9<sup>th</sup> Edition) , Published by Kogan Page Limited, London & Sterling, VA, USA,p.211.

<sup>202</sup> Rahman, Aatur, (2007). Human Resource Management. p-161.

## Training Policies in Bangladesh

Human resource management is not skillful suitably In Bangladesh, that is why there is no specific practice to creation and sustaining and also evaluating training policies and provision is as:\_ I. There was no training policy in Bangladesh; II. In 1989 National Training Center was formed; III. Bangladesh public administration training center was established; IV. National Training Policy for government officials; V. No training policy for private sector officials still now.<sup>203</sup> This picture is also a practical situation or condition for the banking sector of Bangladesh.

## Conceptual Framework for Training Management in PBL

Training is provided to the employees of an organization in order to achieve the goals of the organization. Thus, for any management training exercise, the goals and objectives of the organization must be taken into consideration. In fact<sup>204</sup>, management of training gets its direction from the organizational goal set by the management at a macro level. This implies that the first thing that comes into consideration for training management is the organizational goals and objectives.

Organizational goal setting is followed by the formulation of a training plan based on a training needs assessment. Once a plan is in place, management has to execute the plan. At this stage training is provided to the trainees on a needs assessment basis. The training institutes conduct workshops and seminars. The final process of a training management system can be illustrated by the following figure<sup>205</sup>(Figure 3.08 in Appendix).

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<sup>203</sup> Ibid.p.163.

<sup>204</sup> Ibid.p.164.

<sup>205</sup> Hosain, Amir. (2001). *Loan and Investment Management Variety of Conventional & Islamic Banking in Bangladesh*. unpublished Ph D Thesis. (2001). Dhaka University Library, Dhaka. Bangladesh. p.106.

## **Types of Training in PBL**

Training in banks may be of three types. These are discussed below:

i. **Ideological Training** may be related with the basic knowledge and issues on banking. The practical training may be conducted through discussions and exercises on banking issues in a classroom setting. In addition, some training may be administered while the employee is on the job, to allow the employee to learn modern banking system through practice.

ii. **The Theoretical Training** may equip an employee with moral knowledge and values, which is considered to be essential for ideal banking operation in modern globalized world in the 21<sup>st</sup> century. Theoretical training may provide a conceptual clarity on the understanding of the new challenge in banking sector.

iii. **Practical Training** of banking provides the skills and art necessary to perform a job. An employee should have all types of training in order to best prepare him to perform his job requirements.

## **Possible Areas of Training in PBL**

Since the Private Sector banks mainly practice on general banking, investment, and foreign exchange, Training should focus on these three areas of banking. The banks consider the following areas while devising its training programs: Induction / Foundation Training, Banking Laws and Practices, Foreign Exchange and Foreign Trade, Investment Management, Branch Management, Customer Services Development, Audit and Inspections in Banks, Knowledge in Economics and Banking, Knowledge in Insurance, Performance Budgeting, & Managing the Managers.



Furthermore, Banks need to be careful to tailor the training session to the specific employee's needs. Training should be designed to address the needs of senior management all the way down to the line workers in order to be most productive, because, a Bank needs morally sound customers for its smooth operation. Moral value oriented customers are essential for growth in banking sector. Therefore, value oriented customers training may be another main area of Training for the bank.

### **Methods of Training in PBL**

A considerable number of training and development methods are used indifferent organizations in Bangladesh. But all methods are not used in all organization on totality information have been collected about these methods usually used in training and development institutes in Bangladesh. These are as: Apprenticeship, Job Rotation, Coaching, Lateral Promotion, Counseling, Lecture Method (mostly used), Discussion, Programmed Instruction, Incident, Transactional Analysis, Vestibule, Conference, Internship, Executive Speaking, Seminar, Special Meeting, & Quantitative Method, Committee Membership, Committee Activities.<sup>206</sup> Chart (Figure 8) in Appendix.

### **Categories of Training Contents**

There are four Categories of Training Contents are in the Training system in the Private Sector Banking in Bangladesh. Those are:

- “i. Orientation: provides information to new employees for the purpose of assimilating them into the culture of the organization. Classroom settings are commonly used for this purpose;
- ii. Product Knowledge: Provides an overview of services provided by the Bank. Classroom settings and tours are commonly used techniques;
- iii. Mechanical/Technical skills: Involves the use of hand- eye coordination to perform technical tasks. On the Job Training (OJT) methods combined with

<sup>206</sup> Rahman, Ataur, (2007). *HRM*. Dhaka. Zahin Publications, 2007, p.159.

classroom and vestibule training are commonly used; iv. Administrative/technical skills: Involves forms, paperwork, and computerized procedures for processing tasks within departments of the organization. Classroom settings are commonly used for this type of training; & v. Management/Professional skills: Includes abstract concepts associated with analysis and professional practices. Classroom settings are commonly used.<sup>207</sup>

### **Evaluation of Training Programs**

All things are measurable; training outcomes are no exception. The criteria for measuring training include cost/benefit to the organization, accomplishment of objectives, and personal improvement in the behavior and morale of workers. All of these things can be measured in quantifiable and qualitative terms.

### **Repetition is the Mother of Learning**

A trainer cannot be too much relevant to the golden rules of training is as: "I. Tell them what you are going to tell them; II. Tell them what you are telling them; iii. Then practice; and IV. Tell what you told them."<sup>208</sup>

Feedback is the breakfast of champions.<sup>209</sup> Plenty of positive feedback should be provided throughout the training program. When in training mode, the supervisor is acting as a coach to the trainees.

### **Training in PBL**

In conclusion, we can say that training is a social, continuous process of giving knowledge, increasing skills and efficiency and changing attitudes, interest and accommodating the employee in the PBL for the performance of assigned task or achievement of the

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<sup>207</sup> D. V. Tesone (2005): *HRM in Hospitality Industry*, Pearson Prentice Hall, New Jersey, USA. p.122.

<sup>208</sup> Ibid., p.124

<sup>209</sup> Rahman, Ataur (2007), *Human Resource Management*, Zahin Publications, Dhaka. p-155.

organizational goal. Although, it is said strongly, but in Practice, it is not proved exactly. The respondents answered unsatisfied in this case. Lack of trained trainer & contemporary equipments, the training programs can't become fruitfully, clearly answered by the respondents. Only lecture method is ongoing, as a training program.

## Training and Development

The Contents of Courses of Training in PBL are as follows:

SL	Course Title	Duration
1.	Foundation Training Course for Management Trainee of Prime Bank Limited (General Banking/Banking Operation) Part-I	6
2.	Foundation Training Course for Management Trainee of Prime Bank Limited (International Trade and Finance) Part-II	7
3.	Foundation Training Course for Management Trainee of Prime Bank Limited (Credit Operation & Management) Part-III	8
4.	Foundation Training Course for junior Officers and Trainee Assistant	9
5.	Credit Operations & Management	10
6.	Islamic Banking Operation	11
7.	Law & Practice of Banking	12
8.	Risk Based Supervision and Internal Audit	13
9.	Orientation Program/Basics of Banking	14
10.	International Trade Management and Finance	15
11.	Managing Core Risk in Banking in collaboration with SEDF	16
12.	Accounting for Banking and Statements>Returns	17
13.	Foreign Remittance and Rules & Procedures	18
14.	Problem solving & decision making	19
15.	Customers Services Development / Relationship Management	20
16.	Documentation/ Legal Aspects in Credit Sanction and Disbursement	21
17.	Performance Appraisal	22
18.	Effective Branch Management	23
19.	SBS Formats-1,2&3	24
20.	Classification of Loans and Provisioning and CIB Reporting	25
21.	Credit Card Marketing & Recovery	26
22.	Lease Finance Operations	27
23.	Treasury Management and Dealing Room Operations	28
24.	Management of NPA & Recovery Strategies	29
25.	Small & Medium Enterprise & Micro Credit/Retail Banking	30
26.	Insurance of Bank Services/Products	31
27.	Home Loan & Personal Loan	32
28.	Basel-II	33
29.	Market Focused Management	34
30.	Building Leadership for tomorrow	35
31.	Innovation in Banking	36
32.	Customers Satisfaction & high-tech Banking	37
33.	Developing Competency for effective decision making	38
34.	Management Audit in Banks	39
35.	Human Resources Management in Banks	40
36.	Stress Management & Crisis Management	41
37.	Special Training Program on Anti-Money Laundering	42
38.	Strategic Management & Negotiation Skill	43
39.	Time Management	44

Source: Prime Bank Limited. Academic Calendar. 2006. Dhaka, pp.2-3.

## Training and Development Position of PBL (1995-2006)

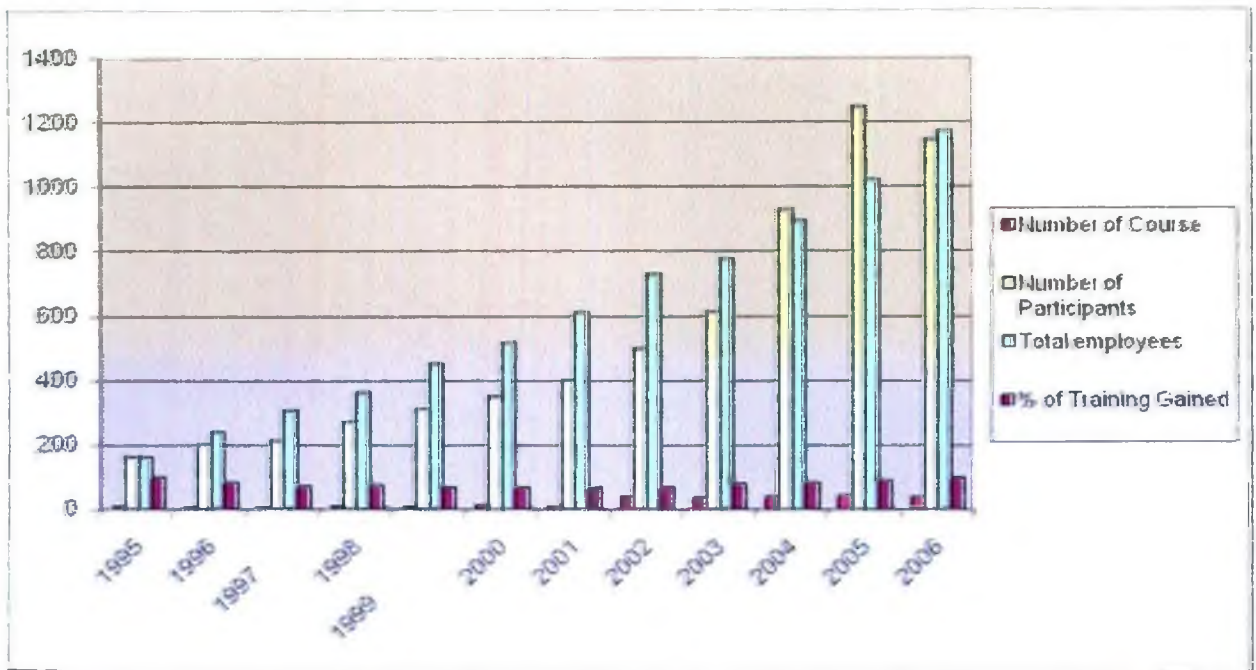
From the inception of the Bank (1995) it has been established an Institute of Training and Development. In this Institute, the Bank authority are regularly conducting training course on various topics on Banking and financial purposes. A vast number of employees are taking part in these training courses every year. The authority is conducting a huge number of training courses in the meantime.

**Table No-3.44 # Training and Development Position of PBL**

Contents	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Number of Course	06	05	05	07	09	10	13	41	34	38	45	39
Number of Participants	161	200	210	270	310	350	401	500	610	928	1246	1146
Total employees	161	239	305	362	452	518	613	730	777	894	1024	1172
% of Training Conceived	100	83.68	68.85	74.58	68.58	67.54	65.41	68.49	78.50	81.43	89.84	97.78

Source: Field Survey

According to the above Table (1995-2006), in the first year in 1995 the number of employees was 16. All of them have taken part in the training courses, the percentage was 100%. In 1996 the total employees was 239. From these, 200 employees have taken part in the training courses, the percentage was 83.68%. In this way from 1997 to 2006 the percentage of taking part in the training courses was 68.85%, 74.58%, 68.58%, 67.54%, 65.41%, 68.49%, 78.50%, 81.40%, 89.84% and 97.78% respectively. It is remarkable that, for the Other Employees Group there is not any fixed training. They have only orientation training. So, their training has not count here.

**Graph No-3.12 # Training Conceived in Different Years (1995-2006) in PBL**

The above Graph is showing the figure of employees who has been taken part in various training courses in different years. This Graph is showing the data of 12 years of PBL. This Graph is showing that the numbers of trainees are increasing gradually.

### Information & Communication Training (Computer)

HR Information Strategy: The HR strategy of an organization in relation to HR information is concerned first with the use of computerized information for strategic decision making, second with the range of applications which should be included in the system and finally with the provision to line manager of the facility to have direct access to any personnel data they need manage their own teams in a devolved organization.

**Table No-3.45 # Information & Communication Training (Computer)**

Level of Officers	Total	Well known	Known	Unknown
Higher Level Officers	100	100	00	00
Middle Level Officers	100	100	00	00
Lower Level Officers	100	00	00	100

Source: Field Survey

The question was, 'Are they well-known in computer and communication technology?' In this case total respondents were 300 hundred. 100 were higher level officers, 100 middle level officers and 100 were lower level officers. According to the answers of the respondents, 100% higher level officers are well known in computer and communication technology. In the mid level officers are also 100% well known; but the Lower Level Employees are not well known in this sector. In this case it is remarkable that the Lower Level Employees are not related with the *Computer and Communication Technology*. They are driving only the Photo Copier machine and other helping works.

### **Foreign Training**

In the answer of the Questionnaire, the respondents give us about the Foreign Training of Prime Bank Limited. The question was, "either they have attended any Foreign Training on behalf of the bank". The respondents answered that they haven't attended any Foreign Training on behalf of the bank. In spite of this they (Higher Level Officers only) have attended a number short Seminars, Symposiums and meetings about Banking Purposes only.

### **Benefits Obtained from Training Courses**

The purpose of **Training and Development** in the work situation is to develop the **abilities** of the individual and to satisfy the current and future **manpower needs** of the organization. HRM is a process of building and enhancing the skills, Knowledge, and attitudes of

employees through training. Prime Bank gives training to its employees for their long run profit.

**Table No-3.46 # Benefits Obtained from Training Courses**

Level of employees	Yes	No	Neutral	Total Respondents
Higher Level Officers	89	01	10	100
Middle Level Officers	70	10	20	100
Lower Level Officers	65	10	25	100

Source: Field Survey

The respondents are questioned about the benefits obtained from the training courses. The respondents were of three categories. They have given the questions for commenting yes, no, or neutral marking. In executives level 89% given yes and 10% is marking neutral. In employees level 70% yes and 20% is neutral. On the other hand, in other employees group 65% yes and 25% is neutral. There are some 'no' marking in the every case, they show that the system is as usual, but what is the benefit of training.

## Communication

Communication may be defined as the sharing and understanding of information among individuals. While this sounds simple, the process of engaging in effective communication is really quite complex.<sup>210</sup> This is due to the individuality of people. Individuality affects personal perception: Each person perceives information in different ways. Therefore while everyone in a group of people may hear the same message, that message will mean different things to different people.<sup>211</sup>

<sup>210</sup> Bovee, Courtland L. (2008). *Business Communication Today*. Prentice Hall, Upper Saddle River, New Jersey, p.17.

<sup>211</sup> Tesonc, D. V., (2005): *HRM in Hospitality Industry*. Pearson Prentice Hall, New Jersey, USA, p.161.



Good communications are basic to successful management. In spite of much literature dealing with theory and practice of this subject, our communication skills are still very poor.<sup>212</sup>

**Peter F Drucker** in his foreword to a book (Parkinson & Rowe, 1978) on communications states quite bluntly that poor communications are a direct result of our ignorance. He contends that we do not know: *I. What to say; II. When to say it; III. How to say it; or IV. To whom to say it?*<sup>213</sup>

A manager conveys information and instructions through communication, either written or verbal. It is therefore a vital link between the manager and his or her team and effective communication is the key to good management. Yet, in reality, it is a very poor link. There are broadly four components of any communication: I. Communicator; II. Medium; III. Message; and IV. Recipient.<sup>214</sup>

But we tend to focus attention on only one of the four, the message. The other three components are usually ignored and this leads to a complete breakdown in communications. In the case of international business communications there are additional factors such as language barriers and cultural differences. These can further complicate the picture by distorting the message.

### **Human Resource Information Systems**

To manage employee skills inventories, bank should maintain computerized human resource information systems containing data on: individual demographics, career

<sup>212</sup> Dyer, Lee, and Gerald Holder (1988). "*A Strategic Perspective of Human resource Management.*" in Human Resource Management: Evolving Roles and Responsibilities, ed. Lee Dyer and Gerald Holder, Washington, D. C.: Bureau of National Affairs, pp.1-46.

<sup>213</sup> Ouchi, W. G. (1981). *Theory Z: How American Business can meet the Japanese Challenge.* Addison-Wesley, McGraw-Hill Book Company. New York, and USA. p.19.

<sup>214</sup> Ibid., p.27.

progression, appraisals, skills, interests, training target positions, performance ratings, geographic preferences, promotion ability rating, etc.<sup>215</sup>

### **Communication Process in PBL**

To improve the standard of the service of Bank for its customers, quickly communicating in banking is a must. In the developed world, computer has already been made an influential touch through Communication in Banking. For the development of Computer, all of the complex work one can do in his reading room. Money transfer and Business communication became very easy. An account holder can collect information and the condition of his account from the head office of the Bank and can perform business activities by communicating with the branch of the bank.

Moreover to send quick news to other places a bank official can communicate with his customers and to foreign countries with Fax Machine and even through E-mail service. And recently online banking is most popular for both, the banker and the customers. And very recently, the use of ATM card is an ultra modern facility for the customers of Banks.

All of the Banking functions now-a-days, like letters, check transfers, settlement of debtors and creditors, settlement of Clearing House are completing through online service.

### **Relationship between Employers and Employees**

An organizational culture aims to enhance member's feelings of belonging and commitment. However, this does not mean that the relationship between the employees and the employer is good and structural.

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<sup>215</sup> Tesone, D. V. (2005): *HRM in Hospitality Industry*. Pearson Prentice Hall, New Jersey, USA, p.172.

The management was poor, and the management and employees mistrusted each other. Among the employees there was a lot of internal competition. They even wanted to get rid of each other.

The employees had no chance of development, were doing highly routine tasks, and were not expected to think. Respondents at this Bank said that the majority of the employees at this Bank were not satisfied with their job, although they stayed with the company, since they had no other job opportunities. The relationship between the employees and the management may be said to be good. A good relationship does not mean that the employees supported the Boss's leadership style.

However, the researcher saw Y principles applied only at higher and middle organizational level. At lower organizational level the employees were still managed according to the X theory. Respondents at this Bank said that the majority of the employees claimed to be partly satisfied with their job, although it could be better.

At the Bank the relationship between the employees and the management was good, although the management was not democratic. The employees were able to deal with the responsibility and freedom they received. The employees respected and supported the managers' leadership style. The employees were asked to take their own initiatives and responsibility. They had a strong feeling of belonging towards their company. Respondents said that the majority of the employees had a high level of job satisfaction, throughout the organization. The majority of the respondents were afraid to consult their superior about their problems.

Based on the questionnaires, it may be concluded that the majority of the respondents and employees had a good relationship with their superior, although the interviews suggest otherwise. The research shows that a good relationship between the employee and the

superior is a strong job motivator, although it does not make the employee loyal to their employer.

### **Communication & Transparency in PBL**

Overall, at the Bank the respondents and the researcher did not consider communication as effective and efficient. Communication channels were often long, slow, and held 'distorted' information.

**Table No-3.48 # Communication & Transparency in PBL**

Level of Officers	Yes	Partly	No	Total
Higher Level Officers	95	05	00	100
Middle Level Officers	92	06	02	100
Lower Level Officers	87	10	03	100

Source: Field Survey

The question was, "Is the Communication & Transparency of the Workplace supposed to be good enough?" Different answer received by commenting yes or not. In these cases, total respondents were 300 hundred. 100 were higher level officers, 100 middle level officers and 100 were lower level officers. From this case 95%, 92% & 87% answered yes.

### **Information & Communication Training (Computer)**

HR Information Strategy: The HR strategy of an organization in relation to HR information is concerned first with the use of computerized information for strategic decision making, second with the range of applications which should be included in the system and finally with the provision to line manage of the facility to have direct access to any personnel data they need manage their own teams in a devolved organization.

**Table No-3.49 # Information & Communication Training (Computer)**

Level of Officers	Total	Well known	Known	Unknown
Higher Level Officers	100	100	00	00
Middle Level Officers	100	100	00	00
Lower Level Officers	100	00	00	100

Source: Field Survey

The question was, 'Are they well-known in computer and communication technology?' In this case total respondents were 300 hundred. 100 were higher level officers, 100 middle level officers and 100 were lower level officers. According to the answers of the respondents, 100% higher level officers are well known in computer and communication technology. In the mid level officers are also 100% well known; but the lower level employees are not well known in this sector. In this case it is remarkable that the lower level employees are not related with the *Computer and Communication Technology*. They are driving only the Photo Copier machine.

### Career Development

Meaning of Career Development: Career Management is the process for enabling employees to better understand and develop their career skills & interests and to use these skills & interests most effectively.<sup>216</sup> The word 'career' comes from various languages. It has in use from the French word 'carriere', Italian word 'carriera' and Roman word 'carraria'. Career has a number of meanings. Really, it is the way of making an occupation and advancing one's identity.<sup>217</sup> That is career is the way of earning money, social states, reputation and the path for maintaining livelihood during the whole period of working life

<sup>216</sup> Dessler, Gary. (2003). *H. R. Management*. Pearson Prentice Hall, New Jersey, USA. p.351.

<sup>217</sup> Rahman, Aatur. (2007). *Human Resource Management*. Dhaka. Zahin Publications, Dhaka. 2007, p167.

of an individual.<sup>218</sup> A person joins as a junior, and then gets and occupies the higher position. These plans and policies vary from one organizational to another. These policies are mostly available in the public organizations both manufacturing and higher assignment; promotion changes the job or organization and last of all occupies the higher positions. These are all related to his career. Career planning and development is the deliberate process through which a person becomes aware of personal career-related attributes and the lifelong series of stages that contribute to his or her career fulfillment.<sup>219</sup>

### **Managing Careers and Fair Treatment**

Careers today are not what they used to be.<sup>220</sup> Careers were traditionally viewed as an upward linear progression in one or two firms or as a stable employment within a profession.<sup>221</sup> Now, someone's career is more likely to be driven by the person, not the organization [and] reinvented by the person from time to time, as the person and the environment change.<sup>222</sup> Today's focus on competitiveness does not allow promotions anymore on seniority but on competence. This might sometimes be in conflict with union agreements, since union agreements sometimes contain clauses on seniority.

In the new millennium treating employees fairly is of extreme importance. Kim and Mauborgne (1997) say that the idea of fair process is of extreme importance today. Fair

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<sup>218</sup> Armstrong, Michael.(2003). *A Hand Book of Human Resource Management Practices* (9<sup>th</sup> Edition). Published by Kogan Page Limited, London & Sterling, VA, USA.p.165

<sup>219</sup> Dessler, Gary. (2003). *H. R. Management*, Pearson Prentice Hall, New Jersey, USA 2003, p. 274.

<sup>220</sup> Teal (1998) says that mediocre management is the norm. This is not because people are born without management gene or because the wrong people get promoted or because the system can be manipulated – although all these things happen all the time. The overwhelmingly most common explanation is much simpler: capable management is so extraordinarily difficult that few people look good no matter how hard they try? p.149.

<sup>221</sup> Sherry Sullivan, William Carden, and David Martin. "Careers in the Next Millennium: Directions for Future Research." *Human Resource Management Review* 8, No. 2 (1998), 165; quoted in Gary Dessler, (2003), *Human Resource Management* (Upper Saddle River, New Jersey: Prentice Hall, 2003), p. 274.

<sup>222</sup> Douglas Hall. "Protean Careers of the 21st Century." *Academy of Management Executive* 10, No. 4 (1996), 8; quoted in Gary Dessler, (2003). *Human Resource Management* (Upper Saddle River, New Jersey: Prentice Hall, 2003), p.274.

process turns to be out a powerful management tool for companies struggling to make the transition from a production-based to a knowledge-based company<sup>223</sup>, in which value creation depends increasingly on ideas and innovation<sup>224</sup>. Fair process profoundly influences attitudes and behavior critical to high performance. It builds trust and unlocks ideas.<sup>225</sup>

Fair process involves employees being part of the decision-making process. It is vital to remember that relationships must be built on trust.<sup>226</sup> In helping the employee to better manage his or her career the employer needs to give the employee a realistic job preview before hiring.

Managing dismissals<sup>227</sup> is a difficult part of a manager's job. Unsatisfactory performance<sup>228</sup>, misconduct, lack of qualification and the changed requirements (or

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<sup>223</sup> Hansen et al. (2001) in their monograph *What's your Strategy for Managing Knowledge* say that companies need a knowledge strategy to be able to manage knowledge. This Knowledge Management strategy needs to be: (1) codified, or (2) personalized. In companies that sell relatively standardized products that fill common needs the codification strategy should be used. In the *codification strategy* electronic knowledge databases should be developed. The human resources are: hire new college graduates to implement solutions. People should be trained in groups through computer based distance learning, and people should be rewarded for using and contributing to document databases, p.26.

In companies providing highly customized solutions to unique problems the *personalization strategy* should be used. In the personalization strategy networks for linking people need to be developed so that tacit knowledge can be shared. The human resources are: hire MBA's who likes problem solving. Train people through one-to-one monitoring, and reward people directly for sharing knowledge with others (p. 61-68).

<sup>224</sup> The best innovators use old ideas as the raw material for new ideas. Taken from: Andrew Hargadon and Robert I. Sutton, "Building an Innovation Factory," in *Harvard Business Review on Innovation* (Boston: Harvard Business School Press, 2001), p.55.

Kim and Mauborgne (2001) say that *innovation* often threatens the status quo, and for that reason often provokes fear and resistance among a company's three main stakeholders – its employees, its business partners, and the general public. Smart innovators, therefore, work with employees to find ways of defusing threats so that everyone in the company wins (p. 96).

Leonard and Straus (1998) say, in line with Kim and Mauborgne, that innovation takes place when different ideas, perceptions, and ways of processing and judging information collide. It often requires collaboration among players who see the world differently. Disputes may never become personal; otherwise the creativity process breaks down (p. 109).

<sup>225</sup> W. Chan Kim and Rene Mauborgne, "Fair Process: Managing in the Knowledge Economy," *Harvard Business Review*, July/August 1997, 65-66; quoted in Gary Dessler, *Human Resource Management* (Upper Saddle River, New Jersey: Prentice Hall, 2003), p.283.

<sup>226</sup> Frederick Newell, (2000), *Loyalty.com* (New York: McGraw-Hill, 2000), p.288.

<sup>227</sup> A dismissal is an involuntary termination of an employee's employment with the firm.

<sup>228</sup> Blencoe (2002) says in his book *How to be an Effective Manager* that keeping unproductive employees around or delaying what is inevitable will not solve any problem. Numerous problems will occur if unproductive employees are not weeded out. If you tolerate mediocre employees, then you are tolerating giving your customers a mediocre product, p. 21-22.

elimination of the job) are according to Dessler (2003) the main dismissal grounds. Dismissals are never pleasant and should be dealt with fairly.

Career Management is the process for enabling employees to better understand and develop their career skills & interests and to use these skills & interests most effectively.<sup>229</sup>

Career is the pattern of work related experience that spans the course of a person's life. A Career is, all of the jobs that are in custody during one are functioning life. An individual career is a progression of work related knowledge in which an individual participates through the period of work life. A business career is a comparatively normal set of convention to be performed, which work together with the stream of personality within the business.

### **Individual Perspectives of Career Development**

Career Development can be dealt with individual perspectives in Bangladesh.<sup>230</sup> A lot of persons try to build up their career at their possession. The individuals who are highly ambitious to develop their career are hankering after for the purpose. Of course, organizational support may give them opportunity to fulfill the objectives. Some employees do not bother for career development as they are highly paid or have no high ambitions. Following are the features of career development from the individual perspectives in Bangladesh. In the Banking sector of Bangladesh, it's a practical implemented matter for the Bank and for the employee's personal improvement. Some features of Career Development in Bangladesh are as:

- "i. Career can be planned and developed from the individual Perspective. ii. The individual himself plans it; iii. It depends on the quality of individual; iv. It also depends on individual ability; v. It

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<sup>229</sup> Pfeffer, Jeffrey (1994). *Competitive Advantage through People: Unleashing the Power of the Work Force*. Boston: Harvard Business School Press. p.352

<sup>230</sup> Rahman, Ataur (2007). *Human Resource Management*. Zahin Publications, Dhaka, p.166.



depends on academic background; vi. It can contribute to career development; vii. It meets up the organizational needs; viii. It determines individual's interest; ix. Environmental support."<sup>231</sup>

### **Organizational Perspectives of Career Development**

A lot of organizations have their personal strategy and policies for the improvement of career of their employees and managers service, but in the private organizations, there are hardly career development policies for their employees. Such as: Organization career Policy Support, scope of the organization, Ability of the organization & Demands of organization.

### **Career Development Initiatives**

Some career development initiatives may be taken by the organization. These initiatives can help the organizational employees to develop their future occupational status. Gary Dessler has identified 9 (Nine) corporate career development initiatives in his book human resource management. All these discussed in the following paragraphs:

"i. Provide individual budget; ii. Offer onsite or online career centers; iii. Encourage role reversal; iv. Establish a corporate campus; v. Help organize career success teams; vi. Provide career coaches; vii. Provide career planning workshops; viii. Computerized on and offline programs are available for improving the organizational career planning process; ix. Opportunity knocks program."<sup>232</sup>

### **Career Development in PBL**

According to the current researcher, the Career Development should maintain the following tasks; i. Career can be planned and developed from the individual Perspective; ii. The individual himself plans it; iii. It depends on the quality of individual; iv. It also depends on individual's ability; v. It depends on academic background; vi. It can

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<sup>231</sup> Miles, Raymond E., and Charles C. Snow (1978), *Organization Strategy, Structure, and Process*. New York: McGraw-Hill, USA, p.166.

<sup>232</sup> Ibid, pp.174-177.

contribute to career development; vii. It meets up the organizational needs; viii. It determines individual's interest; ix. Environmental support; but in the investigation and by the answers of the respondents, it has been known that the proposition was approximately absent, and the employees were busy in stress & workload only. The Bank has been not helped any employee to go abroad for higher training or higher education for MBA or any Master degree; or any person to obtain any specialized degree like M Phil or Ph D.

### **Satisfaction with Career Development Plan**

Career Management is the process for enabling employees to better understand and develop their career skills & interests and to use these skills & interests most effectively. The theme was, "Your Career Development Plan of the Workplace is supposed to be good enough". Comment yes or not.

**Table No-3.50 # Satisfaction with Career Development Plan**

Level of Officers	Good	Partly Good	Not Good	Total
Higher Level Officers	91	05	04	100
Middle Level Officers	79	10	11	100
Lower Level Officers	70	12	18	100

Source: Field Survey

The question was, "Is your career development plan of the workplace supposed to be good enough?" Different answered received by commenting yes or not. In these cases total respondents were 300 hundred. 100 were higher level officers, 100 middle level officers and 100 were lower level officers. From this case 91%, 79% & 70% answered good.

### **Performance Management System**

**Meaning of Performance Management:** A Performance Management system provides planning, identification, encouragement through the communication of standards, as well

as evaluations of actual performance,<sup>233</sup> as compared with established performance standards. The purpose of performance measurement is to provide feedback to employees about their performance and to take actions to facilitate improvement, as well as provide recognition of successful performance levels by giving rewards. Actually, this is not a stand-alone process, as some managers would have us believe. Instead, it is a multi-disciplinary approach to people management that requires daily observation and communication through coaching, mentoring, and disciplinary warnings on the part of the supervisor. The effectiveness of these practices is related to levels of awareness on the part of the supervisor concerning the service perspective, leadership practice, worker motivation, and work life development.<sup>234</sup>

Performance Appraisal means evaluating an employee's current and or past performance relative to his or her performance Standards.<sup>235</sup> It is an organized & intermittent evaluation of the meaning of an individual of an organization, frequently made by a superior or an important person in a position to survey his performance.

### **The Goals of Performance Appraisals** <sup>236</sup>

The goals of Performance Appraisals (PAs) are in brief: 1) Promotion and Salary Decisions; 2) Employee Feedback; 3) Career Planning; & 4) Improving the Management and Performance of the company.

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<sup>233</sup> Armstrong, Michael.(2003). *A Hand Book of Human Resource Management Practices* (9<sup>th</sup> Edition) . Published by Kogan Page Limited, London & Sterling, VA, USA.p.165

<sup>234</sup>D. V. Tesone (2005): *HIRM in Hospitality Industry*. Pearson Prentice Hall, New Jersey, USA, p.153.

<sup>235</sup> Dessler,(2003), *H. R. Management*, Pearson Prentice Hall, New Jersey, USA 2003, p. 274.

<sup>236</sup> Rahman, Aatur. (2007). *Human Resource Management*. Zahin Publications, Dhaka. p.166.

## Process of Performance Management

The Performance Management Process starts with performance standards, which are simply behavioral goals. Then job criteria (referred to as job lists) are established, which prioritize the importance of each job function by listing the procedures to meet each standard. The worker exceeds, meets, or does not meet each category of performance. Since some aspects of performance are more important than others, we attach mathematical weights (10 percent, 50 percent, etc.) to each performance category. Next, we multiply the weights (percentages) times each category. The averaged total will provide indications of the overall performance levels. For instance, if the worker exceeds standards for a criterion that is 60 percent of the job and meets the rest, that worker is above the standards (or an excellent performer, as most managers like to say). The process just described is called a performance appraisal.

## Performance Standards

Performance Standards Is a productivity model, which measures effectiveness and efficiency. Customer relationship issues such as service levels and product quality/quantity are measures of effectiveness.<sup>237</sup> Reducing resource expenses is an efficiency measurement. The manager would be meeting only part of her performance responsibility. The Holistic Approach<sup>238</sup> to Management Performance responsibility is presented in the figure below (Figure 3.09 in Appendix): Holistic means having regard to the whole of something rather than just to parts of it. (Oxford Learner's Dictionary, Hornby, p.568.)<sup>239</sup> Uprising and conducting performance appraisals should not be completed in loneliness. It is closely related to a number of human resource management activities that should be

<sup>237</sup> Dertouzos, Michael L., Richard K Lester, Robert M. Solow, and the MIT Commission on Industrial Productivity (1989). *Made in America: Regaining the Productive Edge*. Cambridge, Mass.: MIT Press, p.11.

<sup>238</sup> Tesone, D. V., (2005). *Human Resource Management in Hospitality Industry*, p.153, USA.

<sup>239</sup> Hornby, (1999). *Oxford Learner's Dictionary*, Oxford University Press, p.568, UK.

considered. Exhibit illustrates some of these relationships those are (Figure 3.10 in Appendix):

### The Process of Performance Appraisal

The Process of Performance Appraisal is: i. Job Analysis; ii. The performance appraisal system; iii. Assessing performance; iv. Performance review; v. Information; vi. Setting a plan of action.<sup>240</sup> A Performance Management system includes every management activity from strategic planning through performance appraisal. The system includes the management functions of planning, organizing, influencing, and control. The performance appraisal activity is a control process, in that it compares actual performance with standards for performance (Figure 3.10 in Appendix).

There are two types of Performance Appraisals. **One** is done daily and is mostly verbal; this is an **Informal Appraisal**. **Another** is the **Formal Appraisal** is written (usually on a performance appraisal form) and occurs on a periodic basis (Usually Annually). Managers always appraise their workers, but workers could appraise their supervisors as well; this is called the 180 degrees model. In some cases, subordinates, supervisors, and peers participate in the appraisal process. This is the 360 degrees model. Peer ratings are becoming popular with the push toward Self-Managed Teams (SMT). Almost all ratings are multi-source, as they usually include one extra step up in the chain of command. Self-evaluations are good introspection tools; however, most people lack the level of self-awareness to do this function effectively. If you use customer feedback, plus all the other ratings mentioned here, you are truly doing a multi-source rating.<sup>241</sup>

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<sup>240</sup> Rahman, Aatur, (2007). *Human Resource Management*. Zahin Publications. Dhaka. pp.196-198.

<sup>241</sup> D. V. Tesone (2005): *Human Resource Management in Hospitality Industry*, p.153.

## Objectives of Performance Appraisal

One human resource objective for using performance appraisal systems is to determine who should be promoted, demoted, transferred, or terminated, however these are not the only human resource functions that are related to performance appraisals.<sup>242</sup>

Performance appraisals also can be used to motivate<sup>243</sup> and get better performance. By viewing an entity there ones strengths be positioned and pointing out areas that unmoving want advance, an surveyor can facilitate center an employee's awareness on a route that will make the most encouraging payback as well reinforcing behaviors that have created strong optimistic results should motivate the individual to carry on to execute in this way.

Well-designed performance appraisal systems also can encourage individuals to work together as a team. If this is an organization's goal,<sup>244</sup> it must face several challenges in designing and implementing such a system. Obviously, the traditional, individual- focused performance appraisal systems are no longer appropriate.<sup>245</sup> The objectives of Performance Appraisal are.<sup>246</sup>

- i. To select employees for increment, promotion, transfer, training, and other purposes.
- ii. To determine the level of training so that the program may make successful considering the objectives of the organization.
- iii. To motivate the employees with a view to get things done by them.
- iv. To create interest of employees self-development so that they may be offered higher positions

<sup>242</sup> Op.cit.p.191.

<sup>243</sup> *Managing People*. (2006). (ACCA-Course Book). 2006. (Writer unknown. Kaplan Publishing Foulks Lynch. Unit 2 The Business Centre. Berkshire. UK), British Council Library. Dhaka. p.191.

<sup>244</sup> Dyer, Lee, and Gerald Holder (1988). "A Strategic Perspective of Human resource Management," in *Human Resource Management: Evolving Roles and Responsibilities*. ed. Lee Dyer and Gerald Holder. Washington, D. C.: Bureau of National Affairs, pp.1-46.

<sup>245</sup> Dessler, Gary, (2003). *H. R. Management*, Pearson Prentice Hall, New Jersey, USA.p.237.

<sup>246</sup> Hunter, Larry W.(2007): Department of *Management*. 2000 Steinberg Hall - Dietrich Hall, The Wharton School, University of Pennsylvania, Philadelphia, PA 19104; telephone. 215/898-5739, E-mail: [hunterl@wharton.upenn.edu](mailto:hunterl@wharton.upenn.edu)

whenever necessary in future. v. To create a base for proper decision making on important matter so that every activity can be completed promptly. vi. To undertake research project by collecting human and non-human information.”<sup>247</sup>

### Types of Performance Appraisal

A number of performance appraisals can be viewed as three points on a continuum that measures the degree of involvement of the appraiser.<sup>248</sup> By the side of one acute of the range is the stopped up treatment method, when it is old. The evaluator has very little effort into the argument as an alternative, the judge reports how the assess performed throughout the time phase considered and then attempts to convince the assessment to accept this assessment. This method begins as with the closed reporting, with the appraiser identifying the strengths and weaknesses of performance, but then the evaluator listens to their actions of the appraise. In conclusion, a coaching approach anchors the other conclusion of the range. In this type of performance review, the employee evaluates his or her own performance while the appraiser serves as a coach, not an opponent.<sup>249</sup>

“i.informal vs. Informal Performance Appraisals: Formal performance appraisals usually occur at specified time organization to evaluate employee performance. Informal parlance appraisals can occur whenever the supervisor feels communication is needed. For example, if the employee has been consistently meeting or exceeding standards. An informal performance appraisal may be in order simply to recognize this fact. Discussions can take place in a variety of places in the organization ranging from the manner’s office to the cafeteria. Of course, it is always wise to discuss employee performance in private. Many organizations encourage a combination of both formal and informal appraisals. The formal appraisal is most often used as the primary evaluation:

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<sup>247</sup> Rahman. Aaur (2007). *Human Resource Management*, p.198.

<sup>248</sup> Ibid.p.198.

<sup>249</sup> Kochan, Thomas A., Harry C. Katz, and Robert B. McKersic (1986). *The Transformation of American Industrial Relations*. New York: Basic Books.p.14.

however, the informal appraisal is very helpful for more frequent performance feedback. Informal appraisals should not take the place of a formal performance evaluation. ii.Objective versus Subjective Performance Appraisals: Organization must choose the degree of which performance appraisals are to be objective (evaluating performance against specific standards) versus subjective (evaluating how 'well' an employee performs in general).Although at first glance it may seem that objective measures are the best strategic choice for an organization, subjective measures can be helpful when identifying desirable characteristics that are difficult to quality. For example, objectively measuring communication skill or management potential is an extremely difficult task. The formal performance appraisal should contain both Objective & Subjective measures of Performance."<sup>250</sup>

### Performance Rating

In this context, there is a five points rating scale being used in Grameen phone for appraisal purpose. They are outstanding, very good, good, fair, and poor. Such as:

**Outstanding:** Always demonstrates exceptional performance, far exceed job requirements, initiative and outputs are of high quality, significantly contributes to company growth.

**Very Good:** Performance better than normally expected, producing good result that exceeds requirements of the job, accomplishments exceeds requirements, very competent and knowledgeable individual clearly exceeds major requirements.

**Good:** Performance consistently meets the requirements of the position, maintains acceptable performance standard, meets objectives and demonstrates desired performance level, clearly meets all requirements and standards.

**Fair:** Performance requires improvement in some of the areas, partially meets job requirements, some gap in achieving desired output, and needs further improvements/training in some areas.

**Poor:** Inadequate performance, does not meet job requirements, quality of output significantly below standard, performance extremely unsatisfactory, needs to resolve performance gap/problems immediately, fails to meet job requirements, whose performance is clearly below the minimum requirements and standards of the job."<sup>251</sup>

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<sup>250</sup> Rahman, Ataur (2007), *Human Resource Management*, p.200.

<sup>251</sup> Ibid.p.217.



## Appraising and Managing Performance

The goal of Performance Appraisal is four-fold:<sup>252</sup>

- Appraisals provide information upon which you make promotion and salary decisions.
- They provide an opportunity for you and your subordinates to review his or her related work behavior.
- The Appraisal is part of the firm's career-planning process, because it provides an opportunity to review the person's career plans in the light of his or her strengths and weaknesses.
- Appraisals help you better manage and improve your firm's performance.

Appraising is a difficult and essential supervisory skill. In performance appraisals the HR department serves as a policy-making<sup>253</sup> and advisory role.

The appraisal process contains three steps: (1) defines the job, (2) appraise performance<sup>254</sup> and (3) provide feedback. Training supervisors in conducting performance appraisals reduces the error rate. Performance criteria can be very diverse and depend on the job function, and the kind of organization.<sup>255</sup>

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<sup>252</sup> Dessler, Gary, (2003). *H. R. Management*. Pearson Prentice Hall, New Jersey, USA. P 241.

<sup>253</sup> HR policies and procedures should start by stating the company's objectives. It is important that these objectives be realistic and meaningful to all staff members. Source: Arthur R. Pell, *The Complete Idiot's Guide to Human Resource Management* (Indianapolis: Alpha Books. 2001), p.10.

<sup>254</sup> Performance can only be appraised if the performance standards are specific and measurable. The literature generally agrees that performance appraisals should not take place only once a year, but two, three or four times a year.

Wexley and Yukl (1984) say about performance appraisals the following. The proficiency of an employee can be looked at in three different ways: (1) it can be expressed in terms of behaviors that the employee exhibits in the performing job. (2) it can be looked at in terms of the tangible results or outcomes that the employee achieves. and (3) it can also involve ratings on such factors as: drive, loyalty, initiative, leadership potential, and moral courage (p.366).

<sup>255</sup> Most functions include the following performance criteria: attendance, timekeeping, dependability, productivity, flexibility, quality, skill, efficiency, initiative, reliability, care for avoiding accidents, leadership, communications, and performance. Source: International Labor Office. *Wages Policy* (Geneva: International Labor Office, 1992). p.49.

The most common form of performance appraisal is the immediate supervisor appraising his or her subordinate, also called the supervisor appraisal.<sup>256</sup> Other forms of appraisal are: peer appraisals, self-ratings, subordinate appraisals, and 360-degree feedback.<sup>257</sup>

Many experts feel that traditional appraisals do not improve performance and may eventually backfire. They argue that most performance appraisal systems neither motivate employees nor guide their development.<sup>258</sup> Furthermore, "they cause conflict between supervisors and subordinates and lead to dysfunctional behaviors."<sup>259</sup>

### **Performance Management Position in PBL**

The purpose of performance measurement in the Prime Bank Limited is to provide feedback to employees about their performance and to take actions to facilitate improvement, as well as provide recognition of successful performance levels by giving rewards. In the view of current researcher, the performance appraisal is in disorder in position & its standard is in medium level; on the other hand, respondents aren't satisfied with the authority in this case.

### **Performance Appraisal Process in PBL**

The purpose of this survey is to obtain your opinion on the existing pay arrangements and the performance appraisal process in this bank. Your views and those of all the other staff

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<sup>256</sup> It is assumed that the immediate supervisor or manager is in the best position to observe the subordinate's behavior and to evaluate this behavior in the light of organizational goals. Source: W.F. Glueck, *Personnel: A Diagnostic Approach* (Dallas: Business Publications, 1982); quoted in Kenneth N. Wexley and Gary A. Yukl, *Organizational Behavior and Personnel Psychology* (Homewood, Illinois: Irwin, 1984), p.365.

<sup>257</sup> 360-degree feedback is a rating around an employee, from supervisors, subordinates, peers, and internal or external customers (Dessler, 2003, p.265).

<sup>258</sup> Edward E. Lawler III.(1994). "Performance Management: The Next Generation," *Compensation and Benefits Review*, May-June 1994, 16; quoted in Gary Dessler, *Human Resource Management* (Upper Saddle River, New Jersey: Prentice Hall, 2003), p.265.

<sup>259</sup> Wright, Patrick and Gary McMahan (1992). "*Theoretical Perspectives for Strategic Human Resource Management*," *Journal of Management* 18. Harvard Business School, pp. 295-320.

of the company who are being asked to complete this questionnaire will provide a valuable input to the work currently being carried out to devise new approaches to pay and performance appraisal. Feedback on the overall results of the survey will be provided to all staff.

### **Performance Appraisal in PBL**

The answers to the questionnaire were completely confidential in case of Performance Appraisal. No individual was identified and no one in the company was seeing the forms, which will be analysed by an independent research firm. They are being asked to identify their function but that is simply to make comparisons; the forms were not being analysed on an individual basis.

**Table No-3.52 # Performance Appraisal in PBL**

Level of Officers	Satisfied	Neutral	Dissatisfied	Total
Higher Level Officers	50	50	00	100
Middle Level Officers	40	50	10	100
Lower Level Officers	30	50	20	100

Source: Field Survey

In PBL 300 respondents out of 1172 employees have been questioned, “Is the performance appraisal in your bank satisfactory for the employees?” The question was on the three groups (Higher level officers-100, mid level officers 100 and other employees-100 respondents). In this survey, overall, the employees of the bank are not satisfied with the performance appraisal system of this Bank. From Higher level, 50%, Mid Level Officers 40%, and Lower Level Employees satisfied only 30%.

## Authority's Satisfaction with employees Performance

In PBL 300 respondents out of 1172 employees have been questioned "Do your authority satisfied with the Performance Appraisal in your bank done by the employees?" The question was on the three groups (Higher level officers-100, Middle level officers 100 and Other Employees-100 respondents).

**Table No-3.53 # Authority's Satisfaction with employees Performance**

Level of Officers	Dissatisfied	Neutral	Satisfied	Total
Higher Level Officers	00	10	90	100
Middle Level Officers	00	12	88	100
Lower Level Officers	00	09	91	100

Source: Field Survey

In this survey, overall, the employees said that their boss is satisfied with their Performance Appraisal system of this Bank. From Higher Level, 90%, Mid Level Officers 88%, and Lower Level Employees satisfied only 91%.

## Job Evaluation

**Meaning of Job Evaluation:** Job of Evaluation is aimed at determining a job's relating worth. It is a formal and systemic comparison of jobs to determine the worth of one job relative to another and eventually results in a wage or salary hierarchy.<sup>260</sup> The basic principle is this: jobs that require greater qualifications, more responsibilities, and more complex duties should be paid more highly than jobs with lesser requirements.<sup>261</sup> In case of their working lives may individuals acquire various kind level of knowledge that origination value. Job evaluation, the process of comparing, ranking, and evaluating jobs

<sup>260</sup> Flippo as quoted in Rahman, Aatur, (2007), *Human Resource Management*, Dhaka. Zahin Publications, Dhaka, 2007.p.225.

<sup>261</sup> W.F. Glueck, *Personnel: A Diagnostic Approach* (Dallas: Business Publications, 1982); quoted in Kenneth N. Wexley and Gary A. Yukl, *Organizational Behavior and Personnel Psychology* (Homewood, Illinois: Irwin, 1984), p.365.

by the use of specific qualitative or quantitative factors, such as mental and physical skills, degrees of responsibility, and working conditions.<sup>262</sup>

The process of determining without regards to personalities the worth of the job in relation to another.<sup>263</sup> Job evaluation may be defined as a procedure for developing a wage structure that is somehow bases upon an evaluation of the job. Job evaluation is a process of determining the worth of various jobs within the organization so that differential wages may be paid. Job evaluation is an orderly procedure of influential significance of a job in relation to other job.

It is important to note that it is the job, and not the person performing it, that is evaluated by the authority. An evaluation acceptable to an employer and an employee can be used as a basis for determining pay and terms of employment.<sup>264</sup>

### **Objectives of Job Evaluation**

Objectives of Job Evaluation are various types in organizations. These are as: For Proper Performance and Supply of Information an organization should establish a well conceived wage structure. For making the Base of Cost Control every organization should provide a Reasonable Wage or Pay review it time to time. To increase productivity and moral development every organization should have to establish this policy. By this strategy, Work may be simplified and Utilization of Human Resources will be increased.

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<sup>262</sup> Robbins, Stephen P, (1998). *Organizational Behavior*. Pearson Prentice Hall. New Jersey. USA. P.224.

<sup>263</sup> Michael Manning, Conrad Jackson, and Marceline Fusilier. "*Occupational Stress, Social Report, and the Costs of Health Care*." *Academy of Management Journal* 39, No. 3 (1996), 738-50; quoted in Gary Dessler, *Human Resource Management* (Upper Saddle River, New Jersey: Prentice Hall, 2003), p.421.

<sup>264</sup> Rahman, Aatur (2007). *Human Resource Management*. Zahin Publications. Dhaka. P.224.

## **Principles of Job Evaluation**

A number of principles should be followed for doing well assessment of jobs; these principles may well be clarified interested in a number of types. In the following points, it will focus about the principles of job evaluation.

“i. Each & Every Job: In the J. E program each & every job should be evaluated rather individual. ii. Variables: The variables that are required for job evaluation must be taken into consideration; .iii. Integrity: Different aspects of jobs should properly be integrated for the sake of effective JE program. iv. Management Support: job management support must be extended for successful completion of the program. Employee Participation: Employees and union leaders must also cooperate with the analyst by giving sought information.vi. Related Aspects: The aspects of jobs, which are wedded, to be performed should be selected for valuation.vii. Finance: Management must give supply wages fund to conduct and conclude the evaluation program.”<sup>265</sup>

## **Steps in Job Evaluation**

Some steps are followed for successful evaluation of jobs. These steps are adopted with a view to make evolution process more acceptable to both management and employees.<sup>266</sup>

Major steps are explained as under.

Job Analysis is a part of job evolution for the employees. Despite the fact that, some information are collected from within a job. This scientific method is used to find out the nature of duties, responsibilities, rights, environment, and labor management relation etc. of an organization. Not merely that, necessary information about the information, skills, and abilities mandatory for the jobs are also need through job analyses. Then it may be flourishing. Then job have to be Grading on the basis of their relative importance, status etc. their location are determined. For grading the job either vertical or horizontal method is used. With this more activities have to done, such as: Evaluation Choosing, Obtaining

<sup>265</sup> Rahman, Ataur. (2007). *Human Resource Management*. (Dhaka. Zahin Publications, 2007). p 229.

<sup>266</sup> Likert, R. (1967). *The Human Organizations*. McGraw-Hill Book Company, New York, USA, p.11.

Job Description, Job Pricing, Selection a Job Evaluation Method and then Implementation will be held.

### **Reasons for Job Evaluation are as follows**

"I. Demand for relational grading system: If worth of job in the organization is not properly known the employees do not know their job status. Even they may be ignorant about their actual position in the pay structure and may lose interest for higher jobs. ii. Rationalization: Policies of HRM should be fair with a view to ensure equity in the organization. Especially it is essential for that organization which branches are located at different parts of the country. Job evaluation can help these organizations. iii. Union recognition: Evaluated jobs can get recognition from management and made union. This evaluation is also needed for successful collective bargaining. Other clear agreement can't be signed. iv. Participation: Participation can help formulate correct plan and policy. Employee having evaluated jobs can easily get the opportunity. The employees whose jobs are of high status, may be invited to participates in the planning and decision making process. v. Restructuring and relocation: job analyses can also help in retracting and relocation specially for the establishment well accepted pay structure and to eliminate the anomalies job analyses can be of immense help, vi. Establishing status: Usually HRM wants to give similar opportunity to all employees subject to their evaluation. Jobs to avoid the objection of deprivation, for a long period from a position of employees, job analyses may properly be evaluated."<sup>267</sup>

Job evaluation has some purposes.<sup>268</sup> These purposes are related to both management and employees with the achievement of these purposes, job evaluation program may easily get support from all concern.<sup>269</sup> It's are ; equitable and well acceptable pay structure, furnish valuable information centre, create a base of control for managerial and non-managerial level employee costs, ensure reasonable rewards, establish sound policy, provide information, which can be helpful to discuss the pay, related matters with trade union

<sup>267</sup> Rahman, Ataur. (2007), *Human Resource Management*. (Dhaka. Zahin Publications. 2007), p.233.

<sup>268</sup> Lorsch, Jay. and Stephen Allen (1973).Business School, *Managing Diversity and Interdependence*. Boston: Harvard, USA, p.234.

<sup>269</sup> Likert, R. (1967), *The Human Organizations*. McGraw-Hill Book Company, New York, USA, p.13.

leaders, reduce the tendency of lodging grievances among the employees, enhance morale of employees for the increase of productivity, formulate and establish policy for recruitment, selection, promotion, transfer and employees,<sup>270</sup> resolves conflict, reduce absenteeism and turnover rate among management and employees and explain work authority and responsibility with a view to simply works and reduce dualism.<sup>271</sup>

### **Job Evaluation in Prime Bank Limited**

For making the Bank a competent one, in the recent globalized world, PBL starts an acceptable Job Evaluation system. These are as: For proper performance and supply of Information, for making the base of cost control in the Bank, provide a reasonable Wage or Pay review it time to time. To increase productivity and moral development, it has to establish this policy. By this strategy, work may be simplified and utilization of Human Resources will be increased; but in practice, it has not been got properly, in this *Case-Study Bank*.

**Table No-3.54 # Job Evaluation System in PBL**

Level of Officers	Good	Partly Good	Not Good	Total
Higher Level Officers	90	09	01	100
Middle Level Officers	85	10	05	100
Lower Level Officers	90	05	05	100

Source: Field Survey

The question was, "Is your job evaluation system of the workplace supposed to be good enough?" Different answer received by commenting yes or not. In these cases total respondents were 300 hundred. 100 were higher level officers, 100 middle level officers and 100 were lower level officers. From this survey 90% from Higher Level, 85% from mid level and 90% from lower level officer answered good.

<sup>270</sup> Macgregor, Douglas C. (1960), *The Human Side of Enterprise*. New York: McGraw-Hill, USA, p.17.

<sup>271</sup> Ibid., p.234



## Employees Status in the Bank

**Promotion:** Promotion is a change within the organization to a higher position that has greater responsibilities and required more advanced skills. It usually involves higher status and an increase in pay.<sup>272</sup> Promotion means advancement to a more senior job or a higher rank, grade, or position; or it means an encouragement of the growth or development of something.<sup>273</sup> Promotion is an integral part of most people's career. Promotion traditionally refers to advancement positions to increased responsibility.<sup>274</sup>

### Basis of Promotion

Basis of Promotion is mainly three types; **I. Seniority basis; II. Competence basis; III. The Combination of Seniority & Competence basis.** The best process is the third option; Combination of Seniority & Competence basis.<sup>275</sup>

**The Best Basis of Promotion:** It is not easy to determine, which the best basis of promotion is. But there is not any ultimate basis which is conducted universally. Various enterprises use it with its nature and environment.<sup>276</sup> Sometimes, in the same organization, use various methods or basis in its various branches or level of employees. So it may suppose for the lower level workers (like labor & clerks); but for top management or higher level officers and technical skilled persons seniority or competence basis is better. On the other hand, for mid level officers the combined basis (seniority + competence) is most reasonable and acceptable all the time. In the banking sector this process may be practiced openly.

<sup>272</sup> Wehrich, Heinz & Koontz, Harold. (1998). *Management*. McGraw-HILL, Inc., Singapore, p.378.

<sup>273</sup> Microsoft Encarta (2007). (1993-2006), Microsoft Corporation.

<sup>274</sup> Dessler, Gary.(2003). *H. R. Management*. Pearson Prentice Hall, New Jersey, USA, p.358.

<sup>275</sup> MacGregor, Douglas C. (1960). *The Human Side of Enterprise*. New York. McGraw-Hill, p.9.

<sup>276</sup> *Managing People*.(2007), (ACCA-Course Book), 2006, (Writer unknown, Kaplan Publishing Foulks Lynch, Unit 2 The Business Centre, Berkshire, UK). British Council Library, Dhaka,p.114.

## Model of Promotion

There are some universal standard of promotion; which is maintained through the Banking service all over the country. Those are: I. Educational qualification; II. Experience in service; III. Employee's motion in work; IV. Optimum Marks in Annual Confidential Report etc.<sup>277</sup>

**Promotion from within:** Originally promotion from within implied that workers proceeded into frontline supervisory positions and then upward through the organizational structure.<sup>278</sup> As long as the matter is considered in general terms, there is little doubt that employees overwhelmingly favor a policy of promotion from within. The banning of outsiders places limits on competition for positions and gives employees an established monopoly on managerial openings.<sup>279</sup>

## The Policy of Open Competition

Managers must decide whether the benefits of a policy of promotion from within outweigh the policy's shortcomings. There are clear-cut reasons for implementing the principle of open competition by opening vacant positions to the best-qualified persons available, whether inside or outside the enterprise. It gives the firm, in the final analysis, the opportunity to secure the services of the best-suited candidates. It counters the shortcomings of a policy of exclusive promotion from within,, permits a firm to adopt the best techniques in recruiting managers , and motivates the complacent 'heir apparent'.<sup>280</sup>

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<sup>277</sup> Rahman, Aatur, (2007), *Human Resource Management*. Dhaka. Zahin Publications. Dhaka. 2007, p.244.

<sup>278</sup> Robbins, Stephen P. (1998). *Organizational Behavior*. Pearson Prentice Hall, New Jersey, USA. p.17.

<sup>279</sup> Wehrlich, Heinz & Koontz, Harold, (1999). *Management*. McGraw-HILL. Inc., Singapore, p.367.

<sup>280</sup> Ibid.p.369.

### Promotion System in Prime Bank Limited

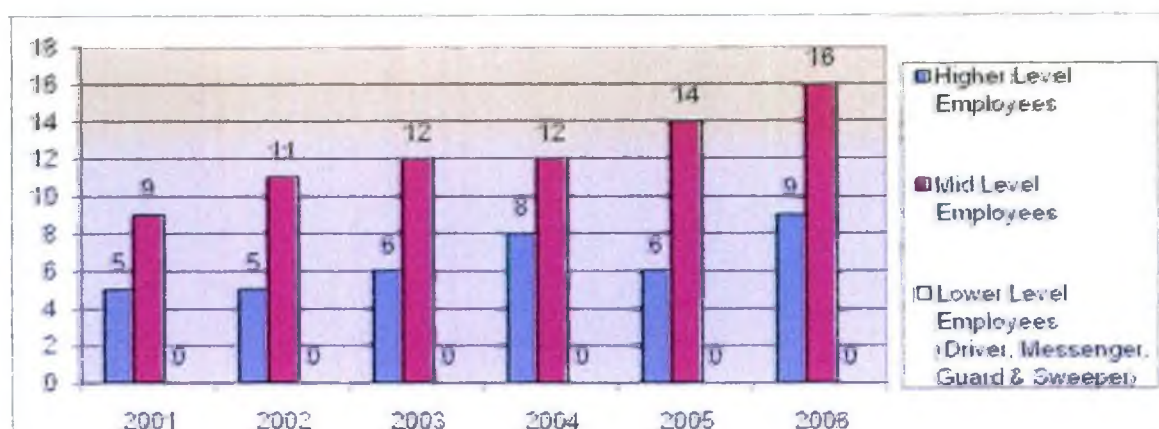
Prime Bank Limited considers promoting an employee according to his merit based upon the total marks obtained on his Annual Confidential Report (ACR). The ACR keeps track of an employee's academic qualifications, professional qualifications, training, seniority in the feeder grade, and adverse service record in feeder grade, promotion examination (viva-voce or written test or both). In the event, if two candidates have got the same quality marks, seniority may be determined as a determining factor. Seniority is calculated by years of service with fractions of the year being calculated on a pro rata basis rounding towards the nearest whole number. In this case, respondents gave satisfactory answer.

**Table No-3.55 # Promotion in Prime Bank Limited**

Level of Officers	2001	2002	2003	2004	2005	2006	Total
Higher Level Officers	05	05	06	08	06	09	100
Middle Level Officers	09	11	12	12	14	16	100
Lower Level Officers	---	---	---	--	---	---	---

Source: Field Survey

This is the record of six years on promotion. From the 1<sup>st</sup> group, in 2001-05, 2002-05, 2003-06, 2004-08, 2005-06, 2006-09, from the 2<sup>nd</sup> group, 2001-09, 2002-11, 2003-12, 2004-12, 2005-14, 2006-16 and for the 3<sup>rd</sup> group, there is no promotion system.

**Graph No-3.13 # Number of Employees Promoted in Different Years**

The above Graph shows the figure of the condition of promotion (2001-2006) in PBL. The Graph contains the data of 6 years of PBL. It shows how many employees have been promoted in different years from every group of employees.

### Dropout from Promotion in PBL

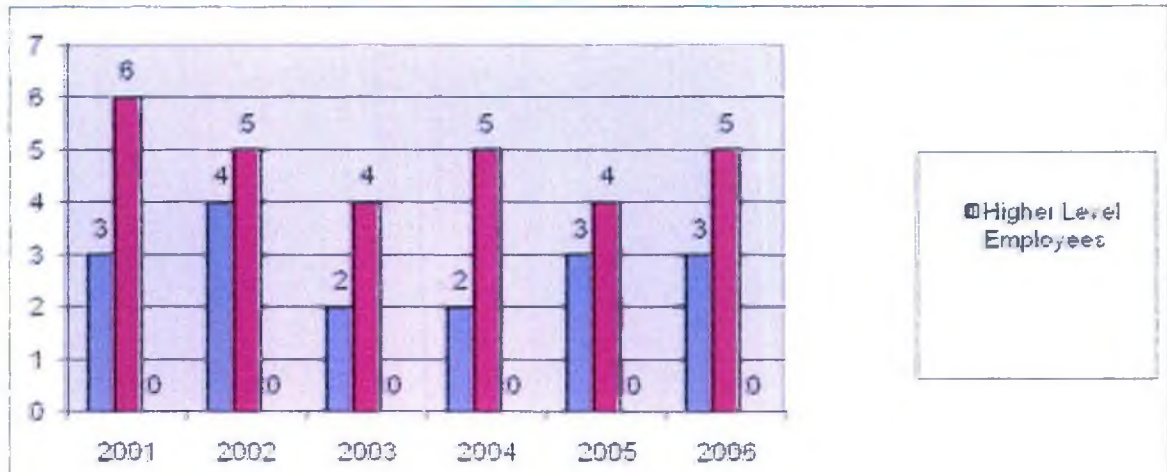
A minimum number of employees are rejected from the promotion policy, due to some causes of non-qualifying marks for enlisting promotion standard in various years.

**Table No-3.57 # Dropout from Promotion in PBL**

Level of Officers	2001	2002	2003	2004	2005	2006	Total
Higher Level Officers	03	04	02	02	03	03	100
Middle Level Officers	06	05	04	05	04	05	100
Lower Level Officers	---	---	---	---	---	---	---

Source: Field Survey

Here the question was "Were any employee dropped-out from promotion in this bank?" Different answer received by commenting yes or not. In this case, total respondents were 300; where 100 from the executive level, 100 from mid level employees and 100 from lower level employees. This is the record of six years on promotion. From the 1<sup>st</sup> group, 2001-03, 2002-04, 2003-02, 2004-02, 2005-03, 2006-03, from the 2<sup>nd</sup> group, 2001-06, 2002-05, 2003-04, 2004-05, 2005-04, 2006-05 and for the 3<sup>rd</sup> group, there is no promotion system.

**Graph No-3.14 # Number of Employees Dropped out from Promotion**

The above Graph shows the figure of employees who have been dropped out from promotion in PBL in different years. In every year, from every group a number of employees have been dropped out from promotion for many causes.

## Transfer

Definition: To move from one place to another, or cause somebody or something to do so; to pass from one person, group, or organization to another,<sup>281</sup> or cause something to be passed from one person, group, or organization to another;<sup>282</sup> to employ somebody at a different job or in a different place while working for the same company, or begin employment in such circumstances.<sup>283</sup> Transfer is an integral part of most people's careers. Transfers are reassignments to similar position in other of the firm.<sup>284</sup>

A transfer is a move from one job to another, usually with no change in salary or grade.

Employees seek transfers for many reasons including personal enrichment, more

<sup>281</sup> Wikipedia, Encyclopedia, (Internet), USA.

<sup>282</sup> McDuffie, John Paul (1991). *Beyond Mass Production: Flexible Production Systems and Manufacturing Performance in the World Auto Industry*. unpublished Ph.D. dissertation, Massachusetts Institute of Technology, p.218.

<sup>283</sup> Microsoft Encarta, 2007. © 1993-2006 Microsoft Corporation, USA.

<sup>284</sup> Robbins, Stephen P. (1998). *Organizational Behavior*. Pearson Prentice Hall, New Jersey, USA., p.358.

interesting jobs, and grater convenience-better hours, locations of work, and so on-or to jobs offering greater advancement possibilities. Employers may transfer a worker to vacate a position where he or she is no longer needed, to fell one where he or she is needed, or more generally to find a better fit for the employee within the firm. Many firms today boost productivity by consolidating positions. Transfers are a way to give employees who might have nowhere else to go a chance for another assignment and perhaps, some personal growth.<sup>285</sup>

Many firms have had policies of routinely transferring employees from locale to locale, either to expose them to a wider range of jobs or to fill open positions with trained employees. Such easy-transfer policies have now fallen into disfavor. This is partly because of the cost of relocating employees (paying moving expenses, and buying back the employee's current home, for instance) and partly<sup>286</sup> because firms assumed that frequent transfers had a damaging effect on transferees' family life.

### **Transfer System in Prime Bank Limited**

An employee in the Prime Bank Limited may be transferred between locations or job classifications as per the order of the competent authority. Normally, an employee must be in a position for at least three years prior to being transferred. Transfers result in new challenges; environment and employee relationships evaporate an employee's interest in his work.

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<sup>285</sup> McClelland, D. Atkinson, J. Clark, R and Lowell, E. (1953), *The Achievement Motive*. Appleton-Century-Crofts, New York, USA, p.71.

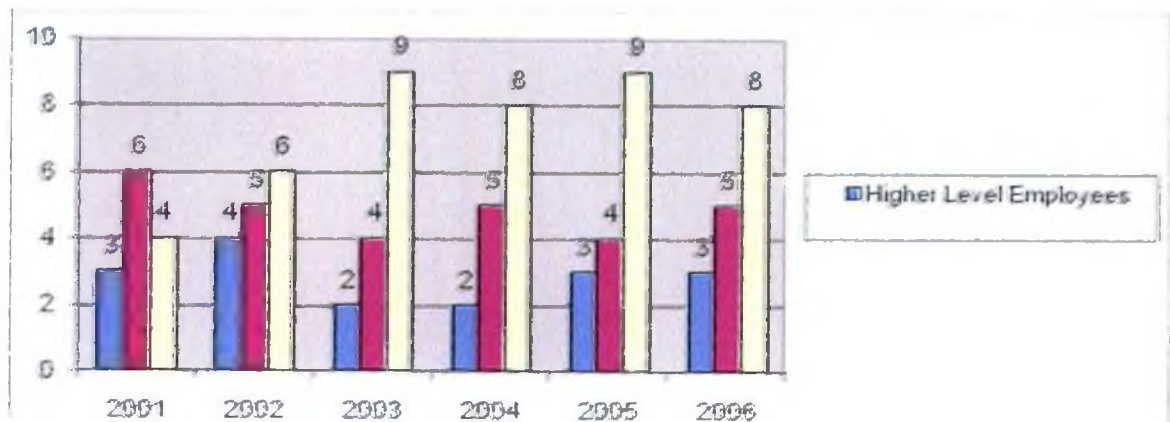
<sup>286</sup> McGregor, D. (1960).*The Human Side of Enterprise*. McGraw-Hill Book Company, New York, USA, p.94.

**Table No-3.58 # Transfer System in Prime Bank Limited**

Level of Officers	2001	2002	2003	2004	2005	2006	Total
Higher Level Officers	03	04	02	02	03	03	100
Middle Level Officers	06	05	04	05	04	05	100
Lower Level Officers	04	06	09	08	09	08	100

Source: Field Survey

Here the question was "Is any employee transferred from the one office to another in this bank?" In this case, total respondents were 300; where 100 from the executive level, 100 from mid level employees and 100 from lower level employees. From the 1<sup>st</sup> group, in 2001-03,2002-04,2003-02,2004-02,2005-03,2006-03, from the 2<sup>nd</sup> group, 2001-06,2002-05,2003-04,2004-05,2005-04,2006-05 and from the 3<sup>rd</sup> group, 2001-04,2002-06,2003-09,2004-08,2005-09,2006-08.

**Graph No-3.15 # Number of Employees Transferred in PBL**

The above Graph shows the number of employees who have been transferred from branch to branch in different years. In 2001 & 2002, transfer rate was small in number. In every year, the lower level employees have been group transferred in a large number; but executive & employees group have been transferred minimum in number.

## Dismissal

Definition: Dismiss means to remove somebody, especially an employee, from a position or his service.<sup>287</sup> It happens on the misconduct of one's service. So, it is a punishment.<sup>288</sup>

## Dismissal in Prime Bank Limited

Prime Bank Limited may dismiss the service of an employee at any time once he has been given at least one month's written notice. As an alternative, an employee can be terminated immediately, if the bank chooses to make payment equal to one-month's salary in lieu of giving such notice. In addition, the employee may not be entitled to any form of compensation for termination of service. The duration of such notice depends upon the nature of service, whether it is temporary, and probation or confirmed. Normally, disciplinary issues or medical concerns may be given as causes for dismissal from service. It's a New Bank, Only 13 years old; none of employees was dismissed from Job.

## Turnover in PBL

Employee Turnover means an employees resigning from service from this bank and go to another office or bank for more facilities. Turnover means the rate at which employees leave a factory, company, etc and are replaced (Oxford Dictionary) to another company for more facilities.<sup>289</sup>

Sometimes, a small number of employees have been Turnover for some causes. This causes is, i. Facilities on Environment; ii. Facilities on Salary; iii. Family burden etc. The current researcher has collected data from *Field Survey* and presented it in the following Tables about the Turnover limit of the employees of PBL:

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<sup>287</sup> *Oxford Advanced Dictionary*, Oxford University Press, UK, p.333.

<sup>288</sup> Mintzberg, H. (1973). *The Nature of Managerial Work*, Harper Publications, New York, USA, p.19.

<sup>289</sup> *Oxford Dictionary*, (1999), Oxford University Press, UK, p.1287.

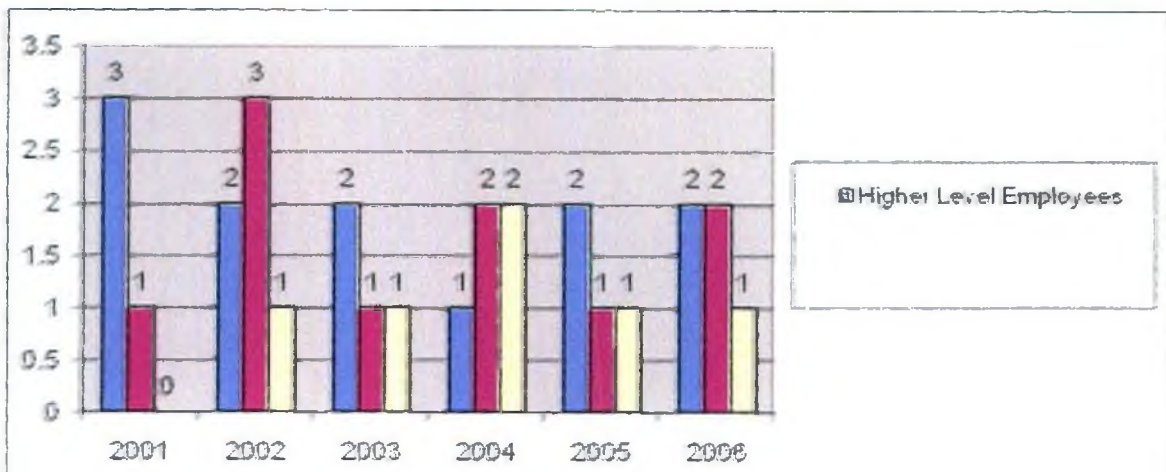


**Table No-3.59 # Turnover in PBL**

Level of Officers	2001	2002	2003	2004	2005	2006	Total
Higher Level Officers	03	04	02	02	03	03	100
Middle Level Officers	06	05	04	05	04	05	100
Lower Level Officers	04	06	09	08	09	08	100

Source: Field Survey

Here the question was “Were any employee turned over from the one office to another in this bank?” In this case, total respondents were 300; where 100 from the executive level, 100 from mid level employees and 100 from lower level employees. From the 1<sup>st</sup> group, in 2001-03,2002-04,2003-02,2004-02,2005-03,2006-03, from the 2<sup>nd</sup> group, 2001-06,2002-05,2003-04,2004-05,2005-04,2006-05 and from the 3rd group, 2001-04,2002-06,2003-09,2004-08,2005-09,2006-08.

**Graph No-3.16 # Number of Employees Turned Over in PBL**

The above Graph shows the number of employees who have been turned over from this bank to another workplace in different years. In 2001, a number of executives have been turned over from this bank. In 2002, a number of employees have been turned over from this bank. In 2003, 4, 5 & 6, these turnovers were small.

## Compensation

**Meaning of Compensation:** Employee compensation is an important element in human resource management. The basic aim of compensation (plans) is to attract and keep the best employees. Compensation refers to all forms of pay or rewards going to employees and arising from their employment<sup>290</sup>, and has two main components: (1) direct financial payments (pay in the form of wages, salaries, incentives, commissions, and bonuses), and (2) indirect financial payments (pay in the form of financial benefits such as employee-paid insurances, and vacations). In many countries laws specify compensation (like minimum wages, health insurance, overtime pay, and benefits). Labor unions in many countries have influence in compensation decisions. However, their role is changing.<sup>291</sup>

Compensation may be defined as consideration (money paid) for service rendered through the employment relationship.<sup>292</sup> Thus, the company pays employees to provide work that is aimed at the accomplishment of the objectives of the organization. Compensation may be broken down into two categories; direct compensation & indirect compensation. Direct compensation includes pay and financial incentives as consideration for work that is performed through the employment relationship. Indirect compensation may be considered to be those aspects of compensation that are not paid directly through Taka, but provide something of value to the worker in turn for being employed by the company.<sup>293</sup>

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<sup>290</sup> Thomas Patten Jr., *Pay: Employee Compensation and Incentive Plans* (New York: Free Press, 1977), 1; quoted in Gary Dessler, *Human Resource Management* (Upper Saddle River, New Jersey: Prentice Hall, 2003), p.302.

<sup>291</sup> Maslow, A. H.. (1987), *Motivation and Personality*. McGraw-Hill Book Company, New York, USA, p.70.

<sup>292</sup> Maslow, A. H.. (1987). *A Theory of Human Motivation in Psychology*. McGraw-Hill Book Company. New York. USA, p.118.

<sup>293</sup> Mayo, E. (1949). *The Social Problems of an Industrialized Civilization*. Harper Publications, New York, USA, p.41.

There are few ways to provide compensation in the form of pay to employees. One is to provide wages, which are calculated based on the time worked, usually by the hour. Another form of pay is called salary, which is calculated at a consistent rate from pay period to pay period.

In this globalized and complex economic world to make survive an organization, especially in private sector, must be able to focus on the effective and efficient delivery of the products they designed to offer. A key factor in promotion effective delivery of essential goods and services is the provision of a performance-based remuneration system to all workers.<sup>294</sup>

The dictionary meaning of the word 'compensating' is 'reward for service', amends for loss sustained, 'the neutralization of opposing forces.'<sup>295</sup> The first synonym has a positive significance but the last two are negative in character. Compensation is paying citizens for employment. The meaning of compensation is distinct as the sufficient and fair payment of workers for their contributions to the organizational objectives.

If the abilities of employees have developed to the point where they meet or exceed job requirements, it is now appropriate that they been equitably compensated for their contributions.<sup>296</sup>

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<sup>294</sup> Rahman, Ataur (2007): *Human resource Management*. p.239

<sup>295</sup> Maslow, A. H., (1987). *Motivation and Personality*; McGraw-Hill Book Company, New York, USA. p.70.

<sup>296</sup> Thomas Patten Jr..(1977), *Pay: Employee Compensation and Incentive Plans* (New York: Free Press, 1977), 1; quoted in Gary Dessler, *Human Resource Management* (Upper Saddle River, New Jersey: Prentice Hall, 2003), p.302.

## Objectives of Compensation

The Objectives of Compensation are as follows: “i. To be legal; ii. To be adequate; iii. To be motivating; iv. To be equitable; v. To provide security; vi. To be cost benefit effective;<sup>297</sup>

## Compensation Plans

Compensation plans for a company’s top executive usually consists of four elements, namely: (1) base pay (salary and bonuses), (2) short-term incentives (cash or stock bonuses), (3) long-term incentives (stock options), and (4) executive benefits and perks<sup>298</sup> (supplemental retirement plans, supplemental life insurance plans, and health insurance without a deductible or coinsurance).<sup>299</sup>

Lynch and Cross say that in the new cross-functional, holistic minded organizations compensation systems and incentive systems need to be mended.<sup>300</sup> They claim that local priorities and concerns, which are short-term orientated, should take the second place, and strategy, which is long-term orientated, should take the first place.

Compensating non-supervisory professionals like engineers and scientists presents unique problems.<sup>301</sup> Compensation factors here tend to focus on problem solving, creativity, job scope, and technical knowledge and expertise. Today’s new workplace demands new approaches to paying employees. It is important that compensation plans are meeting the expectation of the employee. This may result in many different kinds of compensation

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<sup>297</sup> Mintzberg, H. (1973), *The Nature of Managerial Work*. Harper Publications, New York. USA, p.19.

<sup>298</sup> Perks is the short name for perquisites. Perks are usually received by the executives as a privilege, such as company airplane, and vacation home (Psychology, 2002), p.79.

<sup>299</sup> Gary Dessler, (2003). *Human Resource Management* (Upper Saddle River, New Jersey: Prentice Hall, 2003). p.319

<sup>300</sup> Richard L. Lynch and Kelvin F. Cross.(1992), *Measure Up!* (London: Blackwell Publishers, 1992), p. 178.

<sup>301</sup> Famularo. *Handbook of Modern Personnel Administration*, 30.1-30.1.5: quoted in Gary Dessler. *Human Resource Management* (Upper Saddle River, New Jersey: Prentice Hall, 2003), p.321.

plans for the diverse employees. However, the amount of differentiation cannot be endless. Today's knowledge workers ask for knowledge-, or skill-based pay.<sup>302</sup>

### Compensation System in PBL.

A number of qualified Employees are working in the PBL. Undoubtedly, without caring or counting any religious, Language or racial purposes, the authority of the Bank recruits a large number of highly qualified HRs for conducting its Banking activities in the modern competitive market. They are human being, so, they have their own individual attitudes about the compensation system. In this case, the bank authority takes care for the employees' attitudes with respect to their attitude on the compensation system of PBL. The current researcher has collected data from *Field Survey* and presented it in the following Tables about the compensation system for the employees of PBL:

**Table No -3.60 # Compensation System in PBL**

Level of Officers	Satisfied	Partly Satisfied	Not Satisfied	Total
Higher Level Officers	79	21	00	100
Middle Level Officers	76	24	00	100
Lower Level Officers	60	40	00	100

Source: Field Survey

Here the question was "Were you satisfied with the compensation system in this bank?" Different answers received. In this case, total respondents were 300; where 100 from the executive level, 100 from mid level employees and 100 from lower level employees. From the 1<sup>st</sup> group, 79% yes, from the 2<sup>nd</sup> group, and 76% yes and from the 3<sup>rd</sup> group, 60% answered yes.

<sup>302</sup> Whether skill-based pay improves productivity is an open question, when used in conjunction with team-building and worker empowerment programs, it does appear to lead to higher quality as well as lower absenteeism rates and fewer accidents. Source: Kevin Parent and Carline Weber, "Case Study: Does Paying for Knowledge Pay Off," *Compensation and Benefits Review*, September-October 1994, 44-50; quoted in Gary Dessler, *Human Resource Management* (Upper Saddle River, New Jersey: Prentice Hall, 2003), p.323.

## Pay and Motivation

In the literature the relationship between pay and motivation is extensively discussed. On the one hand, it is said that money motivates. Frederick Taylor assumed that people will work harder, and be more motivated, when they get better paid. So, the piece-work rate was introduced and people got paid for every unit produced. On the other hand, it is said that money does not motivate.

Frederick Herzberg (1966) says that money is only one of the job factors, also called satisfiers.<sup>303</sup> Satisfiers are job characteristics that are relevant to a person's higher-order needs and psychological growth, including work that is interesting and challenging, responsibility, and opportunity for achievement, recognition, and advancement.<sup>304</sup>

Cauldron says that the most powerful workplace motivator is recognition, recognition, and more recognition.<sup>305</sup> Evidence indicates that very high intrinsic motivation levels are strongly resistant to the detrimental impacts of extrinsic rewards.<sup>306</sup> It appears that changing the way workers are treated may boost productivity more than changing the way they are paid, although profit sharing or employee stockownership combined with worker participation may be the best system of all.<sup>307</sup>

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<sup>303</sup> Pell (2001) says that offering money might generate higher productivity for many people, however not for everyone (p. 169).

<sup>304</sup> Frederick Herzberg, *Work and the Nature of Man* (Cleveland: World Press, 1966), p. 126.

<sup>305</sup> S. Cauldron, "The Top 20 Ways to Motivate Employees," *Industry Week*, April 3, 1995, 15- 16; quoted in Stephen P. Robbins, *Organizational Behavior* (Upper Saddle River, New Jersey: Prentice Hall, 1998), p.207.

<sup>306</sup> H.J. Arnold, (1976), "*Effects of Performance Feedback and Extrinsic Reward upon High Intrinsic Motivation*," *Organizational Behavior and Human Performance*, December 1976, 275-88; quoted in Stephen P. Robbins, *Organizational Behavior* (Upper Saddle River, New Jersey: Prentice Hall, 1998), p.179.

<sup>307</sup> Alan S. Blinder, (1990), *Paying for Productivity* (Washington: The Brookings Institution), p.13.

## **Pay Plans in PBL**

The Pay Plans of PBL are as follows (directly from the Service Rule of PBL):

"A. The scales of pay and other allowances of officers and other employees of the bank shall be as determined by the board from time to time.

B. Subject to the provision of sub-rule 'A' the initial pay of an employee appointed by direct recruitment to a post shall be the minimum of the scale of pay laid down for the post.

C. notwithstanding anything contained in sub-rule 'B' when a person with the required minimum qualification isn't available for direct recruitment and the available persons asks in writing before joining higher pay than the minimum of the applicable scale, the competent authority may, after considering the qualifications and experience and for reasons to be recorded in writing, grant higher initial pay in the Pay Scale of the post. This will not give him any claim in the matter of seniority.

D. the initial pay of the employee promoted from a lower post to a higher post shall be fixed at the minimum of the scale of the higher post and the pay so fixed shall be his /her substantive pay.

Provided that if his/her substantive pay in the lower post is equal to or higher than the minimum in the scale of the higher post to which he/she pay in the higher post shall be fixed at a stage next above his /her substantive pay in the lower post.

E. An employee appointed on promotion shall begin to draw pay in accordance with the provision of sub-rule 'D' from the date he/she joins the higher post.

F. When an increment of pay false due to an employee, his/her records shall be submitted to the competent authority and where the service records are satisfactory, the competent authority shall sanction the increment; and, where the service records are not satisfactory,

the competent authority may put the employee on special report for a period not exceeding 6 (six) months.

G. The conditions under which service counts for increments in a pay scale are specified as under:

I. All duty in a post on a pay scale and periods of leave other than extraordinary leave counts for increments in that scale.

Provided that the competent authority may, in any case in which it is satisfied that the leave was taken on account of illness or for any other cause beyond the employees control, direct that the extra ordinary leave will count for increments;

II. Service in another post whether in a substantive or officiating capacity, counts for increment in the pay scale applicable to the post on which the employee holds a lien.

### **Advance Increment**

Advance increment(s) not exceeding 03 (three) may be granted to an employee by the Board or any other authority empowered by the Board for his /her meritorious service the particulars of which are to be recorded.

### **Honorarium**

An employee may be paid honorarium for special work of occasional character by the Board or any other authority as may be empowered by the Board.

### **Award**

An Award in cash or in kind may be granted to an employee outstanding academic and professional achievement.



## Schedule-VI

Prime Bank Limited

## SCALES OF PAY

Sl. No	Name of the Posts	Scales of Pay(Increment)	HR All	Conv. All	Med. All.	House Main.	Utility Charge	Tech. Allow.	Wash Allow	Cook/ Mah	Total	LFA	Grand Total
01	Managing Director	60000-4000	25000		14000	15000	14000			9500		20000	
02	Additional Managing Director	52000-2500	22000		13000	14000	13000			8000		17000	
03	Deputy Managing Director	47000-2000	21150		12000	13500	12500			7250		16000	
04	Senior Executive Vice President	39000-1750	17775		11000	13000	11000			-----		15500	
05	Executive Vice President	30000-1500	13500		10000	13000	11000					15000	
06	Senior Vice President	26100-1250	11745		9000	12500	11000					14000	
07	Vice President	22800-1100	10260		8000	12000	10000					13000	
08	Senior Assistant Vice President	19800-1000	8910		7000	11500	10000					12000	
09	Assistant Vice President	17200-860	8600		6000	11000	9500					11000	
10	First Assistant Vice President	14700-820	7350	900	6000	10000	9500					10000	
11	Senior Executive Officer	12400-750	6200	750	6000	1000	8000					9000	
12	Executive Officer	9700-690	4850	600	5000	6500	8000					8000	
13	Principal Officer	7500-570	3750	550	5000	6000	7500					7000	
14	Senior Officer	6600-500	3300	500	4000	4500	7500					6000	
15	Officer	6400-450	3200	500	3000	4000	5000					5000	
16	Junior Officer	10000(Fixed)		500	3000	4000	4000					4000	
17	Assistant Officer	6200-400	3100	450	2500	3500	3000					3000	
18	Management Trainee Officer	8000(Fixed)		450	2500	3500	2000					2500	
19	Trainee Assistant	4700-350	2500	400	2000	3000	1500			-----		2000	
20	Driver	3300-300	1650	350	1000	2000	1000	1500				1000	

N.B. House Maintenance &amp; Utility Charges will be paid in Cash.

Source: Employee Service Rules-1995, Published by PBL, Dhaka. p.90.

(A) Consolidated Pay during Probation Period of 1 (One) year	(B) Basis for Calculation of Total emoluments	(C) Car Allowances to the Executives		
1. Junior Officer = 8000 /Month	HR Allowance: SAVP-SEVP = 45% of Basic Pay HR Allowance: Driver-AVP = 50% of Basic Pay	EVP/SVP/VP/SAVP/AVP will be allowed Car loan & Car Allowances instead of Conveyance Allowance	Car Allowance/Month	Car Loan Limit
2. MTO = 10000/Month	Conveyance Allowance = Fixed Medical Allowance = Fixed House Maintenance = Fixed Utility Charge = Fixed			
		EVP = 23500		800000
		SVP = 21000		700000
		VP = 19000		600000
		SAVP = 17500		500000
		AVP = 17000		

Source: Employee Service Rules-1995, Published by PBL, Dhaka, p.90.

(D) Leave Fare Assistance(per Annum) on or after joining Anniversary of the respective employees with at least 3 (three) day's Leave					
Name of the Post	TK	Name of the Post	TK	Name of the Post	TK
DMD	200000	VP	66000	FAVP	33000
SEVP	103200	SAVP	46200	SEO	13500
EVP	89100	AVP	44700	EO	12000
SVP	72600			MTO	10500
				JO	10200

N.B. House Maintenance & Utility Charges will be paid in Cash.

Source: Employee Service Rules-1995, Published by PBL, Dhaka, p.90.

## Intrinsic and Extrinsic Rewards

Rewards are meant to motivate employees. Rewards can be intrinsic<sup>308</sup> or extrinsic.<sup>309</sup>

Intrinsic motivation is seen as the most crucial. However, this does not mean that extrinsic rewards are unimportant. Early research on intrinsic motivation had either-or flavor, believing that extrinsic rewards would drive out intrinsic motivation. But later research shows that the two kinds of rewards often support each other.<sup>310</sup>

Extrinsic rewards come into the foreground when workers are short on funds or benefits, when issues of unfairness arise, and when workers face major choices. They fade into the background the rest of the time, and intrinsic rewards take the foreground in day-to-day work.<sup>311</sup>

## Incentive Plans

Incentive plans can be individual, group, profit sharing, or employee group<sup>312</sup> based.<sup>313</sup> The difficulty of aligning incentives to performance is heightened by the fact that formulae for tying the two together are rarely effective.<sup>314</sup> Eccles (1998) favors linking incentives to performance, but leaving managers free to determine their subordinates' rewards on the basis of relevant information, qualitative as well as quantitative.

<sup>308</sup> Intrinsic rewards come to the worker directly from the work they do – satisfactions like pride in workmanship or the sense that they are helping the customer. Source: Kenneth W. Thomas, *Intrinsic Motivation at Work* (San Francisco: Berrett-Koehler Publishers, 2000), p.7.

<sup>309</sup> Extrinsic rewards do not come from the work itself, they are given by supervisors to ensure that work is done properly and that the rules are followed. They include things like salaries, bonuses, commissions, perks, benefits, and cash awards. Source: Kenneth W. Thomas, *Intrinsic Motivation at Work* (San Francisco: Berrett-Koehler Publishers, 2000), p.6.

<sup>310</sup> 1 Kenneth W. Thomas, (2000), *Intrinsic Motivation at Work* (San Francisco: Berrett-Koehler Publishers, 2000), 7-8.

2 Money is not employees' only need, but until your employees are paid enough everything else is of secondary importance. Source: Greg Blencoe, *How to be an Effective Manager* (Chicago: August Publishing, 2002), p.37.

<sup>311</sup> Kenneth W. Thomas, *Intrinsic Motivation at Work* (San Francisco: Berrett-Koehler Publishers, 2000), p.8.

<sup>312</sup> Employee group based incentive plans are plans for a particular group of employees, for example operating employees, sales employees, or managers.

<sup>313</sup> Gary Dessler, (2003), *Human Resource Management* (Upper Saddle River, New Jersey: Prentice Hall, 2003), p.334-5.

<sup>314</sup> Robert G. Eccles, (1998). "The Performance Measurement Manifesto," in *Harvard Business Review on Measuring Corporate Performance* (Boston, Harvard Business School Press, 1998), p.39.

## Compensation in Prime Bank Limited

There are a few ways to provide compensation to pay employees in PBL. That is the form of pay, is called salary, which is calculated at a consistent rate from pay period to pay period. This is very common in nature, without any exception; the lower level employee wants, so higher salary for their livelihood, because, the present salary is not sufficient for tackling the market price. On the other hand, the upper level officers are satisfied with their salary.

In this manner, it is remarkable that the difference of salary between the upper level and lower level employees are intolerable and imbalance to look at, comments of the respondents.

**Table No-3.62 # Feeling of Employees on the Compensation System in PBL**

Level of Officers	Satisfied	Partly Satisfied	Not Satisfied	Total
Higher Level Officers	79	21	00	100
Middle Level Officers	76	24	00	100
Lower Level Officers	60	40	00	100

Source: *Field Survey*

Here the question was “Were you satisfied with the compensation system in this bank?” In this case, total respondents were 300; where 100 from the Higher-level, 100 from Mid Level Employees and 100 from Lower Employees Level. From the 1<sup>st</sup> group, 79% Yes, from the 2<sup>nd</sup> group, and 76% yes and from the 3<sup>rd</sup> group, 60% answered yes.

## Satisfaction of Employees on Pay Arrangement

In PBL 300 respondents out of 1172 employees have been questioned about their Pay Arrangements on three groups as Higher Level Officers-100, Mid Level Officers 100 and Lower Level Employees-100 respondents.

**Table No-3.63 # Satisfaction of Employees on Pay Arrangement**

Level of Officers	Satisfied	Neutral	Dissatisfied	Total
Higher Level Officers	50	50	00	100
Middle Level Officers	40	50	10	100
Lower Level Officers	30	50	20	100

Source: Field Survey

The question was, "Are You satisfied with the pay arrangement system?" Different answer received by commenting yes or not. In this survey, overall, the employees of the bank are not satisfied with the pay arrangements system of this Bank. From executive level, 50%, middle level officers 40%, and lower level employees satisfied only 30%.

### **Employee Rewards**

Rewards methods are different types. Those are as follows: I. Intrinsic rewards are the individual satisfactions one gets from the job the by itself. There are self-initiated rewards, such as having pride in one's work, having an emotion of achievement, or being part of an employment team. II. Extrinsic rewards, on the other hand, comprise of money, promotions, and benefits. Finally, Performance-based rewards are exemplified by the use of commissions, piece work pay strategy, incentive systems, group bonuses, merit pay, or other forms of pay for performance plans.<sup>315</sup>

### **Employee Rewards in Prime Bank Limited**

**Reward:** There are some rewards for the employees of the Prime Bank Limited those are as follows:

**Advance Increment:** Advance Increments not exceeding 03 (there) may be granted to an employee by the board or any other authority empowered by the board for his /her meritorious service the particular which are to be recorded.

<sup>315</sup> Ibid, p.241.

**Honorarium:** An employee may be paid Honorarium for special work for occasional character by the board or any other authority as may be empowered by the board.

**Special Award:** an award in cash or in kind may be granted to an employee for outstanding academic and professional achievement.

### **Factors Determining Wages in Bangladesh**

i. The bargaining power of the employees can influence the amount wages; ii. On the other hand, low financial ability can influence the employee to accept low rate. iii. Available labor; iv. Price Level; v. change of wage rates depends on the change of rates or other organization. vi. If the job nature is, risky employees get higher rate. vii. Overtime; viii. Baksheesh; ix. Increase the rate of wages both in each and in kind.<sup>316</sup>

### **Conditions of Works**

The conditions of work involve hours, rest periods, and vacations; the prohibition of child labor and regulation of the employment of young person's; and special provisions concerning the employment of women. It originally dealt particularly with such matters as admission to employment, night work, and excessive hours, but the elements of its content and their relative importance have been wholly transformed during the 20th century. As employment opportunities for women have become more varied and responsible, there has been a similar shift of emphasis from protective legislation, which has come to be regarded as discriminatory since it tends to limit such opportunities, to legal guarantees of equal pay

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<sup>316</sup> Rahman. Ataur (2007): *Human Resource Management*. p.244

and equal employment, coupled with adequate maternity protection and the provision of facilities to enable women with family responsibilities to continue to be employed.<sup>317</sup>

### **Conditions of Work Environments in PBL**

In case of global pressures and also pressures from the Government of the People's Republic of Bangladesh on the **Human Resource Management & its Practice**, Prime Bank Limited are trying their best to obtain a first class position in the Banking sector of Bangladesh according to the answers of most of the respondents.

**Table No-3.64 # Conditions of Work Environments in PBL**

Level of Officers	Good	Partly Good	Not Good	Total
Higher Level Officers	100	00	00	100
Middle Level Officers	100	00	00	100
Lower Level Officers	100	00	00	100

Source: Field Survey

The theme was, "Is your inside environments of the workplace supposed to good enough?" Different answer received by commenting yes or not. In these cases total respondents were 300 hundred. 100 were higher level officers, 100 middle level officers and 100 were lower level officers. In every cases 100% gave the answers yes.

### **Conditions of Smoking in PBL**

Smoking was generally not forbidden at the case-study banks, although it was forbidden on the common floors, in food areas, and for employees in contact with customers. As the question was very much prestigious, the respondents answered very slowly. Here the

<sup>317</sup> C. Wilfred Jenks & Johannes Schregle: *Encyclopedia Britannica*. Version-2005

question was “were they smoking any how in the office area?” Different answer received by Commenting yes or not.

**Table No-3.65 # Conditions of Smoking in PBL**

Level of Officers	Yes	Partly	No	Total
Higher Level Officers	10	20	70	100
Middle Level Officers	20	30	50	100
Lower Level Officers	12	20	68	100

Source: Field Survey

In this case, total respondents were 300; where 100 from the executive level, 100 from mid level employees and 100 from lower employees level. From the 1<sup>st</sup> group, 10% yes, from the 2<sup>nd</sup> group, and 20% yes and from 3<sup>rd</sup> group, 12% answered yes. From this situation it is proved that the number of smoker is not so high in this bank.

### **Living Standard**

A number of qualified Employees are working in the PBL. Undoubtedly, without caring or counting any religious, Language or racial purposes, the authority of the Bank recruits a large number of highly qualified HRs for conducting its Banking activities in the modern competitive market. They are human being, so, they have their own individual attitudes with respect to their standard of living. In this case, the bank authority takes care for the employees’ attitudes. The current researcher has collected data from *Field Survey* and presented it in the following Tables about the standard of living of the employees of PBL:



**Table No-3.66 # Living Standard**

Level of Officers	Dissatisfied	Neutral	Satisfied	Total
Higher Level Officers	00	10	90	100
Middle Level Officers	00	20	80	100
Lower Level Officers	00	40	60	100

Source: Field Survey

The question was, "Are you satisfied with the living standard facility in this bank?" Different answer received by commenting yes or not. In PBL 300 respondents out of 1172 employees have been questioned about their living standard on the Three groups (higher level officers-100, mid level officers 100 and lower level employees-100 respondents), as it is a private bank and as your salary & allowance are so high in our country, so you are living in a high standard of living. In this case, 90%, 80% and 60% are satisfied.

## Human Resource Benefits

**Benefits**-Benefits are indirect financial and non-financial payments employees receive for continuing their employment with the company.<sup>318</sup> They include:

- Pay for time not worked (unemployment insurance, vacation and holidays, sick leave, parental leave, severance pay<sup>319</sup>, and supplemental benefits).
- Insurance benefits (workers' compensation<sup>320</sup>, social security, pension plans<sup>321</sup>, hospitalization, health and disability insurance, and life insurance).
- Retirement benefits (social security, and pension plans).

<sup>318</sup> Gary Dessler, (2003). *Human Resource Management* (Upper Saddle River, New Jersey: Prentice Hall, 2003), p.364.

<sup>319</sup> Severance pay is a one-time payment some employers provide when terminating an employee.

<sup>320</sup> Workers' compensation provides income and medical benefits to work-related accident victims or their dependents regardless of fault. Hofstede, Geert, 1997. *Culture & Organizations: Software of the Mind*. New York: McGraw-Hill, P.263.

<sup>321</sup> The first pension plan was introduced at Western Electric in 1906. Western Electric made name because of the Hawthorne Studies that took place there. Source: John Butman. *Juran: A lifetime of Influence* (New York: John Wiley & Sons, 1997), p.40.

☐ Services (for example credit unions, counseling services, and subsidized childcare).

Employers have different personal preferences for benefits, so employers introduce individualized benefits plans<sup>322</sup>.

Benefits mean without or having lost a particular power or quality; or it means lacking hope, support, or ideas.<sup>323</sup> Benefits mean something that has good effects or promotes well-being or a regular payment made by a government agency such as Social Security to somebody qualified to receive it or in need of financial assistance (often used in the plural).<sup>324</sup> Retirement benefits are designed to provide a stream of income during the years after a person retires from working fulltime; Benefits are the rewards for organizational membership. The most common form of indirect compensations involves employee benefits. The term **Benefits** are indispensable part in today's competitive strategic human resource management.<sup>325</sup>

Benefits are indirect financial payments given to employees. They may include health and life insurance, vacation, pension, education plans.<sup>326</sup> In addition to their regular wages or salaries, employee receives supplemental that are part of the employment exchange. These supplement rewards are referred to as employee benefits. Benefits may be defined as remuneration from the employer to employee beyond wage of salary. Benefits are supplementary hidden cost of the employers which are given to employee. Benefits are

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<sup>322</sup> 1. Individualized Benefit plans are also called 'cafeteria plans' in the HR literature, and aim to maximize employees' motivation by responding to employees' diversity. 2. Byham and Cox (1995) say in their book *Hero Z* "First improve what is most important to the customer" (p. 147). With customer they mean internal customers (employees) and external customers (clients). In establishing individualized benefits plans the company management should start improving what is most important for the employee, Byham and Cox (1995), *Hero Z*, p.147.

<sup>323</sup> *Oxford Learners Dictionary* (1999), Oxford University Press, UK, p.100.

<sup>324</sup> *Encarta Dictionary* (2007), Microsoft Company, USA.

<sup>325</sup> Rahman, Ataur(2007): *Human Resource Management*. Zahin Publications. Dhaka. p-250

<sup>326</sup> Dessler, Gary. (2003), *Human Resource Management*. Pearson Prentice Hall, New Jersey, USA. P.693.

indirect compensation, which are usually extended as a condition of employment and are not directly related to performance. Some mandatory programs pay for time not worked optional protection, private retirement plans, and a wide variety of other services known as rewards.

### **HR Benefits in Prime Bank Limited**

In Prime Bank Limited, mandatory & voluntary Benefits are given partially; but the Retirement Benefits are normally satisfactory, it has been seen after investigation & questionnaire.

The Bank maintains Contributory Provident Fund, Gratuity Fund, Social Security Fund, and Benevolent Fund, Staff welfare Scheme, & Retirement Benefit. These Funds are managed by separate board of trustees.

### **Employee Benefits**

Employee Benefits are forms of indirect compensation usually made to fulltime workers as rewards for membership in the organization there are mainly two types of benefits, those are. i. Mandatory- those benefits that the government requires organizations to provide for employees; ii. Voluntary benefits- those benefits that the organization chooses to provide for employees.<sup>327</sup> On the other hand, according to Dr. Ataur Rahman, Benefits Plans may be divided into six types, those are as follows:

“Most companies today offer a wide variety of benefits, especially larger companies. Some of the benefits are compulsory. For the composition of benefit plans there are many major categories of benefit plans may be offered. They are as: i. required or mandatory security; ii. Voluntary security;

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<sup>327</sup> Tesone, D. V., (2005): *Human Resource Management in Hospitality Industry*, Pearson Prentice Hall, New Jersey, USA, p.141.

iii. Retirement-related security; iv. Time-off security; v. Health insurance; vi. Financial service; vii. Social & recreational service.<sup>328</sup>

**Table No-3.67 # Types of Employee Benefits**

Name of Types	Examples
1. Required or Mandatory	Workers Compensation, Unemployment compensation, & Social
2. Voluntary security	Health Insurance, life insurance, Disability insurance, Leaves of absence, Paid holydays, Paid vacations, Paid sick and personal time, Education assistance, Child care assistant, Stock options and profit sharing, & Social and recreational benefits.
3. Retirement-Related Security	Retirement: Over 90 percent of full-time workers at companies are covered by retirement plans, according to the employee benefits facilities. <sup>329</sup>
4. Time-off Security	Holiday pay, Vacation, Leave of absence etc.
5. Health Insurance	Health and insurance related benefit: Employers offer various types of coverage including medical, disability, dental, life, and auto insurance, maintaining adequate coverage challenge for organization.
6. Financial service Social & Recreational	Non financial benefits, Stock benefits, employee stock ownership plan (ESOP), Educational benefits, Child-care benefits, Elder care, Cafeteria plan, & Family friendly benefits. <sup>330</sup>

Researcher's own design.

**Source:** D. V. Tesone (2005): *HRM in Hospitality Management*, P. Hall, New Jersey, USA, pp.141-45. & Rahman, Aatur (2007): *Human Resource Management*, Zahin Publications, Dhaka, p-250.

### Housing Facility in Prime Bank Limited

The prudent Board of Directors and the Management of the bank are generous enough to keep their HR better off in respect of pay package for meeting short-term needs of high esteem and self owned residential accommodation for ensuring their security in the long run. In consideration of the foregoing, the Board of directors in its fourth meeting held on 18.06.1995 approved the House Building loan Scheme for the employees of prime Bank

<sup>328</sup> Rahman, Aatur (2007): *Human Resource Management*, Zahin Publications, Dhaka, p.251.

<sup>329</sup> Ibid, p.250-252.

<sup>330</sup> Tesone, D. V. (2005): *HRM in Hospitality Management*, P. Hall, New Jersey, USA, pp.141-45. & Rahman, Aatur (2007): *HRM*, Zahin Publications, Dhaka, p.250.

Limited. The loan amount will not exceed the actual cost of construction of a house/apartment or purchase price of a ready-made house/Flat/apartment or 120 months\* basic pay or TK 30.00 Lac whichever is lower.

**Table No-3.68 # Opinion of Respondents Regarding Housing Facilities of PBL.**

Level of Officers	Yes	Partly	No	Total%
Higher Level Officers	79	21	00	100
Middle Level Officers	76	24	00	100
Lower Level Officers	60	40	00	100

Source: Field Survey

Here the question was “were you satisfied with the housing facilities in this bank?” In this case, total respondents were 300; where 100 from the Executive Level, 100 from Mid Level Employees and 100 from Lower Employees Level. From the 1<sup>st</sup> group, 79% Yes, from the 2<sup>nd</sup> group, and 76% yes and from the 3<sup>rd</sup> group, 60% answered yes. New bank, only 13 years old, a few numbers of employees are facilitated from Job.

### Telephone Facility in PBL

Executives at Head Office and Managers of the branches of the Bank are required to contact and/or be contacted for official business discussion during and after office hours almost daily. In addition, the protocol Officer, P.S to the Chairman and the Managing Director also required to contact and/or to be contacted at the residences in connection with various official issues round the clock. As such, they need to be provided with telephone facilities at their residences. At present the head office executives including Branch Managers who are having telephones at their residences in their own mane(s) are being reimbursed telephone bills as per the following ceilings as approved by the competent authority earlier:

**Table No-3.69 # Telephone Facilities (Ceiling) for Employees of PBL**

Name of the Post	Telephone ceiling per month
Executive Vice President, at Head Office, Dhaka	TK.2000/- Including line rent, VAT& other Taxes
Senior Vice Presidents, at Head Office , Dhaka	TK.1500/- - Do -
Vice Presidents at Head Office, Dhaka & Branches	TK.1250/- - Do -
Sr. Asstt. Vice Presidents at Head Office, Dhaka, and Branches.	TK.1000/- - Do -

Source: Prime Bank Limited, Service Rule, 1995, Dhaka, p.114.

However, most of the branch managers are not interested to have telephone at their residence because the bank does not bear the cost of installation. As their services are transferable by the bank, these approaches of the executives are quite understandable but bank suffers as the managers remain inaccessible after office hours.

**Table No-3.70 # Telephone Ceiling per Month (Residential)**

Name of the Post	Telephone Ceiling Per month
Managing Director	As per contract
Deputy Managing Director	TK.2500/- Including line rent, VAT& other Taxes
Executive Vice President	TK.2000/- - Do -
Senior Vice President	TK.1500/- - Do -
Vice President	TK.1250/- - Do -
SAVP/AVP as Branch Manager	TK.1000/- - Do-
Protocol Officer at Head Office	TK.750/- - Do -
P.S. to Chairman and P.S.to Managing Director	TK.500/- - Do -

Source: Prime Bank Limited, Service Rule, 1995, Dhaka, Dhaka, p.115.

Bank facilitates its employees by residential Telephone. The MD gets an amount according to contract. DMD TK -2500, EVP gets- 2000, SVP- 1500, VP- 1250, SAVP- 1000, protocol officer at Head Office gets 750, PS to Chairman & PS to MD gets TK 500 per month. Bellow this post can't get any Telephone facility.

### **Transport Policy in PBL**<sup>331</sup>

Generally the bank provides cars to the Executives to facilitate their movement for the cause of the bank. But in view of various problems connected with the bank's vehicles and

<sup>331</sup> Source: Prime Bank Limited, Service Rule, 1995, Dhaka, p.112.

heavy maintenance expenses thereof, a separate scheme for providing cars to the executives was devised as far back as in March, 1995 which was subsequently revised on the 13<sup>th</sup> October 1995, on the 2<sup>nd</sup> February 1998 and on the 20<sup>th</sup> May 2000. Under the scheme, the Bank has been providing car loan to the Executives, pay a fixed monthly allowance to them so that they can meet all expenses in connection with the car including hiring of a driver, cost of fuel, maintenance of cars etc.

### Medical Facility in PBL

In case of, **Serious Illness** where hospitalization is advised by the doctors, charges may be paid as under:

**Table No -3.71 # Medical Facilities for Serious Illness where Hospitalization is advised by the Doctors**

Category	Rate per day (Tk)	Maximum Limit (Tk)	Maximum in service period	At a time not exceeding
EVP-MD	750	40,000	60 days	15 days
AVP-SVP	600	30,000	60 days	15 days
SO-FAVP	400	20,000	60 days	15 days
JO-MTO	250	10,000	60 days	15 days
Driver	150	5,000	60 days	15 days

Source: Prime Bank Limited, Service Rule, 1995, Dhaka, p.120.

Bank facilitates its employees by Medical charges. The MD-EVP gets an amount TK 40,000. DMD TK -2500, AVP-SVP gets- 30,000, FAVP-SO- 20,000, MTO- JO gets 10,000, Driver gets TK 5000.

**Table No-3.72 # In case of Major Surgical Operation charges in PBL**

Category	Maximum Limit	Remarks
EVP-MD	50,000	During entire service period with the Bank
AVP-SVP	40,000	-do-
SO-FAVP	25,000	-do-
JO-MTO	15,000	-do-
Driver	10,000	-do-

Source: Prime Bank Limited, Service Rule, 1995, Dhaka, p.120.

In case of treatment of all executives, who undergo Kidney Transplant, open heart surgery & blood cancer shall be paid a maximum of TK 1,50,000/-(One lac fifty thousand)only from the welfare fund of the bank to cover the cost of treatment.<sup>332</sup> Reimbursement of maternity expenses production of Hospital/Clinic bill may be made from this fund as under:

**Table No-3.73 # Hospital & Clinic Bills (where necessary)**

Category	Maximum Limit	Remarks
MD-AVP	25,000	Restriction up to two children only
SO-FAVP	15,000/-	Restriction up to two children only
JO-MTO	10,000/-	-do-
Driver	5,000	-do-

Source: Prime Bank Limited, Service Rule, 1995, Dhaka, p.120.

Bank facilitates its employees by Medical charges as hospital bills. The MD-FAVP gets an amount TK 25,000. SO-AVP TK -1500, MTO- JO gets 10,000, Driver gets TK 5,000.

<sup>332</sup> Approved by the Board in its 124<sup>th</sup> meeting held on the 4<sup>th</sup> August, 2001. *Employee Service Rules, 2001*, 120.



## Education Loan in PBL

A survey was conducted on the 300 specimen employees of the PBL, where 100 were Executive level, 100 from Middle level and 100 from Lower level employees. The question was, "Have you got any system to get loan from your bank for assistance to any students of Schools, Colleges or Universities or any employee?" In answer the respondents inform us; there is no system of education loan in this way. But they have some educational programs; those are as follows: Prime Bank took steps for a long lasting relationship with institutions that are the source of knowledge base. Various assistances are provided to support their important events and program and curricular activities. Notable of them are given below:<sup>333</sup>

- Sponsored holding of the 43<sup>rd</sup> Convocation of Dhaka University;
- Financial assistance to Dhaka University for constructing Alumni floor at newly constructed 'Nabab Nawab Ali Chowdhury Senate Bhaban';
- Participated in the sponsorship for holding Annual Senate Conference of Dhaka University;
- The Bank has refurbished the library of institute of Business Administration, Dhaka University the most prestigious business institute of the country, into a new generation library;
- The Bank as per agreement with Bangladesh institute of Bank Management the apex body of the training institutes for the Bankers sponsors the prize money given to the students securing first, second and third position in the masters of Bank Management examination of the institute;
- Prime Bank sponsored the 18<sup>th</sup> National Debate Competition-2006 arranged by Notre Dame College Debating Club. 70 teams participated from 38 renowned schools, colleges and universities of the country. The events of the debate festival were little bit different from traditional debate program. It had electoral debate,

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<sup>333</sup> Source: Prime Bank Limited, Service Rule, 1995, Dhaka., pp.33-34.

friendly debate and workshop for participants on parliamentary debates. The theme of the debate was 'Democracy, Freedom & Election'.

- Co-sponsoring supplement in the national dailies of 'Achievement of Scholastic' a renowned educational institution committed to excellence;
- Sponsored 3<sup>rd</sup> South Asian Economics Students Meet (SAESM) arranged by Economics Department of Dhaka University.

### **Games & Sports**<sup>334</sup>

- The Bank participating in major sponsorship programs in the area of sports such as Golf to popularize the same among the public;
- Co-sponsored cricket tournament "Fair Play Cup-2006" arranged by University of Libbers' Arts Bangladesh. participants were cricket team of reputed private universities of Bangladesh and did not include any professional player;
- Sponsored the "Prime Bank International Women Rating Chess Tournament and Prime Bank Open Chess Tournament (less than twelve years old). Leonine Chess Club-the leading registered chess club in Bangladesh organized the tournament;
- Financial assistance to Bangladesh Hockey Federation for publishing their souvenir.

### **Loan to Employees from the Welfare Fund in PBL**

Loans from the fund may be allowed to its members who are confirmed employees of the bank to meet their emergent needs acceptable to the Trustees as under:

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<sup>334</sup> Source: Annual Report of PBL -2006, Published in 2006 by PBL, Dhaka, pp33-34.

**Table No-3.74 # Loan to Employees from the Welfare Fund in PBL**

Category	Maximum Limit	Interest	Repayable within
EVP-DMD	TK 60,000/-	10%	36 month
AVP-SVP	TK 50,000/-	10%	36 month
SO-FAVP	TK 30,000/-	10%	36 month
JO-MTO	TK 20,000/-	10%	36 month
Driver	TK 10,000/-	10%	36 month

Source: Prime Bank Limited, Service Rule, 1995, Dhaka, p.121.

Bank facilitates its employees by Loan. Its limit as The MD-EVP gets an amount TK 60,000. AVP-SVP gets- 50,000, FAVP-SO- 30,000, MTO- JO gets 20,000, Driver gets TK 10,000.

**Table No-3.75 # Living Standard Facility in PBL**

Level of Officers	Dissatisfied	Neutral	Satisfied	Total
Higher Level Officers	00	10	90	100
Middle Level Officers	00	20	80	100
Lower Level Officers	00	40	60	100

Source: Field Survey

The question was, "Are you satisfied with the living standard facility in this bank?" Different answer received by commenting yes or not. In PBL, 300 respondents out of 1172 employees have been questioned about their living standard on the Three groups (higher level officers-100, mid level officers 100 and lower level employees-100 respondents), as it is a private bank and as your salary & allowance are so high in our country, so you are living in a high standard of living. In this case, 90%, 80% and 60% are satisfied.

## Retirement Benefits in PBL

**Retirement:** Retirement means the act of retiring or withdrawing from society, service or public life.<sup>335</sup> The event of retiring or state of having retired from work; or the period of one's life after one has retired.<sup>336</sup>

Retirement for many employees is a mixed blessing. The employees may be free of the daily requirements of his or her jobs, but at the same time be slightly adrift because of not having a job.

**Retirement Age in PBL:** The retirement age is as per the labor agreement. However, the retirement age is mentioned in the Bank's Service Rule is 60 years. When, an employee reach at the age of 60, he retires from the job & takes the retirement benefits from the Bank.

### Retirement Benefit in PBL

**Retirement Age:** The retirement age is as per the labor agreement. However, the retirement age is mentioned in the bank's Service Rule is 60 years. When, an employee reach at the age of 60, he retires from the job & takes the retirement benefits from the bank. Benefits to the employee who will retire after normal service period will be given as:

**Table No-3.76 # Retirement Benefit in PBL**

Category	Rate Per Year of Service	Maximum Limit
EVP to MD	TK 10,000	TK 2,00,000
AVP-SVP	TK 7,500	TK 1,50,000
SO-FAVP	TK 5,000	TK 1,00,000
JO-MTO	TK 2,500	TK 50,000
Driver	TK 1,500	TK 30,000

<sup>335</sup> Dev, AT, *Student's Favorite Dictionary*, Joy Dev Publications, Dhaka, 1979, p.1086.

<sup>336</sup> Hornby, AS, (1999). *Learner's Dictionary*, (Fifth Edition, 1999), Oxford University Press.UK.p.1004.

Source: Prime Bank Limited, Service Rule, 1995, Dhaka. p.119.

Bank facilitates its employees by Retirement Benefit. Its limit as The MD-EVP gets an amount TK 10,000. AVP-SVP gets- 7500, FAVP-SO-5,000, MTO- JO gets 2500, Driver gets TK 1500.

**Table No-3.77 # Opinion of Respondents on Retirement Benefits**

Level of Officers	Satisfied	Partly Satisfied	Not Satisfied	Total%
Higher Level Officers	80	20	00	100
Middle Level Officers	75	25	00	100
Lower Level Officers	74	26	00	100

Source: Field Survey

Here the question was “Were you satisfied with the retirement benefits systems in this bank?” In this case, total respondents were 300; where 100 from the Executive Level, 100 from Mid Level Employees and 100 from Other Employees Level. From the 1<sup>st</sup> group, 80% Yes, from the 2<sup>nd</sup> group, and 75% yes and from the 3<sup>rd</sup> group, 74% answered yes. New Bank, Only 13 years, A few numbers of employees are retired from Job.

### **Death Benefit in PBL**

In case of death of an employee while in active service, financial benefit to the bereaved family of the deceased will be paid to the nominee(s). In absence of such nomination, benefit will be paid to the legal heirs subject to production of succession certificate from the competent of law in the following manner:

**Table No-3.78 # Death Benefit in PBL**

Category	Amount
EVP,SEVP,DMD & MD	TK 6,00,000
SAVP,VP & SVP	TK 5,00,000
SEO,FAVP & AVP	TK 4,00,000
SO, PO & EO	TK 3,00,000
JO & MTO	TK 2,00,000
Driver/All other Employees	TK 1,00,000

Source: Prime Bank Limited, Service Rule, 1995, Dhaka, p.118.

Bank facilitates its employees by death benefit. Its limit as The MD-EVP gets an amount TK 6, 00,000/, SAVP-SVP gets- 5, 00,000/, FAVP-SO-3, 00,000/, MTO- JO gets 2, 00,000/, Driver gets TK 1, 00,000/.

**Table No- 3.79 # Opinion of Respondents on Death Benefits in PBL**

Level of Officers	Satisfied	Partly Satisfied	Not Satisfied	Total
Higher Level Officers	80	20	00	100
Middle Level Officers	75	25	00	100
Lower Level Officers	74	26	00	100

Source: Field Survey

Here the question was "Were you satisfied with the Death Benefits systems in this bank?" In this case, total respondents were 300; where 100 from the Executive Level, 100 from Mid Level Employees and 100 from Other Employees Level. From the 1<sup>st</sup> group, 80% Yes, from the 2<sup>nd</sup> group, and 75% yes and from the 3<sup>rd</sup> group, 74% answered yes. New Bank, Only 13 years. A few numbers of employees are retired from Job.

### **Disability Benefits in PBL**

Financial to the employees in case of their physical disability during service because of any accident or otherwise making those incapable of continuing service will be as under:

**TableNo-3.80 # Disability Benefits in PBL**

Category	Amount
EVP,SEVP,DMD & MD	TK 6,00,000
SAVP,VP & SVP	TK 5,00,000
SEO,FAVP & AVP	TK 4,00,000
SO, PO & EO	TK 3,00,000
JO & MTO	TK 2,00,000
Driver/All other Employees	TK 1,00,000

Source : Service Rule of PBL. Published by PBL in 1995, Dhaka, p.119.

Bank facilitates its employees by Disability Benefit. Its limit as The MD-EVP gets an amount TK 6, 00,000. SAVP-SVP gets 5, 00,000, SEO-AVP gets 4,00,000/, FAVP-SO-3, 00,000/, MTO- JO gets 2, 00,000/, Driver gets TK 1,00,000/.

**Provident Fund**

The word 'Provident' has come from the English word Provide. Provide means To supply somebody with something, or be a source of something needed or wanted by somebody, or to make something available to somebody, or To require something in advance as a condition or as part of a contract (formal), or To take precautions to prevent harm or bring about good, or To supply the material means of support for somebody.<sup>337</sup>

Therefore, Provident Fund is the regular and confirmed employee who has worked for a minimum period of time stated in the relevant service rule in an organization and it must come into force with effect from the starting time of the employee.

An institution or a Bank also maintains **Contributory Provident Fund**, **Gratuity Fund**, **Social Security Fund**, and **Benevolent Fund**; these are the welfare services of a bank. These Funds are managed and conducted by separate board of trustees. These are related with the employees.

<sup>337</sup> Microsoft. Encarta (2007): Microsoft Corporation.

**Provident Fund in PBL:** The Provident fund is for the regular and confirmed employee who has worked for a minimum period of 5 (five) years in PBL and it came into force with effect from the very inception of the Bank in accordance with the locally registered Provident Fund Rules. The fund receives contributions at 10% of the basic pay both from employees and employer.

**Table No 3.81 # Opinion on Provident Fund in PBL**

Level of Officers	Satisfied	Partly Satisfied	Not Satisfied	Total
Higher Level Officers	80	20	00	100
Middle Level Officers	75	25	00	100
Lower Level Officers	74	26	00	100

Source: Field Survey

Here the question was “Were you satisfied with the provident fund systems in this bank?” in this case, total respondents were 300; where 100 from the executive level, 100 from mid level employees and 100 from other employees level. From the 1<sup>st</sup> group, 80% yes, from the 2<sup>nd</sup> group, and 75% yes and from the 3<sup>rd</sup> group, 74% answered yes. New banks, only 13 years, a few numbers of employees are retired from Job.

### **Gratuity**

The gratuity fund is for the regular and confirmed employees of an organization or a Bank. It means, money given in appreciation; a small gift, usually of money, given to somebody such as a waiter as thanks for service given.<sup>338</sup>

Therefore, Gratuity is that amount of money, which an employee paid by his/her authority after completing the service successfully mentioned by the authority.

<sup>338</sup> Microsoft, Encarta (2007): Microsoft Corporation, USA.



## Gratuity in PBL

The Bank operates an unfunded gratuity scheme, provision in respect of which is made annually covering all its permanent eligible employees. Actuarial valuation of gratuity scheme had been made to assess the adequacy of the liabilities provided for the scheme as per Bangladesh Accounting Standard (BAS-19) "Employee Benefits".

Table No-3.82 # Gratuity Benefits in PBL

Level of Officers	Satisfied	Partly Satisfied	Not Satisfied	Total
Higher Level Officers	80	20	00	100
Middle Level Officers	75	25	00	100
Lower Level Officers	74	26	00	100

Source: Field Survey

Here the question was "Were you satisfied with the gratuity benefits systems in this bank?" In this case, total respondents were 300; where 100 from the executive level, 100 from mid level employees and 100 from employees level. From the 1<sup>st</sup> group, 80% yes, from the 2<sup>nd</sup> group, and 75% yes and from the 3rd group, 74% answered yes. New banks, only 13 years, a few numbers of employees are retired from job.

## Benevolent Fund

The Benevolent Fund for the regular and confirmed employees of an organization or a Bank is for the welfare of the employees. This fund is mainly used for payment of Scholarship to the meritorious students among the children of that organization or a Bank officers and sub-stuff,<sup>339</sup> to allow short term quartz/grant for the unexpected and certain

<sup>339</sup> Huselid, Mark A. (1994). "The Impact of Human Resource Management Practices on Turnover, Productivity, and Corporate Performance." Working Paper, Institute for Management and Labor Relations, Rutgers University.p.68.

needs of the staff, like accident, clinical treatment, marriage ceremony of the sub-stuff and their dependants.

### **Benevolent Fund in PBL**

The Benevolent Fund for the regular and confirmed employees of PBL was established in the year 1998. This fund is mainly used for payment of Scholarship to the meritorious students among the children of PBL's officers and sub-stuff, to allow short term quartz or grant for the unexpected and certain needs of the stuff of PBL like accident, clinical treatment, marriage ceremony of the sub-stuff and their dependents.

**Table No-3.83 # Opinion of Respondents on Benevolent Benefits in PBL**

Level of Officers	Satisfied	Partly Satisfied	Not Satisfied	Total
Higher Level Officers	80	20	00	100
Middle Level Officers	75	25	00	100
Lower Level Officers	74	26	00	100

Source: Field Survey

Here the question was "Were you satisfied with the benevolent systems in this bank?" In this case, total respondents were 300; where 100 from the executive level, 100 from mid level employees and 100 from other employees level. From the 1<sup>st</sup> group, 80% Yes, from the 2<sup>nd</sup> group, and 75% yes and from the 3<sup>rd</sup> group, 74% answered yes. New banks, only 13 years, A few numbers of employees are retired from job.

### **Managing Health, Safety, Welfare, and Stress**

Major developments include increased concern with the widespread and increasing provision for welfare facilities related to Employment, including Health, Safety & Stress, Feeding, Rest, Recreation, Transport and Social Security facilities.

## Employee Safety and Health

Employee safety and health are both in the interest of the employer and the employee.<sup>340</sup>

Employers largely profit from declining work related accidents and injuries. Accident and injuries are not industry related, although particular industries bear higher risks.

Many countries have adopted health and safety laws to assure that employees have so far as possible safe and healthful working conditions to preserve the human resources.

National labor inspections try to avoid imminent danger and assist or even take a lead if an accident has taken place.

Both employers and employees have the responsibility to work safely and healthily.<sup>341</sup>

They must prevent accidents through reducing unsafe conditions, and reducing unsafe actions. Unsafe actions can be reduced by selecting the right persons, and through health and safety training. The most effective prevention for unsafe actions is through motivation, and positive reinforcement.<sup>342</sup> Accidents, and employee claims are costly compensation costs. Companies and employees should try to avoid accidents, and not to be “fire officers”.

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<sup>340</sup> Pell (2001) states that work related accidents and illness are expensive. The added costs of workers' compensation premiums are only a small part of their expense. Lost productivity and low morale take even greater toll on the organization, p. 217.

<sup>341</sup> Healthy work conditions consist of numerous characteristics of the physical work environment. Three characteristics that affect all work situations are: (1) atmospheric conditions (for example heat and cold), (2) illumination (lighting), and (3) noise. These three characteristics can be relatively easily controlled. Source: Kenneth N. Wexley and Gary A. Yukl. *Organizational Behavior and Personnel Psychology* (Homewood, Illinois: Irwin, 1984), p.526-39.

<sup>342</sup> In his book *21 Ways to Create Healthy, Happy and Motivated Employees!* Robinson (2001) clearly explains that employees need to be helped and trained in establishing and maintaining a healthy lifestyle, since this has significant benefits to the individual and the organization. Healthy employees have lower health care costs, fewer workers' compensation claims, and reduced absenteeism. Additional intangible benefits include increased employee morale and reduced stress. *21 Ways to Create Healthy, Happy and Motivated Employees!* Robinson (2001), p.321.

**Table No 3.85 # Health & Safety in PBL**

Level of Officers	Satisfied	Partly Satisfied	Not Satisfied	Total
Higher Level Officers	80	20	00	100
Middle Level Officers	85	15	00	100
Lower Level Officers	90	10	00	100

Source: Field Survey

Here the question was “Were you satisfied with the health, safety systems in this bank?” in this case, total respondents were 300; where 100 from the executive level, 100 from mid level employees and 100 from other employees level. From the 1<sup>st</sup> group, 80% yes, from the 2<sup>nd</sup> group, and 85% yes and from the 3<sup>rd</sup> group, 90% answered yes.

### Health

A Banking organization can run smoothly if its employees are sound as regards their health, skills, and efficiencies. Without hard work productivity cannot run continuously. It is possible when workers are of good health. It can be ensured by two ways, (i) If healthy employees are recruited and (ii) if their health is maintained properly.<sup>343</sup> For the purpose, all hazards should be removed as largely as possible. A strong health and safety program can assure employees health sound and their safety. Such general matters as occupational health and accident prevention regulations and services. In his book *21 Ways to Create Healthy, Happy and Motivated Employees!* Robinson (2001) clearly explains that employees need to be helped and trained in establishing and maintaining a healthy lifestyle, since this has significant benefits to the individual and the organization. Healthy employees have lower health care costs, fewer workers’ compensation claims, and reduced

<sup>343</sup> Rahman. Ataur (2007). *Human Resource Management*. Zahin Publications, Dhaka. p.262.

absenteeism. Additional intangible benefits include increased employee morale and reduced stress.<sup>344</sup>

### Health Care Programs in PBL

In this case Table 12, 13, &14 illustrate the conditions of Health Care Programs in PBL for its employees. This is not sufficient; though the program is extending day to day for its employees.

**Table No 3.86 # Health & Safety in PBL**

Level of Officers	Satisfied	Partly Satisfied	Not Satisfied	Total%
Higher Level Officers	80	20	00	100
Middle Level Officers	85	15	00	100
Lower Level Officers	90	10	00	100

Source: Field Survey

Here the question was “Were you satisfied with the health, safety systems in this bank?” in this case, total respondents were 300; where 100 from the executive level, 100 from mid level employees and 100 from other employees level. From the 1<sup>st</sup> group, 80% yes, from the 2<sup>nd</sup> group, and 85% yes and from the 3<sup>rd</sup> group, 90% answered yes.

### Welfare Services

Welfare is a condition of having good health, comfortable living, and pleasant working conditions.<sup>345</sup> Hence, it can be said that welfare services are those which ensure conditions of having good health, comfortable living and working conditions, which are generally one’s basic needs. In case of Bank, it should utilize properly by the authority.

<sup>344</sup>Robinson, Stephen, P., (2001), *21 Ways to Create Healthy, Happy and Motivated Employees!* p.22-34.

<sup>345</sup> Hornby, A S (1999): *Oxford Dictionary*. Oxford University Press, UK. p.1352.

## Welfare Services in the Prime Bank Limited

Prime Bank's employees' welfare fund is subscribed by monthly contribution of the employees. The Bank also contributes to the Fund from time to time. The Fund has been established to provide coverage in the event of accidental death or permanent disabilities of the employees. Disbursement from the fund is done as per rules for employees' welfare fund.

**Table No-3.87 # Opinion of Respondents on Welfare Activity in PBL**

Level of Officers	Satisfied	Partly Satisfied	Not Satisfied	Total%
Higher Level Officers	10	20	70	100
Middle Level Officers	20	30	50	100
Lower Level Officers	12	20	68	100

Source: Field Survey

As the respondents were not fully suffering from *job stress* or a *burnout syndrome*; since the inception of this bank, the employees are used to take place in the welfare activities as possible as they can. The question was, "what is the opinion on welfare activity of PBL?" different answer received by commenting yes or not. In this case, total respondents were 300; where 100 from the executive level, 100 from mid level employees and 100 from other employees level. From the 1<sup>st</sup> group, 10% yes, from the 2<sup>nd</sup> group, 20% yes and from the 3<sup>rd</sup> group, 12% answered yes.

## Social Security

Social security ranges from basic employers' liability for occupational accidents to comprehensive schemes that include income security in the form of sickness, unemployment, retirement, employment injury, maternity, family, invalidity, and survivors' benefits and medical care. As with other aspects of labour law, a progression

from the particular to the general has been characteristic of the development of social security legislation.<sup>346</sup>

### **Social Security Fund in PBL**

The Scheme came into force with effect from the December, 1998. It was established for financial help to the member of the PBL Employees Social Security Fund, and their families in case of death, physical disability of the employee while in service or of any incidence of like nature acceptable to the Board of trustees.

**Table No-3.89 # Social Service in Flood Affected Area in PBL**

Level of Officers	Total	Persons Participated	% of Participation
Higher Level Officers	100	10	10%
Middle Level Officers	100	20	20%
Lower Level Officers	100	05	05%

Source: Field Survey

In this case a question was, "Did you engage in the flood affected area to give services to the people?" Different answer received by commenting yes or not. In this case total respondents were 300 hundred. 100 was higher level officers, 100 mid level officers and 100 was lower level officers. In higher officers 10% were participated, 20% from mid level and 05% from lower levels were participated.

<sup>346</sup> C. Willfred Jenks & Johannes Schregle: *Encyclopedia Britannica*. Version-2005.

**Table No-3.90 # Participation in Social Service in PBL (Acid Hurt, Accident, Diseases, & Others)**

Level of Officers	Total	Participated	Not-participated
Higher Level Officers	100	10	90
Middle Level Officers	100	10	90
Lower Level Officers	100	08	92

Source: *Field Survey*

A survey was conducted on the 300 specimen employees of the PBL, where 100 were Executive level, 100 from mid level and 100 from lower level employees. The question was "Did they participate or not in the direct social services, like Acid hurt, Accidents etc?" Different answer received by commenting yes or not. In case of Executive level, 10% answered that they have participated in the services. In case of mid level employees 15% participated and 08% of lower level employees have participated in the year 2006.

### **Job Stress and Burnouts**

In our increasingly competitive world, more and more employees face job stress and burnouts<sup>347</sup>. Job stress can have serious consequences for both employer and employee. The human consequences include anxiety, depression, anger, and various physical consequences, such as cardiovascular disease, headaches, and accidents. For the organization, consequences include reductions in the quantity and quality of job performance, increased absenteeism<sup>348</sup>, and turnover<sup>349</sup>, and increased grievances and health care costs.<sup>350</sup>

<sup>347</sup> A burnout is the total depression of physical and mental resources caused by excessive striving to reach an unrealistic work-related goal (Dessler, 2003, p. 449).

<sup>348</sup> Absenteeism is one of the most chronic and expensive problems companies face. It costs in loss of productivity, breakdown of programs, failure to meet deadlines, and dissatisfaction of customers. Source: Arthur R. Pell, *The Complete Idiot's Guide to Human Resource Management* (Indianapolis: Alpha Books, 2001), p.227.

<sup>349</sup> Traditional measures of the losses incurred by employee turnover concentrate only on the costs of recruiting, hiring, and training replacements. But in most service jobs, an even greater cost of turnover is loss of productivity and decreased



**TableNo-3.91 # Job Stress and Burnouts in PBL**

Level of Officers	Yes	Partly	No	Total%
Higher Level Officers	00	10	90	100
Middle Level Officers	30	40	30	100
Lower Level Officers	60	30	10	100

Source: *Field Survey*

The question was, "Is the Job Stress is so high in your bank?" Different answer received by commenting yes or not. None of the respondents was fully suffering from *Job Stress* or a *Burnout Syndrome*; a common suffering is present always in the employees of this bank, since the workload was generally not that high. However, sometimes they had job stress for some days, in times of high workload. In these cases total respondents were 300 hundred. 100 were higher level officers, 100 middle level officers and 100 were lower level officers. From the answers of the questionnaire from the respondents, none of the executives said about job stress or a burnout, 30% employees said about the presence of job stress or a burnout and 60% of the lower employees said about the presence of job stress or a burnout.

### **Stress of Workload**

In general it is seem that in the banking Job, there is a common load rather than any job, is so heavy. So, it should remember for the Bank Management authority<sup>351</sup> that by appointing a large number of employees makes less the stress on the employees.

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customer satisfaction. Source: James L. Heskett, W. Earl Sasser, Jr., and Leonard A. Schlesinger. *The Service Profit Chain* (New York: the Free Press, 1997), p.28.

<sup>350</sup> Michael Manning, Conrad Jackson, and Marceline Fusilier, "Occupational Stress, Social Report, and the Costs of Health Care," *Academy of Management Journal* 39, No. 3 (1996), 738-50; quoted in Gary Dessler, *Human Resource Management* (Upper Saddle River, New Jersey: Prentice Hall, 2003), p.421.

<sup>351</sup> Jackson, Susan E., Randall S. Schuler and J.C. Rivero (1989). "*Organizational Characteristics as Predictors of Personnel Practices*," *Personnel Psychology*, p.727-786.

## Position of PBL at Stress of Load

In this Bank the employees are working regularly from morning to evening. According to the respondents most of the employees are not satisfied with the upper level Executives at this point. But on the other hand the Top level Executives put their liability to the owner of the Bank; who are the main decision maker of the Bank.

## Banker-Customer Relationship

The Relationship arises between a Banker and a Customer with the opening of an account by the customer with a banker. The application for opening an account is considered as a letter of agreement for establishing the Banker-Customer Relationship. The general view is that the banker-customer relationship is mainly that of a debtor and a creditor with certain special features.

However, today the range of banking services is more extensive, and indeed is expanding all the time, so it must be expected that other relationships will arise besides that of debtor and creditor.<sup>352</sup> For instance, the relationship of principal and agent is present when the customer instructs his bank to buy or sell stocks on his behalf, and when items are held in safe-custody the relationship is that of bailer and bailed, Where the bank's executorships service takes on the administration of a deceased's estate the relationship is that of trustee and beneficiary.<sup>353</sup> Duties akin (related) to a trusteeship might also happen when a branch comes into possession of funds or property that belongs to a third party, as when the bank has sold property in mortgage, and has a surplus to pass to the subsequent mortgagee. Obviously the relationship with the customer in that situation is that of a mortgagor with a

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<sup>352</sup> Saber, Rashid V. (2006). Ph D thesis on *International Business Operations & the impact of Political Environment: A Conceptual Framework Based on A Four -Industry Study, Florida, USA*, p.16.

<sup>353</sup> Hosain, Amir. (2001). *Loan and Investment Management Variety of Conventional & Islamic Banking in Bangladesh*, unpublished Ph D Thesis, Dhaka University Library, Dhaka, Bangladesh, p.231.

mortgagee. However, if the security had been given by a third party then another state of affairs would exist between the lender and his surety. There, duties and obligations would arise irrespective of the banker-customer relationship with the borrowing customer.

The nature of the relationship depends upon the type of services rendered by the banker, which has two aspects: one is legal and another is behavioral.

It is worth mentioning that the behavioral relationship is important from the view point of humanity, particularly for the customers who do not maintain account with the banker<sup>354</sup> but buys, miscellaneous services like Demand Drafts, Mail Transfer of money or payment of electric bill, gas bill, opening and renewal of licenses of Television, and Radio. For example, a bankers' good manners, courtesy, kindness, sympathy, and cooperation in helping to solve a customer's problem, undoubtedly makes a good impression on the customer. The roads to progress and prosperity can easily be made through friendly behavior with the customers. If the bankers wish to develop their organizational image, they have to offer better services and cooperation, coupled with courteous service to gain a competitive edge.

**Banker:** Section 3(b) of the Negotiable Instruments Act-1881 defines a banker as a person transacting the business of accepting, for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise and withdraw able by check, draft, and order or otherwise, and includes any Post Office Savings Bank.<sup>355</sup> Banker means an owner or senior employee of a Bank.<sup>356</sup> Or, Banker means a person who owns or manages a Bank.<sup>357</sup>

<sup>354</sup> Op.cit., p.70.

<sup>355</sup> Section 3(b) of the Negotiable Instruments Act-1881.

<sup>356</sup> Microsoft® Encarta (2007).

<sup>357</sup> Oxford Dictionary (1999) Oxford University Press, p.81.

**Customer:** There is no statutory definition of a ‘customer’ and one must turn to case law if any legal guidance is required as to what features need to be present to constitute a person being considered a customer of a bank. The Negotiable Instruments Act has not clearly defined a ‘Customer’ but it appears from Section-131 of the Act that constituents of the Bank who maintain some type of account(s) with him duly introduced for the purpose of having a certain amount of deposits therein withdraw able by checks or by any other means, are customers.<sup>358</sup> More recently, however, where a bank gave investment advice to a person who was not in an account at the time, the court held that nevertheless the bank had incurred responsibilities to him, as to a customer (Woods vs. Martins Bank Ltd. 1959).<sup>359</sup> It may be said, therefore, that a person becomes a customer as soon as a business relationship is established. It is not necessary for the account to have been open for a long period of time, or for the business to be conducted over a regular period. In fact, two conditions seem to be important for becoming a customer of a bank. These are as follows:

- (i) There has to have been some habit of dealing between him and the banker with or without opening an account; and
- (ii) The transactions so made ought to be in the nature of regular banking business.

A Bank can even be a customer itself, where it has an account with another bank.

**Responsibilities of Bankers to Customers:** Both parties in this relationship, both banker and customer have certain responsibilities to one another. The Banker’s responsibilities to his customers are as follows: (According to Negotiable Instruments Act-1881, Section-31):

<sup>358</sup> Section-131 of the Negotiable Instruments Act-1881.

<sup>359</sup> Woods vs. Martins Bank Ltd. 1959, quoted in Business Law, 2005. Khalequzzaman. p.73.

"a. Negotiable Instruments Act-1881, Section-31 indicates that a banker must pay the customer's check which has been drawn duly on his account subject to the availability of money in the Account; (b) Maintenance of secrecy of a customer's Account is the legal and moral responsibility of a banker, both while the account is open and even after it has been closed. Of course, secrecy may be disclosed: Against the order of the court of law or to the police and Income Tax authority; to serve the public interest and against the request of the customer in black and white. (c) Collection of check and depositing the proceeds to the Customer's Account is the General Banking duty of a banker. If these negotiable instruments are returned back without clearance, the bank should quickly inform the customer. (d) The bank is entitled to a charge and or commission, except where special arrangements have been made. It is entitled to debit the customer account with charges, usually quarterly, or semi-annually without specific advice to the customer. A charge for an item such as the stop payment of a check or rejection of a check would usually be allowed. (e) A bank must always follow its usual course of business when acting for its customers who can expect transactions to be dealt with in a consistent manner. (f) A bank acquires a general lien over its customer's negotiable documents, which come into its possession, unless an express contract has been made which would be inconsistent with a lien<sup>360</sup> (Brandao v. Barnett, 1846). (g) The bank must give reasonable notice to its customer before closing an account that is maintained on credit. However, overdrafts are repayable on demand, unless there is an implied or actual agreement to the contrary. (h) Supply of Pass Book or Statement of Account is the duty of a banker. (i) If any fraudulent check comes to the hand of a banker, he should inform the customer immediately. (j) The bank must repay the whole or part of the balance, if and when there is demand by the customer during banking hours, provided the demand is made at the branch

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<sup>360</sup> Brandao v. Barnett, 1846, quoted in Business Law, 2005, Khalequzzaman, p.71.

where the amount is kept, or at a branch where prior alternative arrangements have been made, such as under credit-opened encashment facilities. (k)A bank has no obligations to third parties, arising out of the duty to pay its customer's checks, and the payee of checks issued by a customer cannot sue the paying banker."<sup>361</sup>

**Table No-3.92 # Nature of Customer Satisfaction in PBL**

Level of Officers	Yes	Partly	No	Total
Higher Level Officers	90	10	100	100
Middle Level Officers	95	05	100	100
Lower Level Officers	60	40	100	100

Source: *Field Survey*

The theme was "Is the customer satisfaction status good and acceptable in your bank?" Different answers received by Commenting yes or not. In these cases total respondents were 300 hundred. 100 was Higher Level officers, 100 Middle level officers and 100 was Lower Level officers. In every cases 90% of Executives gave the answer yes. From Middle level officers 95% yes and from Lower Level officers 60% yes.

**Responsibilities of Customers to Bankers:** On the other hand, there are certain responsibilities of the customers. Those are given below: 1. to ensure safety and security of the checkbook; 2. To issue neither a check duly neither being careful to ensure that neither words nor figures can be altered; 3. If a check or checkbook is lost, the customer should inform the banker immediately; and 4. Negotiable Instruments Act-1881,

<sup>361</sup> Negotiable Instruments Act-1881, Section-31. quoted in Business Law, 2005, Khalequzzaman, p.71.

Sections-65 and 68 indicate that a check must be drawn upon the bank branch where the money was deposited, during regular banking hours.<sup>362</sup>

### **Banker-Customer Relationship in PBL**

Banker-Customer Relationship isn't so bad; but also there is a gap between higher & lower level employees. By investigation & through questionnaire, it has been chalked out that the relations between Banker & Customer are not so bad.

**Table No-3.93 # Nature of Banker–Customer Relationship in PBL**

Level of Officers	Yes	Partly	No	Total%
Higher Level Officers	90	05	05	100
Middle Level Officers	51	40	09	100
Lower Level Officers	24	30	26	100

Source: *Field Survey*

The term Banker–Customer Relationship is related with the behavior of the relevant employees. It is most familiar in this sector and is applied thoroughly in every sector of the organization. It is accepted in all levels of organization, though the researcher tried his best to know the situation of the condition of banker–customer relationship. “Is the banker–customer relationship good enough in your bank?” Different answers received by commenting yes or not. In these cases total respondents were 300 hundred. 100 were higher level officers, 100 middle level officers and 100 were lower level officers. In the executive level, 90% said, the condition was good, in employee level 50% is good and in other employee level 20% is good.

<sup>362</sup> Negotiable Instruments Act-1881, Sections-65 and 68, quoted in *Business Law*, 2005, Khalequzzaman, p.71

## Motivation of HRM

**Meaning of Motivation:** Motivation means the forces acting either on or within a person to initiate behavior.<sup>363</sup> The word is derived from the Latin term *motivus* (“a moving cause”), which suggests the activating properties of the processes involved in psychological motivation.<sup>364</sup>

Motivation is the cause of an organism's behavior, or the reason that an organism carries out some activity. In a human being, motivation involves both conscious and unconscious drives. Psychological theories must account for a “primary” level of motivation to satisfy basic needs,<sup>365</sup> such as those for food, oxygen, and water, and for a “secondary” level of motivation to fulfill social needs such as companionship and achievement. The primary needs must be satisfied before an organism can attend to secondary drives.<sup>366</sup>

Psychologists study motivational forces to help explain observed changes in behavior that occur in an individual. Thus, for example, the observation that a person is increasingly likely to open the refrigerator door to look for food as the number of hours since the last meal increases can be understood by invoking the concept of motivation. As the above example suggests, Motivation is not typically measured directly but rather inferred as the result of behavioral changes in reaction to internal or external stimuli. It is also important to understand that motivation is primarily a performance variable. That's, the effects of changes in motivation are often temporary. An individual, highly motivated to perform a particular task because of a motivational change, may later show little interest for that task as a result of further change in motivation.

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<sup>363</sup> Rahman, Ataur, (2007), *Human Resource Management*. Zahin Publications, Dhaka, 2007, p.274.

<sup>364</sup> Encyclopedia Britannica, USA.

<sup>365</sup> Op.cit. p.276.

<sup>366</sup> Encyclopedia of Microsoft Encarta (2007), USA.



Motives are often categorized into primary, or basic, motives, which are unlearned and common to both animals and humans; and secondary, or learned, motives, which can differ from animal to animal and person to person.<sup>367</sup> Primary motives are thought to include hunger, thirst, and sex, avoidance of pain, and perhaps aggression and fear. Secondary motives typically studied in humans include achievement, power motivation, and numerous other specialized motives.

### Motivation Theory

Motives have also sometimes been classified into “pushes” and “pulls.” Push motives concern internal changes that have the effect of triggering specific motive states.<sup>368</sup> Pull motives represent external goals that influence one's behavior toward them. Most motivational situations are in reality a combination of push and pull conditions. For example, hunger, in part, may be signaled by internal changes in blood glucose or fat stores, but motivation to eat is also heavily influenced by what foods are available. Some foods are more desirable than others and exert an influence on our behavior toward them. Behavior is, thus, often a complex blend of internal pushes and external pulls.<sup>369</sup>

“The American Psychologist Abraham Maslow devised a six-level hierarchy of motives that, according to his theory, determine human behavior. Maslow ranks human needs as follows: (1) physiological; (2) security and safety; (3) love and feelings of belonging; (4) competence, prestige, and esteem; (5) self-fulfillment; and (6) curiosity and the need to understand (Figure 3.11& 3.12 in Appendix).<sup>370</sup>

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<sup>367</sup> Rahman, Ataur, (2007), *Human Resource Management*. Zahin Publications, Dhaka, 2007, p 276.

<sup>368</sup> Encyclopedia Encarta, USA.

<sup>369</sup> Encyclopedia Britannica, USA.

<sup>370</sup> Rahman, Ataur, (2007), *Human Resource Management*. Dhaka. Zahin Publications. 2007.p.288.

## Motivation in PBL

Motivation means the forces acting either on or within a person to initiate behavior; but in case of every private banks including PBL, there is unsatisfactory conditions are ongoing in every employees. They are satisfied by financial motivation, but not with nonfinancial motivation; because the higher level officers do not behave well with their subordinates.

## McGregor's X and Y Theory

The majority of top and higher managers at the Case-Study Banks considered their employees in a negative way (Theory X).<sup>371</sup> They saw their employees as: un-ambitious, disliking work, avoiding responsibility, and only to be motivated by a desire of economic gain and security. One Bangladeshi top manager of a Bank told the researcher explicitly: "Bangladeshi employees are only interested in money. Everything else they say is lies." Moreover, this group of X managers said that employees needed to be closely directed to work effectively. At the companies with X managers poor, shallow, and mistrusted relationships were widespread. Internal competition was part of these companies' culture.

The minority of the top and higher managers at the Case-Study Banks saw their employees generally as positive, as human capital (Theory Y). They admitted that their employees could also be motivated by factors like exercising self-direction, accepting responsibility, and considering work to be a natural activity. This group of Y managers followed more or less democratic values, which foster trust, authentic relationships among employees, increased interpersonal competence, and increased organizational effectiveness.

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<sup>371</sup> The X and Y theory of McGregor is described in Stephen P. Robbins, *Organizational Behavior* (Upper Saddle River, New Jersey: Prentice Hall, 1998), A-11. & Chris Argyris, *Employee Motivation: Theory and Practice* (Intro). Retrieved March 31, 2002, from [www.accel-team.com/motivation/chris\\_argyris\\_00.html](http://www.accel-team.com/motivation/chris_argyris_00.html).

## Position of Motivation in PBL

Scientifically, McGregor's X and Y Theory are not followed directly. They are trying their best to follow the theories of motivation. On the other hand, there are some financial & nonfinancial incentives which are the alternatives of motivations, are followed by the authority according to the answers of the respondents through questionnaires.

**Table No-3.96 # Nature of Motivation System in PBL**

Level of Officers	Satisfied	Partly Satisfied	Not Satisfied	Total
Higher Level Officers	71	19	10	100
Middle Level Officers	50	30	20	100
Lower Level Officers	49	32	19	100

Source: *Field Survey*

The question was, "Is the nature of **motivation level** is satisfactory in this bank?" different answer received by commenting yes or not. In the answer of the question, the respondents give us about the motivation level of prime bank limited. Total respondents were 300, where executive level-100, mid level employee level-100 and lower employee level-100. In case of executive level 71% satisfactory, 10% not satisfied, .in case of mid level, 50% satisfactory, in lower level 49% is satisfactory.

**Table No-3.97 # Satisfaction of Respondents with Motivation in PBL**

Level of Officers	Satisfied	Partly Satisfied	Not Satisfied	Total
Higher Level Officers	89	05	06	100
Middle Level Officers	50	40	10	100
Lower Level Officers	20	30	50	100

Source: *Field Survey*

The term '**Motivation**' is related with the behavior of the relevant employees. It is most familiar in this sector and is applied thoroughly in every sector of the organization. It is

accepted in all levels of organization, though the researcher tried his best to know the situation of the condition of motivation. The question was, "is the nature of motivation level is satisfactory in this bank?" Different answer received by commenting yes or not. In these cases total respondents were 300 hundred. 100 were higher level officers, 100 middle level officers and 100 were lower level officers. In the executive level, 89% said the condition was satisfactory, in middle level officers, 50% is satisfactory and in other employee level 20% is satisfactory.

## **Financial & Non-Financial Means of Motivation**

**Financial Means of Motivation:** Human life is full of Want and Demand. The invisible want that is spread over the human life, the most of it is related with the financial cause. So a man wants money and monetary facility against his labor. For obtaining this goal, on behalf of the organization a number of financial facilities are supplied to the employees is called Financial Motivation. Those are: I. Fair Wages; II. Profit Sharing; III. Bonus; IV. Financial Security; V. Advance & Loans; VI. Accommodation facilities; VII. Transportation Facilities; VIII. Medicare Facilities; IX. Promotion; X. Rewards; XI. Rationing Facilities etc.<sup>372</sup>

## **Non-Financial Means of Motivation**

Non-Financial Means of Motivation is that Motivation which is going to the employees pocket out of financial purposes. It is not a small incentive to the employees behind production of their consciousness. For stimulating the higher level executives or officers, this means of motivation with respect to time or field are more effective. Those are: I.

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<sup>372</sup> Rahman, Ataur, (2007). *Human Resource Management*. Zahin Publications. Dhaka.p-303.

Personal Power & Rights; II. Fair Working Environment; III. Security; IV. Attractive Work; V. Fair Treatment; VI. Appreciation of Worthwhile Work; VII. Training Facility; VIII. Democratic Management; IX. Opportunity to Participation in Ownership; X. Establishing Equity; XI. Granting Union Right; XII. Goodwill of the Organization; XIII. Creating Educational Facility; XIV. Other Motivational Arrangements.<sup>373</sup>

### Financial & Non-Financial Means of Motivation in PBL

These are the alternatives of motivations, are followed by the authority according to the answers of the respondents through questionnaires.

**Table No-3.98 # Employee Satisfaction by Financial & Non-financial Means of Motivation in PBL**

Level of Officers	Yes	Partly	No	Total
Higher Level Officers	90	10	100	100
Middle Level Officers	95	05	100	100
Lower Level Officers	60	40	100	100

Source: *Field Survey*

The question was “Is the employee satisfaction status good and acceptable in your bank?” different answer received by commenting yes or not. In these cases total respondents were 300 hundred. 100 were higher level officers, 100 middle level officers and 100 were lower level officers. In every cases 90% of executives gave the answer yes. From middle level officers 95% yes and from lower level officers 60% yes.

### Grievance Handling

**Meaning of Grievance:** ‘Grievance’ a cause for complaint or resentment that may or may not be well- founded; or bitterness or anger at having received unfair treatment; or a formal complaint made on the basis of something that somebody feels is formal complaint made

<sup>373</sup> Managing People. (ACCA-Course Book), 2006. (Writer unknown. Kaplan Publishing Foulks Lynch, Unit 2 The Business Centre, Berkshire. UK). British Council Library, Dhaka p.244.

on the basis of something that somebody feels is unfair.<sup>374</sup> Grievance is an English word which stems from the French word 'Grievance'. In English its meaning is the **Real or Fancied** basis of Grievance or complaint<sup>375</sup>

A Grievance is a complaint uttered in writing or orally on a company related matter. A Grievance can be generally distinct as an employee's unhappiness or sentiment of personal discrimination relating to ones employment dealings. A Grievance is a work related complaint or recognized argument that is brought to the awareness of Management.

"Hammering out a labor agreement is not the last step in collective bargaining. No labor contract can cover all contingencies and answer all questions. For example, suppose the contract says you can only discharge an employee for just subsequently discharge someone for speaking back to you in harsh terms was it your within your rights to discharge this person? Was speaking back to you harshly just cause?"<sup>376</sup>

**Causes of Grievance:** A number of causes can make grievances among the employee's. This causes from time to time can be avoided or occasionally not. These causes may be formed by the management or by the employee's part.<sup>377</sup> These are as follows:

"i. Unfair management practices; ii. Low morale & frustration; iii. Unclear contractual language; iv. A violation of law; v. A violation of the intent of the parities; vi. A violation of normal work procedures; vii. Unfair treatment by the supervisor's; viii. Dissatisfaction about the job; ix. Inconsistence in the disciplinary action; x Misconception; xi. A violation of health & safety standards."<sup>378</sup>

<sup>374</sup> Microsoft Encarta, 2007, USA.

<sup>375</sup> Rahman, Aatur (2007). *Human Resource Management*. Zahin Publications, Dhaka.p-303.

<sup>376</sup> Ibid. p.303.

<sup>377</sup> Maslow, A. H., (1987). *A Theory of Human Motivation in Psychology*. McGraw-Hill Book Company, New York, USA. p.14.

<sup>378</sup> Ibid. p.307.

## Grievance Handling Procedure

The majority of collective bargaining contracts enclose a very unambiguous grievance procedure. It lists the variety of steps in the procedure, time restrictions linked with every step, and unambiguous rules such as “all charges of contract violation must be reduced to writing.”<sup>379</sup> Virtually every labor agreement signed today contains a grievance procedure clause. (Nonunion zed employers need such procedures).

Union grievance procedures differ from firm to firm. A number of firm enclose simple, two step procedures. Here the grievant, union representative and company representative meet to discuss the grievance, if they don't find a satisfactory solution, the grievance is brought before an independent, third-party arbitrator, who hears the case, writes it up, and makes a decision.

At the other extreme, the grievance procedure may contain six or more steps. The first step might be for the grievant and shop steward to meet informally with the grievant supervisor to try to find a solution. If they do it find one, the employee files a formal grievance, and there's a meeting with the employee, shop steward, and the supervisor's boss. The next steps involve the grievant and union representatives meeting with higher-level managers. Finally, if top management and the union craft reach agreement, the grievance may go to arbitration. Sometimes the grievance process gets out of hand. In that circumstance change in management or transfer of employees may be the solutions to the problem.

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<sup>379</sup> Mayo, E. (1949). *The Social Problems of an Industrialized Civilization*. Harper Publications. New York, USA. p.17.

## Chart No-3.11 # Criteria for Grievance Procedures <sup>380</sup>

Criteria	Grievance Procedures
In writing	Action may Apply.
Timings of each stage laid down	
Third party presence allowed	
Managers trained in procedure	
Which manager is responsible for action?	
Nature of Grievance specified in advance	

Source: Managing People, p.286

### Stages of Grievance Handling Procedure

The stages of Grievance Handling Procedures are as follows<sup>381</sup>:

**Stage -1** Grievance should be raised with the employee's immediate superior, failing settlement.<sup>382</sup>

**Stage -2** The employee's immediate superior will arrange for a discussion with an appropriate senior manager. The official line here is that: This second meeting will be held within five days of the initial -discussion.<sup>383</sup>

A brief resume of the grievance and notice of the time, date, and place of the meeting should be given, in writing, by the senior manager to both the employee and the immediate superior who must attend.

<sup>380</sup> Managing People, (ACCA-Course Book), 2006, (Writer unknown. Kaplan Publishing Foulks Lynch, Unit 2 The Business Centre, Berkshire, UK), British Council Library, Dhaka, p.286.

<sup>381</sup> Ibid. p.285.

<sup>382</sup> McClelland, D. Atkinson, J. Clark, R and Lowell, E. (1953). *The Achievement Motive*. Appleton-Century-Crofts, New York, USA, p.74.

<sup>383</sup> Mayo, E. (1949). *The Social Problems of an Industrialized Civilization*. Harper Publications, New York, USA, p.53.



Both parties may be accompanied by a friend; the senior manager may request that someone from the personnel department be present in an advisory capacity. Failing settlement at this meeting the grievance proceeds to stage - 3.

**Stage 3** Without delay the senior manager will arrange for the grievance to be referred to –where the decision of the arbitrators will be Final and binding on both parties.<sup>384</sup>

**Stage 4** If conciliation does not take place at stage 3 and a trade union is involved, the grievance may be considered to have escalated into a dispute and will proceed along the lines of the agreed negotiating procedure.<sup>385</sup>

### Grievance Handling in Prime Bank Limited

In case of grievance, in PBL, there is a gap between higher & lower level employees, because, the lower level employees can't get justice from their immediate boss. Answering from questionnaire, it has been observed that the fact isn't quite true. The employees of the bank are spending their days in mental dissatisfaction.

**Table No- 3.99 # Satisfaction with Grievance Handling in PBL**

Level of Officers	Good	Partly Good	Not Good	Total%
Higher	90	05	05	100
Middle	51	40	09	100
Lower	24	30	26	100

Source: *Field Survey*

<sup>384</sup> Maslow, A. H., (1987). *A Theory of Human Motivation in Psychology*. McGraw-Hill Book Company, New York, USA, p.42.

<sup>385</sup> Maslow, A. H., (1987), *Motivation and Personality*. McGraw-Hill Book Company, New York, USA, p.27.

The term Grievance is related with the behavior of the relevant employee. It is familiar but horrible in all levels of organization, though the researcher tried his best to know the situation of the condition of grievance. The question was “Is the Grievance Handling procedure & employee satisfaction status good and acceptable in your bank?” Different answer received by commenting yes or not. In these cases total respondents were 300 hundred. 100 were higher level officers, 100 middle level officers and 100 were lower level officers. In the executive level, 90% said, the condition was good, in employee level 51% is good and in other employee level 24% is good.

## Disciplinary Action

**Discipline:** Discipline is either a code of acceptable conduct or a system of rules establishing behavior patterns.<sup>386</sup> It is a form of training to achieve desired behaviors.<sup>387</sup> The term discipline refers to condition in the organization where employees conduct themselves in accordance with the organization’s rule and regulation and standards of acceptable behavior. It is manifested by orderly behavior of the employees. Orderly behavior is possible when the employees follow the companies policies strictly as down by its rules and regulation.<sup>388</sup>

Webster’s dictionary gives three meanings to the word discipline. First, it states that it is training that corrects, molds strengthens or perfects. The second meaning is that it is control gained by enforcing obedience. The third meaning is punishment or

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<sup>386</sup> Managing People,(ACCA-Course Book), 2006. (Writer unknown. Kaplan Publishing Foulks Lynch. Unit 2 The Business Centre, Berkshire, UK), British Council Library, Dhaka.,p-282

<sup>387</sup> D. V. Tesone (2005): HRM in Hospitality Industry, Pearson Prentice Hall, New Jersey, USA, p-270.

<sup>388</sup> McClelland, D. Atkinson, J. Clark, R and Lowell, E. (1953), *The Achievement Motive*, Appleton-Century-Crofts, New York, USA, p. 74.

chastisement.<sup>389</sup> Discipline is a condition in an institute where employees conduct themselves in harmony with the organization's statute and principles of satisfactory performance.

**Meaning of Disciplinary Action:** The action which is taken to ensure discipline is called disciplinary action. This action encourages peace loving employees but it is a threat to trouble makers.<sup>390</sup> However disciplinary action may be defined as follows:

Disciplinary Action is a procedure that corrects or punishes a subordinate because of a rule or procedure has been violated.<sup>391</sup> It is curbed to the purpose of penalties that show the way to an inhabitation of undersize procedures.<sup>392</sup> On the other hand, it is the State of employee's self-discipline and methodical conduct in attendance within an association.

**Variety of Disciplinary Action:** In Bangladeshi organizations, there is diverse variety of disciplinary actions. All these accomplishment are adopted to make certain discipline. These are as follows: I. Written verbal warning; II. Written warning; III. Suspension; IV. Discharge (Chart 11).<sup>393</sup>

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<sup>389</sup> Webster's dictionary, Oxford Dictionary, p.329.

<sup>390</sup> Maslow, A. H., (1987), *A Theory of Human Motivation in Psychology*. McGraw-Hill Book Company, New York, USA, p.42.

<sup>391</sup> Dessler, Gary, *H. R. Management*, Pearson Prentice Hall, New Jersey, USA, p.531.

<sup>392</sup> Butler, John E., Gerald R. Ferris and Nancy Napier (1991). *Strategy and Human Resources Management*, Cincinnati: South-Western Publishing, p.2.

<sup>393</sup> Rahman, Ataur (2007). *Human Resource Management*. Zahin Publications, Dhaka, p.319.

## Chart No-3.12 # Criteria for Grievance Procedures <sup>394</sup>

Criteria	Disciplinary Action
In writing	Action should perform in each case.
Timings of each stage laid down	
Third party presence allowed	
Managers trained in procedure	
Definition of punishment for a given offence	
Definition exists for each offence. e.g. what is lateness?	
Appeals procedure	
How long does offence stay on record?	
Which manager is responsible for action?	
Nature of Grievance specified in advance	

Source: Managing People, p.286.

### Steps in Disciplinary Action

Some steps can be followed to conduct a disciplinary action program effectively. By following these steps methodically, disciplinary action program can carry excellent results. However these steps are as: I. Accurate statement of the disciplinary problem; II. Gathering information; III. Establishing tentative penalties; IV. Choosing penalty; V. Applying penalties; VII. Follow up of disciplinary action.<sup>395</sup>

Before taking disciplinary action, the management must that disciplinary climate will be revived. Minimum suspicion about the action may hampers the objective.

<sup>394</sup> Managing People,(ACCA-Course Book),2006,(Writer unknown, Kaplan Publishing Foulks Lynch,Unit 2 The Business Centre, Berkshire, UK), British Council Library, Dhaka, p.286.

<sup>395</sup> McClelland, D. Atkinson, J. Clark, R and Lowell, E. (1953). *The Achievement Motive*, Appleton-Century-Crofts, New York, USA, p.68.

## Prime Bank Limited in Case of Disciplinary Action

In case of disciplinary action, the higher officers are very prompt. The authority takes action in various ways; it may be in orally or mentally. The employees spend their days in anxieties for action. Workload & other mental pressures is the common feature in this case.

**Table No-3.100 # Disciplinary Action of Employees in PBL**

Level of Officers	Satisfied	Partly Satisfied	Not Satisfied	Total
Higher Level Officers	89	05	06	100
Middle Level Officers	50	40	10	100
Lower Level Officers	20	30	50	100

Source: *Field Survey*

The term disciplinary action is not familiar but horrible in all levels of organization, though the researcher tried his best to know the situation of the condition of disciplinary action. The question was, "is your disciplinary action system of the workplace supposed to be good enough?" different answer received by commenting yes or not. In these cases total respondents were 300 hundred. 100 were higher level officers, 100 middle level officers and 100 were lower level officers. In the executive level, 89% said, the condition was satisfied, in employee level 50% is satisfied and in other employee level 20% is satisfied.

## Labour Management Relations

**Meaning:** The process of analyzing, developing, implementing, and performing ongoing evaluation of the workplace relationship between employer & employee<sup>396</sup> (including the collective bargaining process& union relations), in order to maintain effective relationships

<sup>396</sup> Rahman, Ataur, (2007). *Human Resource Management*. Zahin Publications, 2007, Dhaka, pp.338-339.

and working conditions that balance the employer's needs with the employee's rights in support of the organization's strategic objectives.<sup>397</sup>

Labor management relation means a set of components, both inside and outside the employment, related with influential and guideline the service relationship. It helps to develop and implement employee relations programs that will create a positive organizational culture. LMR is the compound position of inter-relation in the middle of employees, manager, and government at the same time in a variety of managerial interactions. It is essential to promote, monitor, and measure the effectiveness of employee relations activities.<sup>398</sup> These relations are mainly interconnected with the employer-employee relationship. Labor management relations are essential aspects of social relations arising out of employer employee communication in contemporary business firms. We can say that the term labor relation explains the relationship between employees and management, which stems directly from union-employer relationship.<sup>399</sup> Assist in establishing work rules and monitor their application and enforcement to ensure fairness and consistency (for union and nonunion environments).communicate and ensure understanding by employees of laws, and organizational policies. Resolve employee complaints filed with govt. and local agencies involving employment practices.<sup>400</sup> Develop grievance and disciplinary policies and procedures to ensure fairness and consistency. Implement and monitor grievance and disciplinary policies to ensure fairness and

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<sup>397</sup> Mayo, E. (1949). *The Social Problems of an Industrialized Civilization*. Harper Publications, New York, USA, p.56.

<sup>398</sup> Dessler, Gary, (2003). *H. R. Management*, Pearson Prentice Hall, New Jersey, USA, p.561.

<sup>399</sup> Op.cit, p.338.

<sup>400</sup> Maslow, A. H., (1987). *A Theory of Human Motivation in Psychology*. McGraw-Hill Book Company, New York, USA, p.45.

consistency procedures with respond to union organizing activity and also participate in collective bargaining activities,<sup>401</sup> including contract negotiation and administration.

## **Barriers to Good Labor Management Relations in Bangladesh**

Some points are of barriers to good business relations. These barriers hamper the cordial labor management relations in the industrial enterprises, especially in the public sector of Bangladesh. These barriers are discussed below in brief in the following points.

“I. Autocratic attitude; II. Class difference; III. Personnel difference; IV. Discrimination; V. Lack of job security; VI. Anomalies in wage policy; VII. Injustice in recruitment, promotion etc; VIII. Lack of uniform outlook; IX. Loopholes in disciplinary action; X. Flawed supervision; XII. Lack of honesty; XIII. Absence of comparative advantages; XIV. Existing laws; XV. Abuse of politics support; XVI. Lack of proper commitment.”<sup>402</sup>

From the above discussion we can say that there are several reasons responsible for bad industrial relations among these reasons some are unique and some are imposed by both internal and external environments. These are not at all favorable for good industrial enterprises of Bangladesh.

## **Labor Management Relationship in Prime Bank Limited**

The LMR isn't bad in all respects. By the Service Rules it is tightly controlled by the authority. But in this case it is a matter of remember that there is not any Trade Union activities in the PBL; which is clearly violation of International Labor Organization. In the **Charter of ILO**, it is clearly stated that in every organization, must have a Trade Union activity. Through this union the employees are capable of informing their claims &

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<sup>401</sup> Maslow, A. H., (1987), *Motivation and Personality*. McGraw-Hill Book Company, New York, USA. p.28.

<sup>402</sup> Rahman, Ataur.(2007), *Human Resource Management*. Dhaka. Zahin Publications, 2007,p.341.

grievances to their authority .But it is a matter of regret that there are not any Trade Union activities in this bank.

**Table No -3.101 # Nature of Labor-Management Relationship in PBL**

Level of Officers	Good	Partly Good	Not Good	Total
Higher Level Officers	60	20	20	100
Middle Level Officers	40	40	20	100
Lower Level Officers	30	30	40	100

Source: *Field Survey*

Labor-Management Relationship is good at all; is it true? The question was, “Is Your Labor-Management Relationship System of the Workplace supposed to be good enough?” Different answer received by commenting yes or not. The Labor- Management Relation isn't in optimum level. In these cases total respondents were 300 hundred. 100 were Higher Level Officers, 100 Middle Level Officers and 100 were Lower Level Officers. In the executive level, 60% said, the relation was good, in employee level 40% is good and in other employee level 30% is good.

## Trade Union

**Meaning of Trade Union:** Trade unions are a main factor of the modern business relations system. Trade union in an institute, fashioned by workers, to protect their wellbeing & safety, & for improving their working environment. TU is an organization, the principal aspire of which is the regulation of reciprocal relations between the human resources and employers. Trade Union is a continuous relationship of wage earners for the intention of maintaining and as well as the environment of their working levels. A Trade Union is a combination of workers or employers with the primary purpose of regulating the relations between workers and employers, or between worker and between employers and



employers or to impose restrictive conditions on the conduct of any trade or business. Beside the primary objects, which are not inconsistent with the primary objects or opposed to any law?<sup>403</sup>

### **Unionism and its Impact in the Bank**

The Primary Role of a union is to protect the workers and to canalize their effort into more rational directions. It is an association of employees for placing the charter of demands to their employer in an organizing way.<sup>404</sup> Employees have the right to unite themselves in a union and bargain collectively with management. Trade unions are basically voluntary organization created by the working class under compulsive circumstances to defend their interest and to improve their working and general living condition. Their main goals are the advancement of the well being and dignity of working people under their membership. But at the micro or plant level the unions have an extra plant – orientation of the unions which is inherent in their political groupings. This restricts their ability to judge a plant on its own merits without adding an extra (political) dimension to it. The different unions are unable to come together to submit a common charter of demand as their ideologies make it impossible to take a united stand.<sup>405</sup> After emergence of Bangladesh as an independent country, new democratically working call leaders ushered in an era of hope for its workers. Their major contribution was towards the gradual evolution of various levels of platforms and forums for negotiation in banking industry. In the post nationalized. Era, the workmen,<sup>406</sup> and certain other categories of junior management in banks became

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<sup>403</sup> Industrial Relations Ordinance. (1969), Bangladesh.

<sup>404</sup> McClelland, D. Atkinson, J. Clark, R and Lowell, E. (1953). *The Achievement Motive*. Appleton-Century-Crofts, New York, USA. p.68.

<sup>405</sup> Monappa, Arun. (1985): *Industrial Relation*. 19<sup>th</sup> reprint 2001, Tata McGraw Hill. publishing Company Limited, p.51.

<sup>406</sup> Mayo, E. (1949). *The Social Problems of an Industrialized Civilization*. Harper Publications, New York, USA. p.142.

vulnerable. The management also could not spare sufficient time for meaningful HRD issues. These unions become all the more and ever greater obliging to management of public sector banks.

### **The Function of Labor Unions**

Labor unions agree that they cannot stop structural and economic changes, but must adapt to them. Unions are now anxious to take an active role in the process of change so as to minimize the detrimental effects on workers.<sup>407</sup> A more unified relationship between labor, management, and State is envisaged, with a more expansive role for labor.<sup>408</sup>

### **Trade Unions and Industrial Relations**

A number of complex legal relationships fall under the heading of industrial relations, including the legal status, rights, and obligations of trade unions and employers' organizations, collective bargaining and collective agreements, the representation of employees at plant and enterprise level (including joint consultation and, where it exists, codetermination and other forms of workers' participation in management, even to the extent of workers' representation on company boards), and the prevention and settlement of various types of labour disputes in general and of strikes and lockouts in particular. There are wide variations both in the extent to which such matters as the representative character and capacity of trade unions, their legal status, the obligation to recognize and bargain with them, the enforceability of collective agreements, the scope of activities permitted to trade unions, and their obligations in contract and tort are subject to legal rules and in the content of such rules.<sup>409</sup>

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<sup>407</sup> Maslow, A. H., (1987). *A Theory of Human Motivation in Psychology*. McGraw-Hill Book Company, New York, USA. p125.

<sup>408</sup> Shauna L. Olney, *Unions in a Changing World* (Geneva: International Labor Office, 1996), p.91.

<sup>409</sup> C. Wilfred Jenks & Johannes Schregle: *Encyclopedia Britannica*. Version-2005.

## Collective Bargaining

**Employee Security and Safety: Labor Relations and Collective Bargaining:** The labor movement started in the 1790s when skilled craftsman (shoemakers, tailors, printers, and so on) organized themselves into trade unions.<sup>410</sup> Since the start of the labor movement the aims of the unions remained more or less the same: union security, and improved wages, hours and benefits for union members, through *collective bargaining*.<sup>411</sup>

With collective bargaining the union wants to assure its own and employee interests. If during collective bargaining no settlement between company management and union can be reached a mediator can be called in to put pressure on management to accede to its demands, unions might threaten and sometimes carry out a picket<sup>412</sup>, boycott or strike.

Union representatives are not allowed to recruit new members during working hours.

The trade unions are facing a time of profound change. No one denies this profound change. However the economic, social, political, and industrial relations background of the various countries at issue differ, the challenge to the trade union movement remains essentially the same.

In general the state of the unions is a decline in union membership levels.<sup>413</sup> Membership levels are one of the most visible manifestations of a union's state of health. Union

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<sup>410</sup> Gary Dessler. (2003), *HRM* (Upper Saddle River, New Jersey: Prentice Hall, 2003), p.396.

<sup>411</sup> Dessler (2003) defines 'collective bargaining' as the process through which representatives of management and the union meet to negotiate a labor agreement (p. 528).

The International Labor Organization defines 'collective bargaining' more extensively as all negotiations which take place between an employer, a group of employers or one or more employers' organizations, on the one hand, and one or more workers' organizations, on the other, for: (a) determining working conditions and terms of employment, or (b) regulating relations between employers and workers, or (c) regulating relations between employers or their organizations and a workers' organization or workers' organizations. The definition includes wage, and non-wage bargaining. Source: International Labor Office. *Collective Bargaining* (Geneva, International Labor Office, 1986), p.1-76.

<sup>412</sup> Shauna L. Olney. *Unions in a Changing World* (Geneva: International Labor Office, 1996), p.12.

<sup>413</sup> Pell (2001) states that work related accidents and illness are expensive. The added costs of workers' compensation premiums are only a small part of their expense. Lost productivity and low morale take even greater toll on the organization (p. 217).

membership varies from country to country, suggesting that the consequences of declining membership will also vary.

Union membership rates are sector or industry bounded. Union membership in traditional industries is relatively high compared to modern businesses. In general the decline in union membership can be explained through the declining amount of blue-color jobs, and more service, high-tech and white-collar service jobs.<sup>414</sup>

Nowadays unions and company management try to have an equal relation.<sup>415</sup> They do not want to come into conflict with one another. They are looking more for a kind of partnership, where exchanging concerns takes a central position to avoid bumps.

Research indicates that workers continue strongly to support the fundamentals of unionism, thus many believe that these principles, while needing to be brought up-to-date from time to time, have an enduring quality, which will continue to be an essential component of a democratic society.<sup>416</sup>

A small number of features are happening in collective bargaining process in Bangladesh these features can affect the results of the bargaining process. In case of favorable presence of these features make collective bargaining process comes to an end effectively. Otherwise industrial unrest may not be settled. These characteristics are given below: I. Group process; II. Tow way affairs; III. Democratic approach; IV. Dynamic concept; V.

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<sup>414</sup> Healthy work conditions consist of numerous characteristics of the physical work environment. Three characteristics that affect all work situations are: (1) atmospheric conditions (for example heat and cold), (2) illumination (lighting), and (3) noise. These three characteristics can be relatively easily controlled. Source: Kenneth N. Wexley and Gary A. Yukl, *Organizational Behavior and Personnel Psychology* (Homewood, Illinois: Irwin, 1984), p.526-39.

<sup>415</sup> Healthy work conditions consist of numerous characteristics of the physical work environment. Three characteristics that affect all work situations are: (1) atmospheric conditions (for example heat and cold), (2) illumination (lighting), and (3) noise. These three characteristics can be relatively easily controlled. Source: Kenneth N. Wexley and Gary A. Yukl, *Organizational Behavior and Personnel Psychology* (Homewood, Illinois: Irwin, 1984), p 526-39.

<sup>416</sup> In his book *21 Ways to Create Healthy, Happy and Motivated Employees!* Robinson (2001) clearly explains that employees need to be helped and trained in establishing and maintaining a healthy lifestyle, since this has significant benefits to the individual and the organization. Healthy employees have lower health care costs, fewer workers' compensation claims, and reduced absenteeism. Additional intangible benefits include increased employee morale and reduced stress. p.112.

Human relations; VI. A continuing activity.<sup>417</sup> Collective Bargaining process in an effective way of falling conflict and establishing decision-making peace and discipline in the establishment. Effective collective bargaining process should be supported by the top management as well as the associate of all Trade Unions.<sup>418</sup>

### **Cause of Non-Functioning of the Activity of TU in the PBL**

It has discovered from the answers of the respondents through questionnaires that there are two inversely related causes behind the non-functioning of Trade Union in the Prime Bank Limited. Those are: *Positive Cause* is, the employees of this Bank pay a good and satisfactory salary from the authority of the Bank. So, they need not attain in Trade Union activities. On the other hand, the *Negative Cause* is that the authority supposes the activity of Trade Union is fully negative. They will oppose everywhere in the in the banking activities; they will disturb always in unnecessary talking & claims. For this reason the authority does not give permission to the employees to attain in Trade Union activities.

### **Managing Global Human Resources**

**Globalization:** Globalization in a literal sense is international integration. It can be described as a process by which the people of the world<sup>419</sup> are unified into a single society and functioning together. This process is a combination of economic, technological, socio-cultural, and political forces.<sup>420</sup> Globalization, as a term, is very often used to refer to economic globalization that is integration of national economies into the international economy through trade, foreign direct investment, capital flows, migration, and spread of

<sup>417</sup> Rahman, Aaur. (2003). *Human Resource Management*. Dhaka. Zahin Publications, 2007, p.352.

<sup>418</sup> McClelland, D. Atkinson, J. Clark, R and Lowell, E. (1953). *The Achievement Motive*, Appleton-Century-Crofts, New York, USA, p.114.

<sup>419</sup> Wikipedia Encyclopedia, USA.

<sup>420</sup> McClelland, D. Atkinson, J. Clark, R and Lowell, E. (1953). *The Achievement Motive*. Appleton-Century-Crofts, New York, USA, p.125.

technology.<sup>421</sup> The word globalization is also used, in a doctrinal sense to describe the neoliberal form of economic globalization. Globalization is also defined as internationalization, however such usage is typically incorrect as 'Global' implies 'One World' as a single unit, while 'International' (between nations) recognizes that different peoples, cultures, languages, nations, borders, economies, and ecosystems exist.<sup>422</sup>

### **Modern Globalization**

Globalization in the era since World War II was first the result of planning by economists, business<sup>423</sup> interests, and politicians who recognized the costs associated with protectionism and declining international economic integration. Their work led to the Breton Woods conference and the founding of several international institutions intended to oversee the renewed processes of globalization, promoting growth and managing adverse consequences.<sup>424</sup>

These were the International Bank for Reconstruction and Development (the World Bank) and the International Monetary Fund. It has been facilitated by advances in technology which have reduced the costs of trade, and trade negotiation rounds, originally under the auspices of GATT, which led to a series of agreements to remove restrictions on free trade.<sup>425</sup>

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<sup>421</sup> McDuffie, John Paul (1991). *Beyond Mass Production: Flexible Production Systems and Manufacturing Performance in the World Auto Industry*, unpublished Ph.D. dissertation, Massachusetts Institute of Technology, p.114.

<sup>422</sup> McGregor, D. (1960). *The Human Side of Enterprise*. McGraw-Hill Book Company, New York, USA, p.214.

<sup>423</sup> Ibid.

<sup>424</sup> Mayo, E. (1949). *The Social Problems of an Industrialized Civilization*. Harper Publications, New York, USA, p.114.

<sup>425</sup> McClelland, D. Atkinson, J. Clark, R and Lowell, E. (1953). *The Achievement Motive*, Appleton-Century-Crofts, New York, USA, p.125.

## History of Globalization

The word 'Globalization' has been used by economists since 1981; however, its concepts did not become popular<sup>426</sup> until the latter half of the 1980's and 1990's. Globalization in its largest extent began a bit before the turn of the 16th century, in Portugal. The country's global adventurism in the 16th century linked continents, economies, and cultures as never before. The Kingdom of Portugal kicked off what has come to be known as the Age of Discovery,<sup>427</sup> in the mid-1400s. The westernmost country in Europe was the first to significantly probe the Atlantic Ocean, colonizing the Azores, Madeira and other Atlantic islands, then braving the west coast of Africa. In 1488, Portuguese explorer Bartolomteo Dias was the first to sail around the Southern tip of Africa, and in 1498 his countryman Vasco da Gama repeated the experiment, making it as far as India. The Portuguese Empire would establish ports, forts and trading posts as far west as Brazil, as far east as Japan and Timor, and along the coasts of Africa, India and China. For the first time in history, a wave of global trade, colonization, and enculturation reached all corners of the world.<sup>428</sup>

Debate abounds over whether globalization is good or bad for the self, the family, the nation, and the world. Some pessimists see increased interdependence as a terribly destructive trend, while optimists see a more diverse, better life for all. Some people argue that the world is no more globalized than it was in the waning days of the British Empire, but some see an information revolution that is unparalleled in history and widespread in its implications.

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<sup>426</sup> Op.cit.

<sup>427</sup> Wikipedia Encyclopedia, USA.

<sup>428</sup> Mintzberg, H. (1973). *The Nature of Managerial Work*. Harper Publications, New York, USA, p.121.

## Effect of Globalization

Globalization has various aspects which affect the world<sup>429</sup> in several different ways such as:

*Industrial* (alias Tran's nationalization): emergence of worldwide production markets and broader access to a range of foreign products for consumers and companies.<sup>430</sup>

*Financial*: emergence of worldwide financial markets and better access to external financing for corporate, national and sub national borrowers.<sup>431</sup>

*Economic*: realization of a global common market, based on the freedom of exchange of goods and capital.<sup>432</sup>

*Political*: political globalization is the creation of a world government which regulates the relationships among nations and guarantees the rights arising from social and economic globalization. Politically, the United States has enjoyed a position of power among the world powers; in part because of its strong and wealthy economy. With the influence of Globalization and with the help of The United States' own economy, China has experience some tremendous growth within the past decade.<sup>433</sup> If China continues to grow at the rate projected by the trends, then it is very likely that in the next twenty years, there will be a major reallocation of power among the world leaders. China

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<sup>429</sup> Rahman, Ataur. *Human Resource Management*. Dhaka. Zahin Publications, 2007.p.28.

<sup>430</sup> Mintzberg, H. (1973). *The Nature of Managerial Work*. Harper Publications, New York, USA, p.121.

<sup>431</sup> McDuffie, John Paul (1991). *Beyond Mass Production: Flexible Production Systems and Manufacturing Performance in the World Auto Industry*. unpublished Ph.D. dissertation, Massachusetts Institute of Technology, p.114.

<sup>432</sup> McGregor, D. (1960). *The Human Side of Enterprise*. McGraw-Hill Book Company, New York, USA, p.214.

<sup>433</sup> McClelland, D. Atkinson, J. Clark, R and Lowell, E. (1953). *The Achievement Motive*. Appleton-Century-Crofts, New York, USA, p.125.



will have enough wealth, industry, and technology to rival the United States for the position of leading world power.

*Informational*: Increase in information flows between geographically remote locations.<sup>434</sup>

*Cultural*: growth of cross-cultural contacts; advent of new categories of consciousness and identities such as Globalism - which embodies cultural diffusion, the desire to consume and enjoy foreign products and ideas, adopt new technology and practices, and participate in a "world culture"<sup>435</sup>

### **Position of Prime Bank Limited in Case of Globalization**

According to the recent globalized circumstances, we can make comment that the HRM Practice of a private sector banking of Bangladesh can't be able to competent with the current competitive situation. Many cause may be under lined, **Firstly**, the lack of favorable Technology; & **Secondly**, the lack of proper trained & skilled employees. If these two factors are strengthened by the authority, it may be the matter of hope for the researcher that the Bangladeshi HRM Practice can compete with global action very often. In case of global pressures and also pressures from the Government of the People's Republic of Bangladesh on the Human Resource Management & its Practice, Prime Bank Limited are trying their best to obtain a first class position in the Banking sector of Bangladesh according to the answers of most of the respondents.

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<sup>434</sup> Mayo, E. (1949), *The Social Problems of an Industrialized Civilization*. Harper Publications, New York, USA. p.114.

<sup>435</sup> Ibid.p.3.

**Table No-3.102 # Feeling of Respondents on Globalization of HR System in PBL**

Level of Officers	Good	Partly Good	Not Good	Total%
Higher Level Officers	95	05	00	100
Middle Level Officers	85	15	00	100
Lower Level Officers	20	30	50	100

Source: *Field Survey*

The term globalization isn't familiar in all levels of organization, though the researcher tried his best to know the situation of the condition of globalization. The question was, "have you any good idea on globalization? Are your banking functions trend to be globalized?" different answers received by commenting yes or not. In these cases total respondents were 300 hundred. 100 were higher level officers, 100 middle level officers and 100 were lower level officers. In the executive level, 95% said, the condition was good, in employee level 85% is good and in other employee level 20% is good.

### **Global Pressures**

The three key global pressures affecting Human Resource Management Practices, as mentioned are: 1) Deployment; 2) Knowledge and innovation dissemination; & 3) Identifying and developing talent on a global base.

Deployment and identifying & developing talent on a global base weren't sufficiently addressed at any of the Banks. However, knowledge and innovation dissemination were not sufficiently addressed at these types of companies, since the lower organizational level employees, and to a lesser extent the middle organizational level employees, were often excluded from knowledge and innovation dissemination.

## Position of Prime Bank Limited In Case of Global Pressures

In case of Global pressures and also pressures from the Government of the People's Republic of Bangladesh on the Human Resource Management systems & its Practice, Prime Bank Limited are trying their best to obtain a first class position in the Banking sector of Bangladesh according to the answers of most of the respondents.

**Table No-3.104 # Satisfaction with the Globalization of HR System in PBL**

Level of Officers	Good	Partly Good	Not Good	Total
Higher Level Officers	89	05	06	100
Middle Level Officers	50	40	10	100
Lower Level Officers	20	30	50	100

Source: *Field Survey*

The term globalization isn't familiar in all levels of organization, though the researcher tried his best to know the situation of the condition of globalization imposed by the global age. The question was, "are your banking functions trends to be good in globalization?" In these cases total respondents were 300 hundred. 100 were higher level officers, 100 middle level officers and 100 were lower level officers. In the executive level, 89% said, the condition was good, in employee level 50% is good and in other employee level 20% is good.

## Human Capital Management

Fitz-enz and Davison (2002) say the widespread introduction of technology is now the driving force in human resource management (HRM).<sup>436</sup> The human resources information system (HRIS) has evolved from mainframe-based to hands-on applications. With the arrival of the Worldwide Web, HR professionals have almost unlimited power at their

<sup>436</sup> Source: Jac Fitz-enz and Barbara Davison, *How to Measure Human Resources Management* (New York: McGraw-Hill, 2002), p. vii-ix.

fingertips. As exciting and tantalizing as technology has become, it is nothing compared to what it will be like in another ten years according to Jac Fitz-enz and Davison. It is difficult to imagine what the practice of human capital management will look like then.

Nevertheless, within these three words – *Human Capital Management* – lays the clue to what is likely to change:<sup>437</sup>

□ *Human Capital*- Given the critical role of people, how is HR going to strategically plan and act the next few years? The traditional dichotomy between transaction administration and management consultation has to be solved in order for HR to play an effective role. Transaction has to be solved or the system will collapse.

□ *Return on Investment*- Since HR is a business function; management has to ask what the value of the function is to the total enterprise.<sup>438</sup>

Traditionally HR, like accounting, information technologies, and other general and administrative units, has been treated as an overhead expense. All overhead units should be managed as economically as possible. The value acquiring of their operations has been viewed as a necessity or a nice thing to have, in the case of HR the alleged value of keeping people happy. This translates very loosely into retention and productivity. There has been little, if, any assessment of HR's performance. In the pursuit of profitability and competitive advantage top management is looking at all functions for a return on investment.

The question will be: What is the best way to spend money on HR services? Questions over the relative merits of in- or outsourcing may arise.<sup>439</sup>

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<sup>437</sup> Ibid, p. vii-ix.

<sup>438</sup> In their book *How to Measure Human Resources Management* Fitz-enz and Davison (2002) give straightforward tools to make most human resource management practices measurable. The tools allow structural improvement of these practices, p.51.

<sup>439</sup> Drucker (2002) says that a growing number of businesses have outsourced employee relations; they no longer manage major aspects of their relationships with the people who are their formal employees (p. 2).

☐ **Communication**- Communication is seen as the heart of leading new employees.

## **HR Professionals as a Business Partners**

Ulrich (1997) advocated that HR professionals<sup>440</sup> must become partners, players, and pioneers. They should be theory-based, competency-driven experts who draw on a body of knowledge to make informed business decisions. HR practices must be designed to create value and deliver results.

HR professionals need to move beyond the role of policy police and regulatory watchdogs. Ulrich is optimistic about the role of HR over the next decade, because the issues with which HR professionals deal are at the heart of organizational success. Ulrich sees the HR function for the next decade as follows:<sup>441</sup>

- ☐ A focus on global management, organizational capabilities, culture change, and intellectual capital.
- ☐ HR issues of the past (for example fair treatment of employees, shaping firms' values, and sourcing talent) will continue to be central in the future.
- ☐ Questions as: How does HR add value? Who does HR work with (the line, staff, HR professionals, outside vendors)? Who are the clients for HR initiatives (employees, customers, investors)? What are the criteria for successful HR practices (financial measures, employee morale, and market share)? What are the new tools for HR? The answers to these questions will lead to new insights, and even more questions not currently asked among HR professionals.

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<sup>440</sup> 243 Today's HR professionals are often labeled business partners. Ulrich (1997) defines a 'business partner' as the sum of: a strategic partner, an administrative expert, an employee champion, and a change agent (p. 37).

<sup>441</sup> Dave Ulrich, (1997), *Human Resource Champions* (Boston: Harvard Business School Press.), p. vii-x. USA.

## Opinion of Respondents on “Employees Are Human Capital not as a Commodity Product”

The term ‘Employees must be seen and treated as Human Capital and not as a commodity product in this Bank’ isn’t familiar in all levels of organization, though the researcher tried his best to know the situation of the condition of the theme. Employees must be seen and treated as Human Capital and not as a commodity product in this Bank.

**Table No-3.105 # Opinion of Respondents on “Employees Are Human Capital not as a Commodity Product”**

Level of Officers	Yes	Partly	No	Total
Higher Level Officers	90	10	00	100
Middle Level Officers	50	30	20	100
Lower Level Officers	20	30	50	100

Source: *Field Survey*

The question was “Is it true or good enough?” Different answer received by Commenting yes or not. In these cases total respondents were 300 hundred. 100 were Higher Level Officers, 100 Middle Level Officers and 100 were Lower Level Officers. In the executive level, 90% said the condition was yes /good, in employee level 50% is yes /good and in other employee level 20% is yes /good.

## Human Capital Development

Fitz-enz (2000) sees that, to remain competitive in the twenty-first century, management has to find methods of increasing the power of the information lever. The availability of valid performance data is the heart of the issue.

Fitz-enz sees human capital developing in the future as follows:<sup>442</sup>

<sup>442</sup> Taken from: Jac Fitz-enz.(2000). *The ROI of Human Capital* (New York: American Management Association, 2000),p.xi-206

☐ Employees need to become more productive. This will be the solution to talent shortfall. This raises the question of how to invest in human potential.

☐ Every improvement in companies must flow from goals from the corporate ladder.

☐ Enterprise goals, business unit goals, and human capital management need to be bridged and aligned.

☐ The drivers of a company's success are people. The five basic activities in managing human capital are: (1) planning, (2) acquiring, (3) maintaining, (4) developing, and (5) retaining the human asset.

☐ The output of human capital needs to be measured. Financial data tell us what happened. Human capital data tell us why it happened.

Performance matrices or scorecards need to be set up. Without specific data, there is no sense of urgency around improvement.

☐ The HR function needs to be restructured. HR departments need to consider in- or outsource decisions. They need to appeal to the temporary workforce to increase their flexibility and to deal with talent shortfall.

## **The HR Scorecard**

Huselid, Ulrich, and Becker (2001), in their book *The HR Scorecard: Linking People, Strategy, and Performance*, proposes new metrics to measure human resources. The four metrics the authors propose are: (1) high performance work systems, (2) alignment with business strategy, (3) human resource deliverables, and (4) human resources efficiency. These new metrics are in line with the balance scorecard<sup>443</sup> approach of Kaplan and Norton.

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<sup>443</sup> The **Balanced Scorecard** is a response to the inadequacies of traditional performance measurement systems, often based on financial measures. To overcome these inadequacies Kaplan and Norton developed the Balanced Scorecard. The

## HR and the Internationalization of Business

Now, the age, of companies is increasingly doing abroad. But all of the parts of the world, even small firms are finding that success depends on their ability to market strategy. This presents firms with some interesting management challenges. **Market**, **product**, and **production** plans must be coordinated on a worldwide basis, for instance, and organization structures capable of balancing centralized home-office control with adequate local autonomy must be created. And, of course, the firm must extend its HR policies and systems to service its staffing needs abroad.<sup>444</sup>

## Human Resource Assessment & Auditing

In every field of operation, it is an essential task to set up a permanent policy of assessment for every employee. It involves two major activities. The first activity is to conduct a number of **Audits** to identify current issues and ensure compliance<sup>445</sup> within a number of HR practices. The second activity is **Data Collection**, to identify<sup>446</sup> the existing factors within the organization, such as organizational culture & climate, management practice, planning activities employee KSAs (knowledge, skills, attitudes, & abilities),<sup>447</sup> guest satisfaction levels, and other pertinent data used to appraise the current status of the organization. This process is totally absent in connection with the Human Resource Management policy to perform regularly by tradition for the development of both employer & employee.

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Balanced Scorecard, a new performance management system that gives top managers a fast but comprehensive view of business. includes financial and three sets of operational measures (customer satisfaction, internal processes, and the organization's ability to learn and improve) – the activities that drive future performance. Managers create a Balanced Scorecard by translating their company's strategy and mission statement into specific goals and measures. Taken from: Robert S. Kaplan and David P. Norton, "The Balanced Scorecard – Measures that Drive Performance," in *Harvard Business Review on Measuring Corporate Performance* (Boston: Harvard Business School Press, 1998), p.123-4 (*British Council Library*).

<sup>444</sup> Dessler, Gary. (2003). *H. R. Management*. Pearson Prentice Hall, New Jersey, USA. p.656.

<sup>445</sup> Tesone, D V, (2005): *HRM in Hospitality Industry*. Pearson Prentice Hall, New Jersey, USA, p.201.

<sup>446</sup> Rahman. Ataur. (2007). *Human Resource Management*. Dhaka. Zahin Publications. 2007.p.28.

<sup>447</sup> Op. Cit.p.201.



## **HR Auditing & Assessments in Prime Bank Limited**

In every field of operation, it is an essential task to set up a permanent policy of assessment for every employee. It involves two major activities. The first activity is to conduct a number of audits to identify current issues and ensure compliance<sup>448</sup> within a number of HRM Practices. The second activity is data collection, to identify the existing factors within the organization, such as organizational culture & climate, management practice, planning activities, employee KSAs (Knowledge, Skills, Attitudes, & Abilities),<sup>449</sup> guest satisfaction levels, and other pertinent data used to appraise the current status of the organization. This process is totally absent in connection with the human resource management policy in this bank to perform regularly by tradition for the development of both employers & employees in the Prime Bank Limited.

## **Opinion of Respondents Regarding the Improvement of Bank Management**

The term 'Management must be improved in this Bank' isn't familiar in all levels of organization, though the researcher tried his best to know the situation of the condition of the theme. Management must be improved in this bank.

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<sup>448</sup> Tesone, D. V., (2005): *HRM in Hospitality Industry*. Pearson Prentice Hall, New Jersey, USA, p.201.

<sup>449</sup> Ibid.p.201.

### Table No-3.106 # Opinion of Respondents Regarding the Improvement of Bank Management

Level of Officers	Yes	Partly	No	Total%
Higher Level Officers	91	09	00	100
Middle Level Officers	52	29	21	100
Lower Level Officers	35	30	45	100

Source: *Field Survey*

The question was 'Management must be improved in this bank'; is it true? Different answer received by Commenting yes or not. In these cases total respondents were 300 hundred. 100 were higher level officers, 100 middle level officers and 100 were lower level officers. In the executive level, 91% said, the condition was yes, in employee level 52% is yes and in other employee level 35% is yes.

### Opinion of Respondents on the Change of Attitude

The term 'Company Managers & Employees must break up the status quo and see the global market through new eyes' isn't familiar in all levels of organization, though the researcher tried his best to know the situation of the condition of the theme. The current researcher has collected data from *Field Survey* and presented it in the following Tables about above of the employees of PBL:

### Table No-3.107 # Opinion of Respondents on the Change of Attitude

Level of Officers	Yes	Partly	No	Total%
Higher Level Officers	90	10	00	100
Middle Level Officers	50	30	20	100
Lower Level Officers	20	30	50	100

Source: *Field Survey*

. The question was, "Is the condition good enough?" Different answer received by commenting yes or not. In these cases total respondents were 300 hundred. 100 were higher level officers, 100 middle level officers and 100 were lower level officers. In the executive level, 90% said, the condition was good, in employee level 50% is good and in other employee level 20% is good.

### Nature of Research & Development in PBL

PBL has established in April, 1995 as a scheduled bank in probate sector in pursuance of the policy of liberalization of banking and financial services in Bangladesh. During the inception of the bank it has only one 161 employees in two offices, one was the first branches in Motijheel and the other was its head office. A number of qualified Employees are working in the PBL. Undoubtedly, without caring or counting any religious, language or racial purposes, the authority of the Bank recruits a large number of highly qualified HRs for conducting its banking activities in the modern competitive market. They are human being, so, they have their own individual attitudes with respect to their age limit. In this case, the bank authority takes care for the employees' attitudes with respect to their age limit. They also conducting research program in banking as a bye product. So the program is so weak in nature. The current researcher has collected data from *Field Survey* and presented it in the following Table about the research program of the employees of PBL:

**Table No-3.108 # Nature of Research & Development in PBL**

Level of employees	Yes	No	Neutral	Total
Higher Level Officers	90	05	05	100
Middle Level Officers	80	05	15	100
Lower Level Officers	69	11	30	100

Source: Field Survey

The respondents are questioned; "Are there any research & development system in this bank?" The respondents were of three categories. They have given the questions for commenting yes, no, or neutral marking. In executives level 90% given yes and 05% is marking neutral. In middle level 80% yes and 15% is neutral. On the other hand, in lower group 65% yes and 30% is neutral. Research and development process proves that the authority wants to improve the condition of the management to remove the status quo.

# Chapter

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## Conclusions & Recommendations



# Conclusions of the Study

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The man who gets the most satisfactory results is not always the man with the most brilliant single mind, but rather the man who can best coordinate the brains and talents of his associates.\* The current Research Study is deployed to recommend a strategy which will make possible for the bank to think about the requirements of HRM practices to achieve the organizational goal in a rapidly changing situation in the Private Sector Bank. From the statement of problem it is clear that the bank is predetermined a gap between its expectation and reality with respect to Human resources planning & the components of Human resource management and its implementation to accomplish the strategic objectives in a changing situation. It is also observed that among other causes like diminishing culture, the traditional and out dated banking activities incompetent banking services, not to have perform market research for customer psychology, below standard customer satisfaction are the cause of this gap. We have observed another serious weakness that is lack of coordination between proper Human Resources Planning and bank schemes which creates bottleneck in the progress of *Private Sector Banking in Bangladesh*, because of this weakness all of the components of HRM can't be practiced smoothly. There is a common question arising here, that is, whether the existing system cans linkup with the HRP & its successful practice with the banking strategy, or not.

In the first chapter of the dissertation gives us the introductory issues, where the plan & purpose of the current research have been described. Clear and clarified shortcut statements of the problem, the research questions, objectives, hypothesis, and justification of the study have been discussed. It is expected & the current researcher's strong hope that

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\* W. Alton Jones: cited in Webster, Webster's Dictionary (New York: Lexicon Publications Inc., 1991), USA, p. 81.

the findings of the study will be of great use to the policy makers, the planners, the management authority of banks and to the Government to ensure and effective control in case of labor & other related essential expenses.

To achieve the goals of the proposed study an intensive field work was undertaken to collect data from the field as well as from secondary sources. Prime Bank Limited have been considered for the case study as representative of **Private Sector Banking**, respectively, the data were collected from the above mentioned bank which include the three different tiers of respondents i.e. **First** tier the Executive and Decision Makers, **Second** tier Mid Level Employees and **Third** tier the Lower Level Officers. So, the data was collected & processed to make more meaningful states of knowledge, refined and interpreted.

But it is a matter of regret that there are no Trade Union activities in the Prime Bank Limited. In very deep investigation & observation, it is proved that Trade Union activities are not permitted at all in this Bank. By questioning it has been found that the authority doesn't permit it. Other than a few employees, all are officers in this bank. On the other hand, the high official and decision makers answered ambiguously; as it is needless for high salary or it is harmful for the smooth banking activities. Another cause is in this bank all are they having not needed any bargaining for not having any complaint to their bosses & officers, so TU is needless for their interest.

A brief layout & overview of Prime Bank Limited has been taken for discussion. The organogram and HRM practices have been examined thoroughly. The origin and a brief overview of the bank have also been seen to assess the condition of the HRP. It is found that the policy and overall management of the bank is vested upon the board of directors where the chief executive of the bank is one of the members of the board of directors.

Gradation of the branches is made in regards to volume of business where the HR is not proportionate as per the expansion of the branches. After examining it is found that its organogram isn't set up in a progressive manner. It is also observed that the number of HR is not logically harmonious with the HR of immediate preceding post and the next post.

A comprehensive study on HRM practices of PBL has been done. Major differences and gaps have been chalked out between HRP and its implementation in the Private Sector Banking has been evaluated in all respect by analyzing the data and HR existing in the range. Though the rank structure is set up clearly but also a difference has shown among the different levels of employees of Prime Bank Limited by gradation. The bank follows a categorical status for the officers and subordinates, with distinct differences of the specialized employees. It also includes the analysis of the field survey.

On the basis of the above discussion, it is recommended that the bank should promote a dependable job analysis first, and then goes for Recruitment. Job Analysis and work load analysis should be the basis of Human Resource Planning and this Human Resource Planning will be the fundamental basis of HRM practice; because all of the elements of HRM should be performed as it is stated clearly and clarified in the above analysis.

To bring to a close, it should be heard in psyche at all times that banks place at the heart of all economic activities in the modern circumstances and society, it is built upon confidence, and trust is sustain by the human resources. Human resource always plays a crucial role in any organization or a bank. An organization doesn't make proper planning and stated goal efficiently & fruitfully without the help of active manpower.





## Recommendations of the Study

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One of the objectives of the study is to suggest how an effective HRM practices may prevail & work. That is why some suggestions have been offered.

- ✚ HRM must become a strategic function at the highest level of Bank companies' management, instead of being an executive body for the top management at department level.
- ✚ Bank Companies must attract and retain the best people, and need to stop nepotism. This will lead to a competent workforce.
- ✚ Competent HR managers must staff the HR departments.

- ✚ HR Managers should facilitate the line managers with their expertise. Moreover, they must become coaches, mentors, and change agents, and not just problem solvers.
- ✚ Bank authority need to address employees' values and motivational factors, since these values and motivational factors affect the employees' attitudes and behavior at the workplace.
- ✚ Bank Companies must approach their employees as unique individuals, as human capital, to reduce the shortage of skilled employees by training employees adequately.
- ✚ Bank Companies authority needs to make an appeal for women at middle, higher and top management positions. At present women are barely represented at higher and not at all at top organizational levels. Nevertheless, Bangladeshi men see Bangladeshi women as very effective and efficient at the workplace.
- ✚ Bank Companies need to improve their recruitment and placement. They should give employee orientation, should have a training policy, and should allocate a training budget. Moreover, the steps in the training process must be followed, to avoid failure costs.

### *Training Policy should be Improved*

- ✚ Training should not be restricted to middle, higher and top organizational level employees. Instead, training should be available for all organizational members.
- ✚ The emphasis in training programs should be on developing the trainee's ability: (1) to identify and solve problems, (2) to seek knowledge, and (3) to take the initiative to continue self-development.

### *Performance Appraisals*

- ✚ Performance appraisals should not be conducted for promotion and salary decisions only. They should also be conducted for: (1) employee feedback, (2) career planning, and (3) improving the management and performance of the company. Moreover, they must be critical.
- ✚ Recruitment and promotion decisions should be taken on objective criteria, and on an individual's performance, and not be based on subjective criteria and own interests.
- ✚ Employees should have *extrinsic* rewards met first and only afterwards *intrinsic* rewards, since the lowest unsatisfied need will determine an employee's behavior.

***Workload Analysis should be done for the Fixation of Workforce:*** The prevalent significant task for fixation of HR strength is workload of the branches and offices. Branch-wise detail workload analysis should be done. Daily average number of transaction and per employee average number of transaction should be assessed for properly attain the exact goals & objectives of the Bank.

***Employee's Performance should be Measured with Respect to the Rank & Structure:*** During the HR activities this aspect should get proper attention. HR productivity of the banks has been steadily increasing since inception of the bank by proper execution of HRM practice. HR productivity of the banks in all areas of performance should be considered with respect to the rank structure.

***Job Schedule & Job Analysis should be Treated as an Essential Determinant of HR Strength:*** A classic organogram of the branches should be drawn and shown to the branches and for the aware of employees. Growth-wise practical job schedule for the

aware of employees of the branches should be located. The facilities shown in the job schedule are major indicative jobs area of the branch and have been arranged in logical sequence. These job schedules can further be improved giving minute particulars of work preparing labor stream diagram. Job schedules will be significant influential aspect for HR potency.

***Modification of the Banking Procedure Depends on the Recruitment of Technical***

***Skilled Person:*** It is supposed to say, hi-tech innovations can extensively alter the efficiency situation in banking sector. Banking practice needs to be tailored to update it in accordance with the modern banking with a view to avoid monotonous and dull day to day banking business. For this purpose each branch or office can be computerized gradually. By this way heavy work load can be minimized and the employees can take pleasure in their practice work instead of being uninterested.

***Training, Research, and Development should be Emphasized:*** Training and Development capability should be efficient further both on-the-job and institutional for prominence HR efficiency in banks. Research is also essential elements for improving and increasing the quality of bank management and efficiency of banking operations and makes it in practice. The banking business has a vital role to take part in operation of the recent complexity of economic development in Bangladesh.

***Enclosure of Employees Rules for the Banks:*** The subsequent proposal is given for implementation for personnel rules of private banks. It is desirable to entrust the powers of formulating personnel rules to the management of the bank themselves. However, some degree of uniformity in the systems of recruitment, promoting and retirement is, perhaps, viable in all Private Sector Banks, since all of them satisfy the fundamental considerations of impartiality and frankness of dealings.

**Trade Union Activities:** Every Private organization should permit Trade Union Activities for the welfare of their employees; through these activities they can convey their condition of satisfaction and dissatisfaction to the management authority

**Human Resource Assessment:** In every field of operation, it is an essential task to set up a permanent policy of assessment for every employee. It involves two major activities. The first activity is to conduct a number of **Audits** to identify current issues and ensure compliance within a number of HR practices. The second activity is **Data Collection**, to identify the existing factors within the organization, such as organizational culture & climate, management practices, planning activities employee **KSAAs** (knowledge, skills, attitudes, & abilities), guest satisfaction levels, and other pertinent data used to appraise the current status of the organization. This process should perform regularly by tradition for the development of both employer & employee.

### *Bank Company Management Systems should be Improved*

- 🚩 Bank Companies need to be staffed with competent managers. Competent management needs to be fostered. Managers must become transparent, and should not have second (Hidden) agendas.
- 🚩 Bank Companies must stop *nepotism in case of recruitment*.

**HR Planning in the Banks should be done Considering the Future Challenges:** In observation of the rapid changes that are taking place in the economic sector in recent moment in time, commercial banks have to equip themselves for increasing the qualitative skills of the employees in a major way. In addition to meticulous planning, continuous training, and employee development activities, doing proper performance appraisal, supply of Motivational aspects, startup sound salary systems, taking appropriate disciplinary

actions and proper LMR have to be undertaken to increase the impact of employee skills at different levels.

***HRM Should be in the Line of Overall Strategy of the Bank through HR Planning and then Implement it Properly to Gain the Objectives of the Bank :*** It is desirable to practice a document consists both short, mid and long term HR plan. This document must focus on HR demand and supply plan in the context of perspective business development plan and expansion program of the bank. The HR demand plan shall determine quantitative, qualitative, temporal, location and HR supply plan will include the source and supply of HR by which the objectives of the bank will be fulfilled.

***Banks should Formulate a Standard Promotion Policy:*** The straightforward solution in this case is to continue a lastingly confirmed promotion policy where the promotion criterion will be straight and every employee will know about the standard. This will assist the employees to effort with initiative and keenness for building-up enhanced career. This circumstances discouraged employees and upset them functioning impulsively. Therefore, the promotion policy should be unambiguous and unlock to all the employees of all level so that all the uncertainties and discontents eventually help excellent performance.

***Political Pressure should be Avoided in all Respect:*** Nevertheless, it may be emphasized that the banking establishment should not be used beneath political pressure and that the banking actions should be biased on sound banking philosophy. In this technique authority of bank can be helped to achieve recovery target of loans and advances which in due course facilitate career building. Local and political pressure also creates unconstructive impact on the ground of job satisfaction. From time to time the forces by the political dominant and influential local persons unfavorably affect the banking activities.

**Participation in Decision Making:** Similar to numerous other countries, private sector banks, in particular, have been expected to introduce employee participation in management in an effective manner. This is possible in three different levels:

- I. Dual consultative councils may be established on which the managers as well as the employees of banks may be represented; or
- II. The board of directors also may include employee members in the board. Every Private bank may implement these two systems simultaneously. This may be inspired by the directors to achieve good industrial relation in banking activities. This will allow the insiders to represent the Board gradually. Further, if no provision is made for the insertion of a number of manager and employee council to the board, the purpose cannot be achieved.
- III. Though the Trade Union Representative from every tiers of employee should take part in decision making activities; but there is not any Trade Union activity in this bank, so it is not possible. But it is said that if Trade Union activities exist in every bank, the management can perform so smoothly without any hesitation. On the other hand, it is permitted for the welfare of the employees by International Labor Organization. It is noted that Bangladesh is a member of this Convention.

**Reflection of Industrial Democracy:** Despite the fact that considerations of Industrial Democracy justify the insertion of labor representatives on the board and the social objective of Private Sector Bank encourage to bring about it, there are some inherent problems in this system. These should be carefully consulted before taking any resolution in this watch:

a) The employees, particularly in developing country like Bangladesh, are supposed to be deficient in executive talent.

b) It is unwise to comprise with the board of directors on the basis of class interests and representations may generate the board likely to be divided position.

**Prime Bank Limited in Case of Globalization:** According to the recent globalized circumstances, we can make comment that the HRM practice of a private sector banking of Bangladesh can't be able to competent with the current competitive situation. Many cause may be under lined, **Firstly**, the lack of favorable Technology; & **Secondly**, the lack of proper trained & skilled employees. If these two factors are strengthened by the authority, it may be the matter of hope for the researcher that the Bangladeshi HRM practice can compete with global action very often.

**Human Resource Information System:** To manage employee skills inventories, bank should maintain computerized human resource information systems containing data on: individual demographics, career progression, appraisals, skills, interests, training target positions, performance ratings, geographic preferences, promotion ability rating, should be improved for the welfare of the case-study Bank.

**Implication of IT Facilities on HRM Practice:** The IT facilities have already increased HR requirements increasing working facilities & services to a great extent and improved efficiency. The new software (LAN/WAN<sup>†</sup> web enabled) when developed and put into use, will reduced the need of assistant officers but increase the need of officers in higher ranks, increase training requirement of IT, improve the quality of service in terms of speed and accuracy, enable even distribution of tasks among the employees, reduce disruption of service, make possible to provide one stop service and facilitate assessment of quality

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<sup>†</sup> LAN-Local Area Network. & WAN- Worldwide Area Network



savings frequently and thus decrease volume of bad asset. Introduction of Automated Service Providing Centre (ASPC) for deposit and withdraw of money using only Automated Teller Machine (ATM ) cards will facilitates large number of clients to make transactions from outside the branches thus decreasing number of transactions from formal bank taking place over the countries & this is the global practical picture of the recent globalized world.

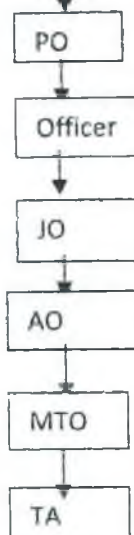
# Appendices

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a) Charts

b) Figures





Source: Service Rules of PBI. (1995), Updated in 2007.

### Chart No-3.07 # Recruitment Processes

Recruitment Processes	Adequate	Revise
Recruitment and selection budget		
Job specifications		
Job descriptions		
External recruiting sources		
Internal recruiting sources		
Compensation levels		
Applicant inquiry processing		
Application blank information		

### Chart No-3.08 # Selection Processes

Selection processes	Adequate	Revise
Preliminary review of applications and resumes		
Pre- screen interviews		
Screen interviews		
Pre-employment testing procedures		
Department interviews		
Job offers		
Employment processing		

**Chart No-3.09 # Training Program**

Program	Yes	No	Create /Revise
New employee orientation			
Departmental orientation			
Codes of ethics training program			
Technical training programs			
Administrative training programs			
Supervisory training programs			
Management development programs			
Leadership programs			

**Chart No-3.10 # Types of Benefits**

Name of Types	Examples
1.Required or mandatory security	Workers Compensation, Unemployment compensation,& Social security
2. Voluntary security	Health Insurance, life insurance .Disability insurance, Leaves of absence, Paid holydays, Paid vacations, Paid sick and personal time, Education assistance, Child care assistant, Stock options and profit sharing, & Social and recreational benefits.
3. Retirement-related security	Retirement: Over 90% of full-time workers at companies are covered by retirement plans, according to the employee benefits facilities. <sup>§</sup>
4. Time-off security	Holiday pay, Vacation, Leave of absence etc.
5.Health insurance	Health and insurance related benefit: Employers offer various types of coverage including medical, disability, dental, life, and auto insurance, maintaining adequate coverage challenge for organization.
6.Financial service Social & recreational	Non financial benefits, Stock benefits, employee stock ownership plan (ESOP), Educational benefits, Child-care benefits, Elder care, Cafeteria plan, & Family friendly benefits.**

Researchers own design.

Source: D. V. Tesone (2005): *HRM in Hospitality Management*. PP Hall, New Jersey, USA, pp.141-45. & Rahman, Aatur (2007): *Human Resource Management*. Zahin Publications, Dhaka, p-250.

<sup>§</sup> Rahman. Aatur (2007): *Human Resource Management*. Zahin Publications.Dhaka, pp.250-252

\*\* D. V. Tesone (2005): *HRM in Hospitality Management*. PP Hall, New Jersey, USA, pp.141-45. & Rahman. Aatur (2007): *Human Resource Management*. Zahin Publications, Dhaka, pp.250-254.

### Chart No-3.11 # Criteria for Grievance Procedures<sup>††</sup>

Criteria	Grievance Procedures
In writing Timings of each stage laid down Third party presence allowed Managers trained in procedure Which manager is responsible for action? Nature of Grievance specified in advance	Action may Apply.

Source: Managing People, p.286

### ChartNo-3.12 # Criteria for Grievance Procedures<sup>\*\*</sup>

Criteria	Disciplinary Action
In writing Timings of each stage laid down Third party presence allowed <b>Managers trained in procedure</b> Definition of punishment for a given offence Definition exists for each offence, e.g. what is lateness? Appeals procedure How long does offence stay on record? Which manager is responsible for action? Nature of Grievance specified in advance	Action should perform in each case.

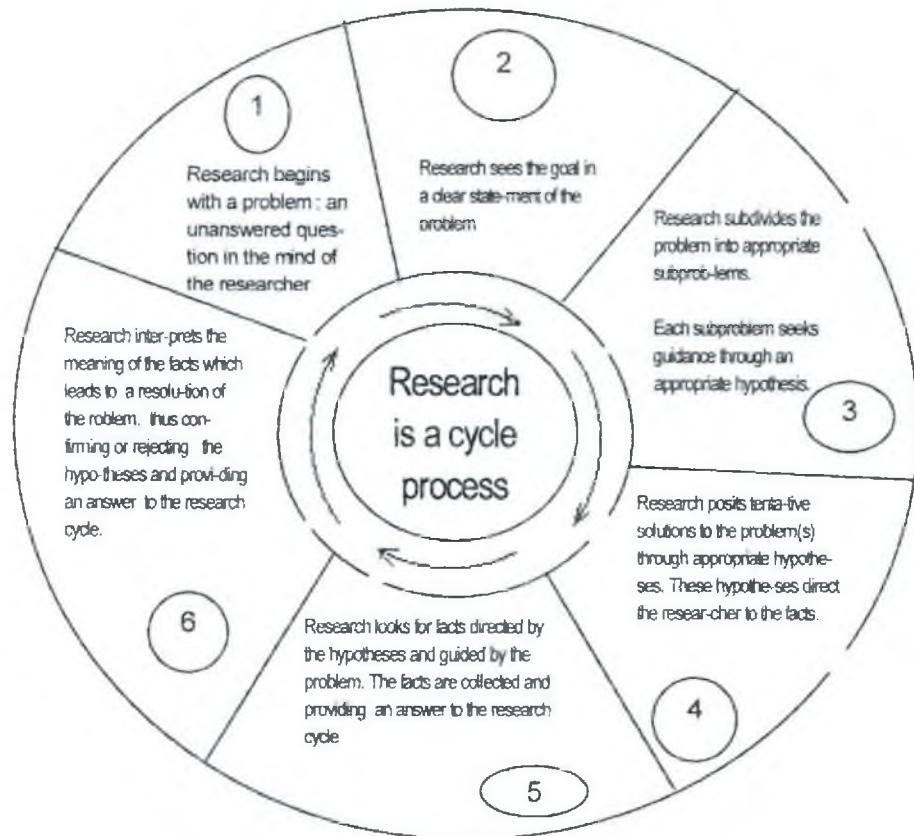
Source: Managing People, p.286.

<sup>††</sup> Managing People, (2006), (ACCA-Course Book), (Writer unknown, Kaplan Publishing Foulks Lynch, Unit 2, The Business Centre, Berkshire, UK), British Council Library, Dhaka, Bangladesh.p.286.

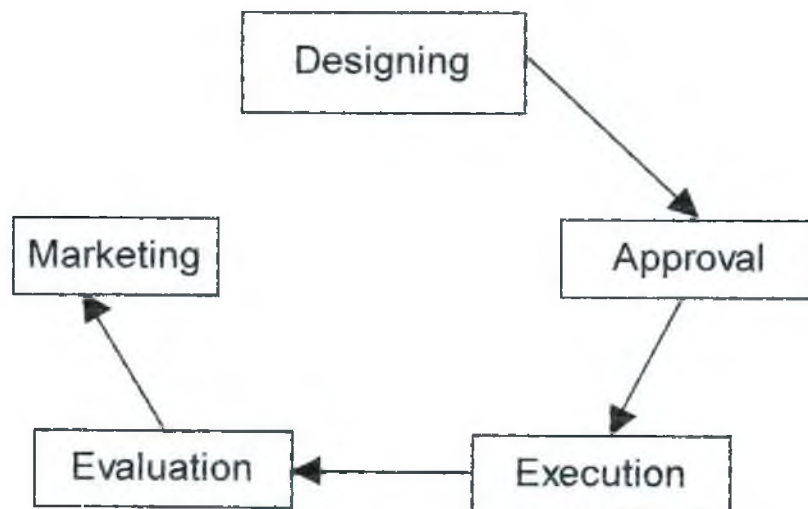
<sup>\*\*</sup> Managing People, (2006), (ACCA-Course Book), (Writer unknown, Kaplan Publishing Foulks Lynch, Unit 2, The Business Centre, Berkshire, UK), British Council Library, Dhaka, Bangladesh.p.286.

## Figures

**Figure No-2.01 # Research Cycle**

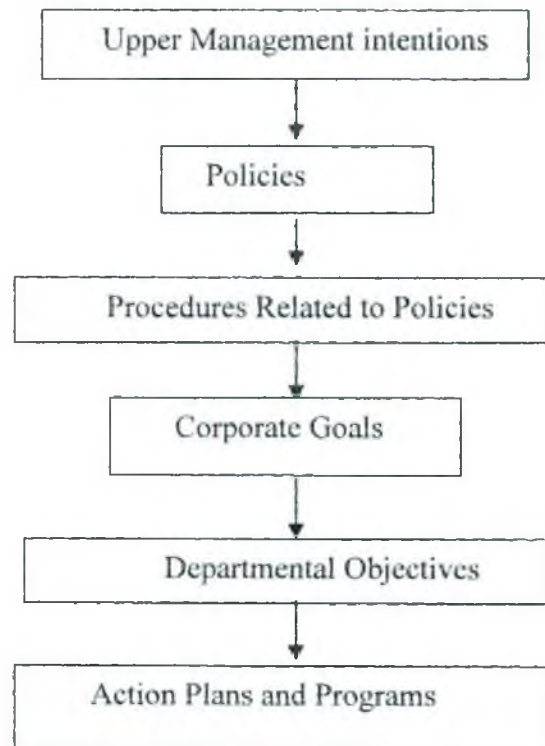


Source: Kweit, Mary G., & Kweit Robert W. (1981), *Concept and Methods of Research*, Prentice Hall, Inc., U.S.A., p.35

**Figure No-2.02 # Life Cycle of a Research Project****Life Cycle of a Research Project**

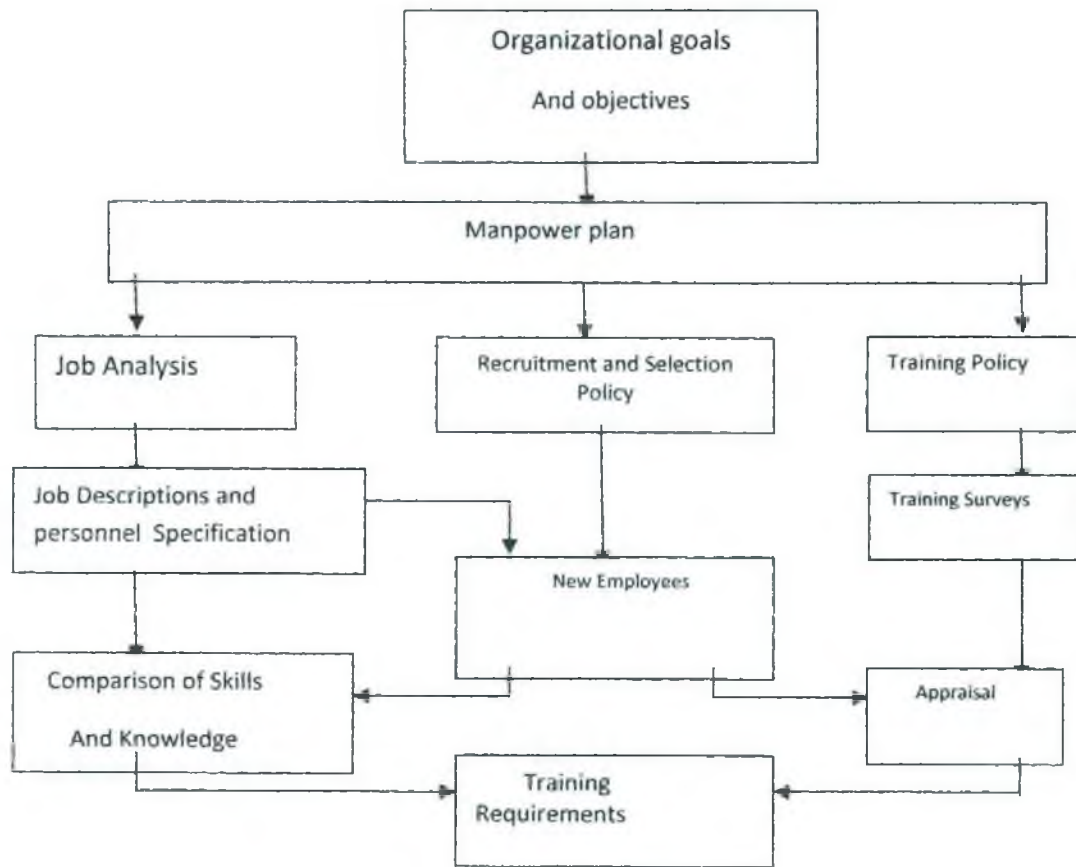
Source: Abedin, Dr. M. Zainul, May (1996), Op.cit. p.18



**Figure No-3.01 # Managerial Flow Chart for Making Policy**

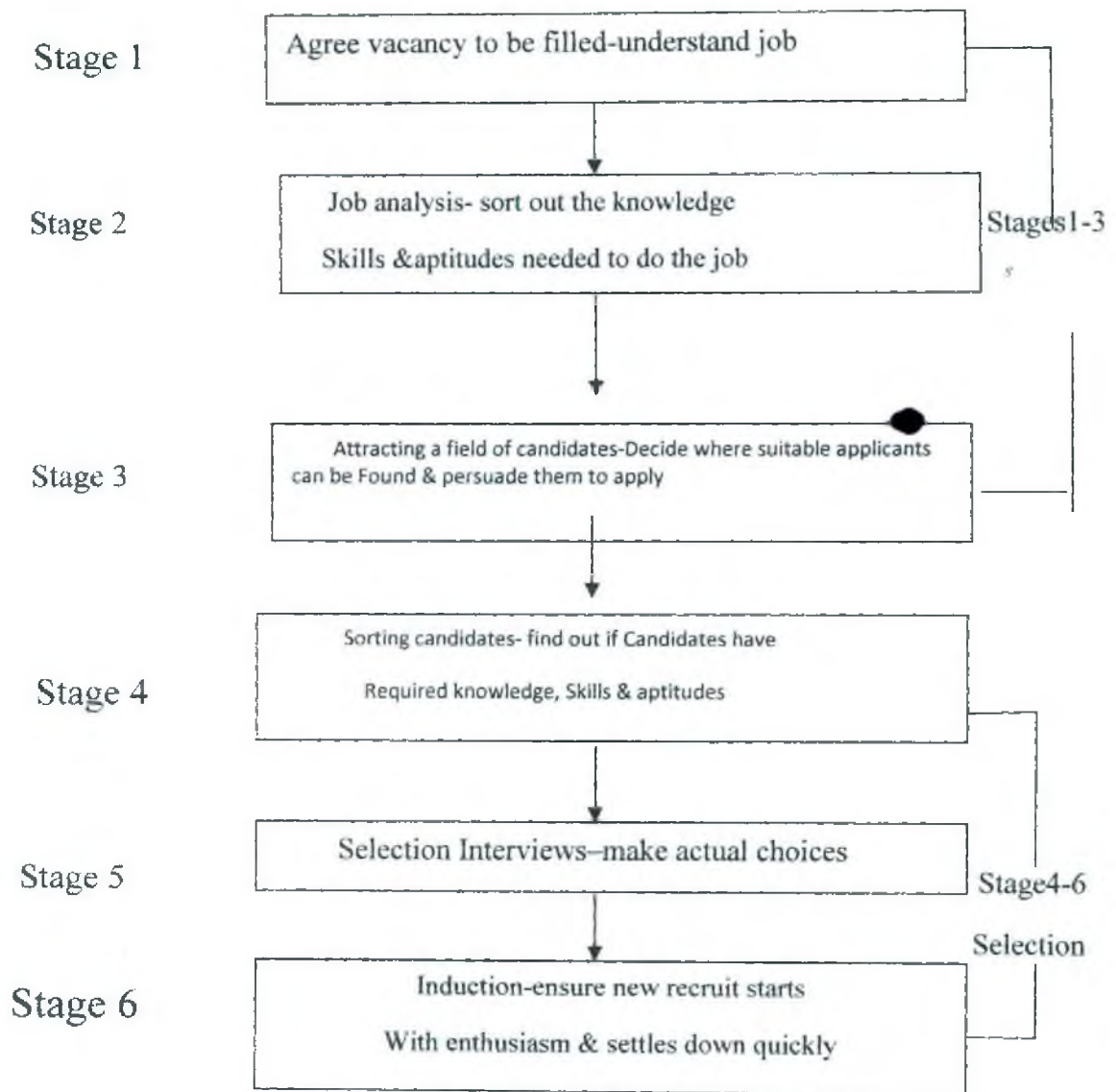
Source: Personnel Management in Banking, p-62.

**Figure No-3.02 # Position of *Recruitment & Selection* in the *Organizations Strategy***

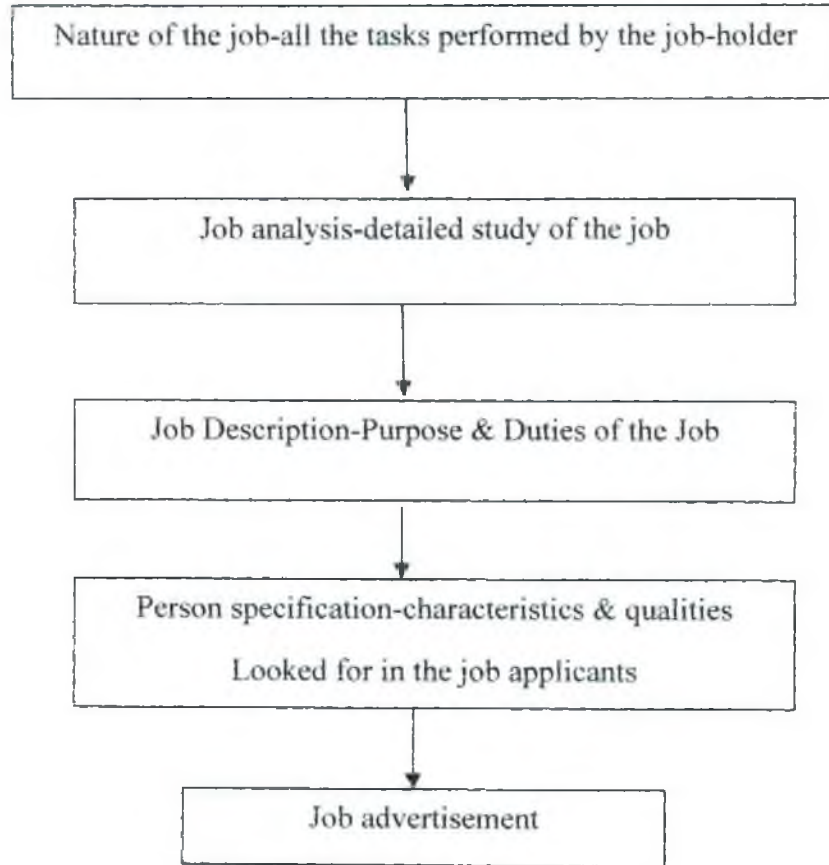


Source: *Managing People*, p.106.

### Figure No-3.03 # Recruitment and Selection Process



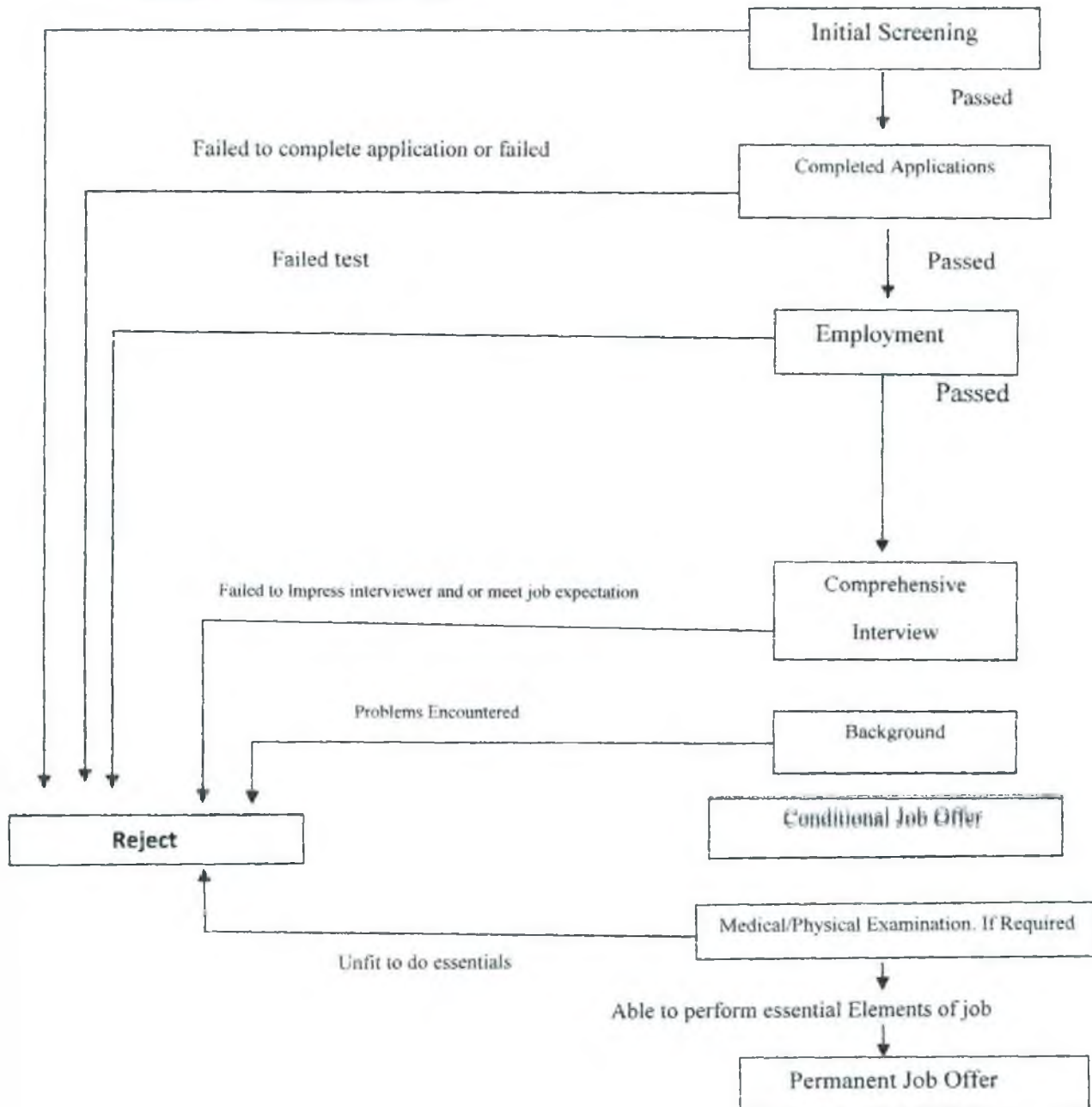
Source: *Managing People*, p-107.

**Figure No-3.04 # Recruitment Plan**

Source: Managing People, p.114.

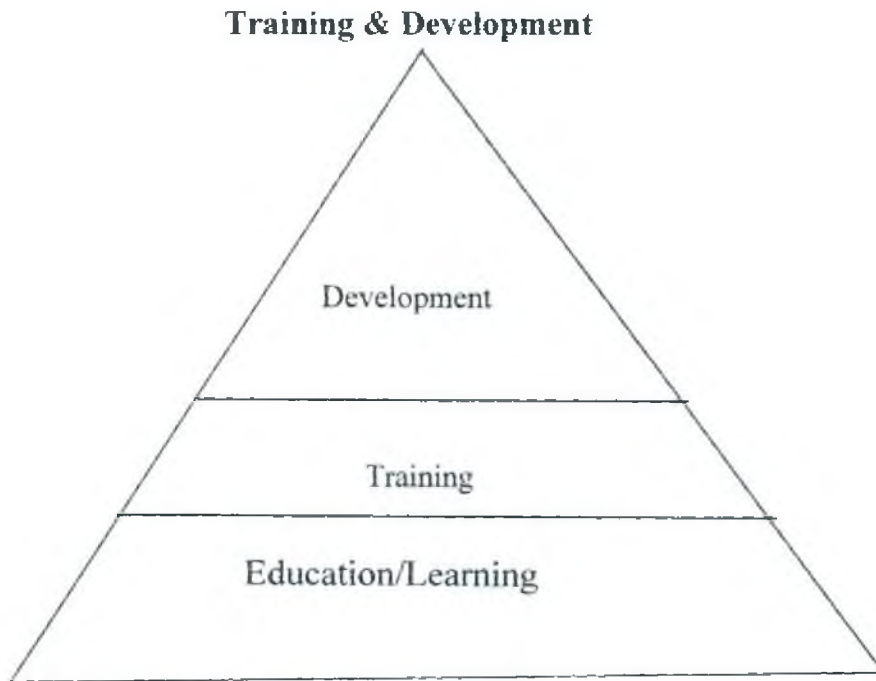
### Figure No-3.05 # Selection Process

Failed to meet minimum qualification



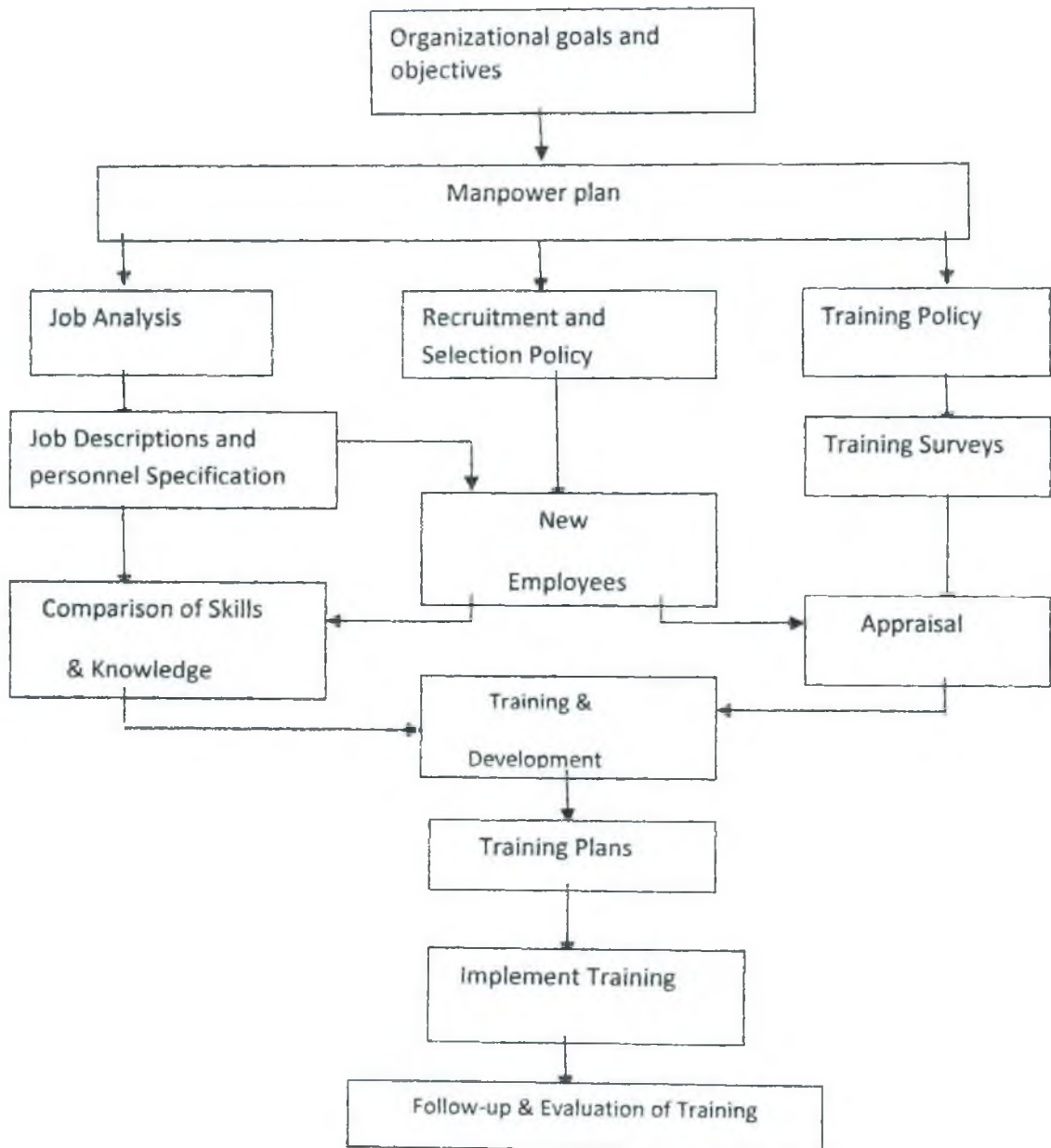
**Note:** Under the Comprehensive Approach, all steps completed before a hiring decision is made.

**Source:** Rahman, Ataur, *HRM*, Zahin Publications, Dhaka, pp.136-137.

**Figure No-3.06 # Training & Development**

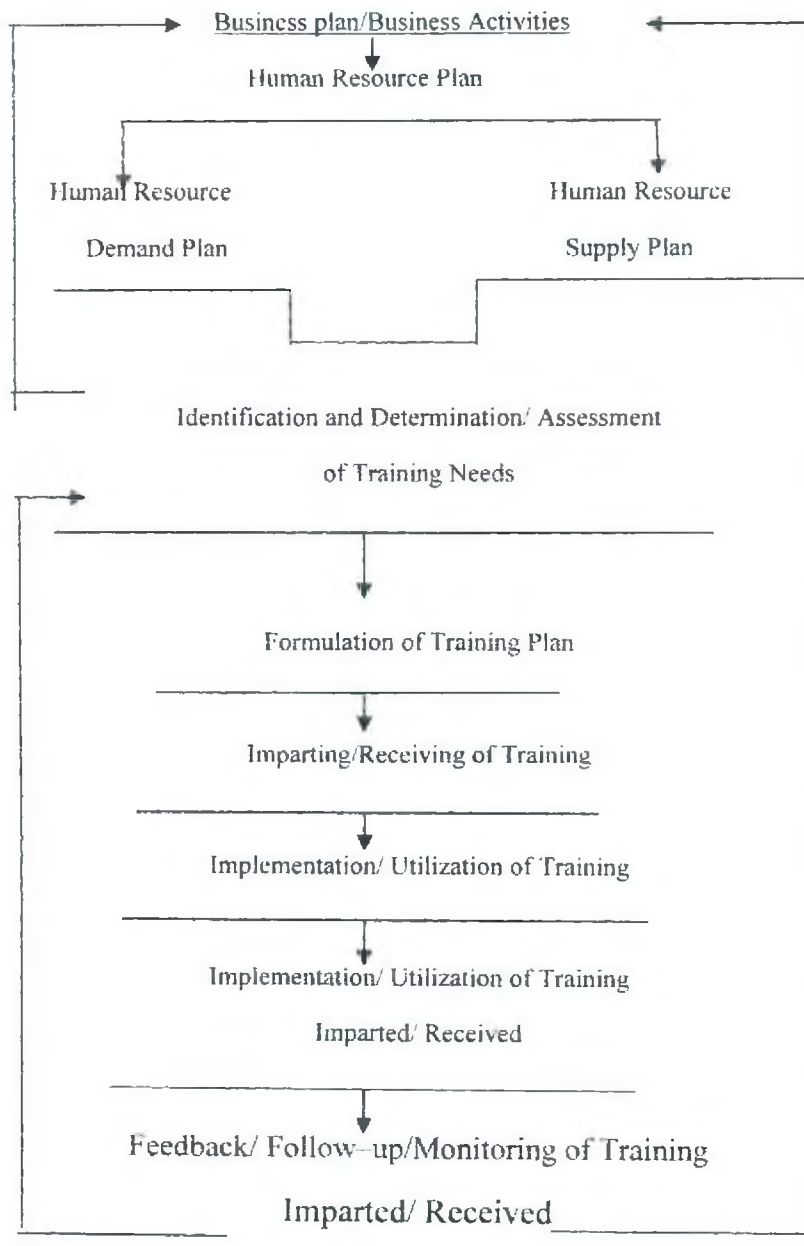
Source: Koontz, Management.

Figure No -3.07 # Relationship between Training & Development Policy and Organizational Goals & Objectives



Source: Managing People, p.170

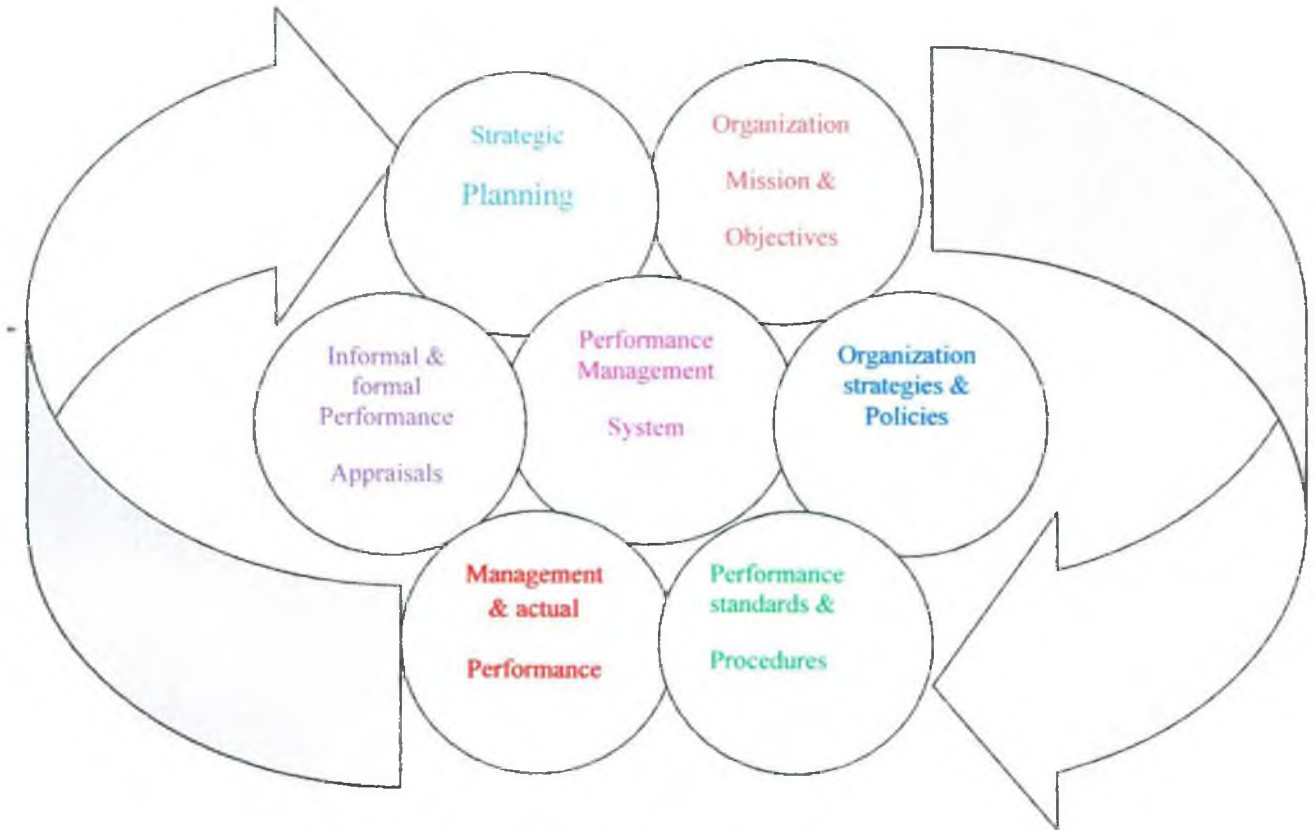
## Figure No -3.08 # Training Management System



Source: Ph D Thesis of Hossain, Amir (2001)



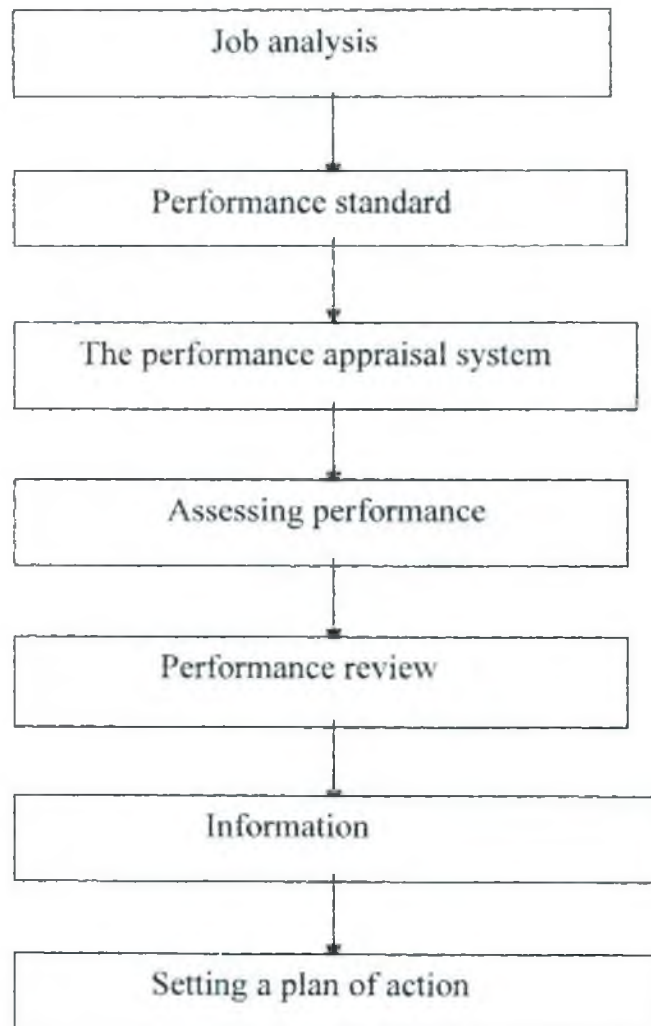
### Figure No-3.09 # Holistic Approach to Management Performance Responsibility



**Figure:** Performance Management Systems

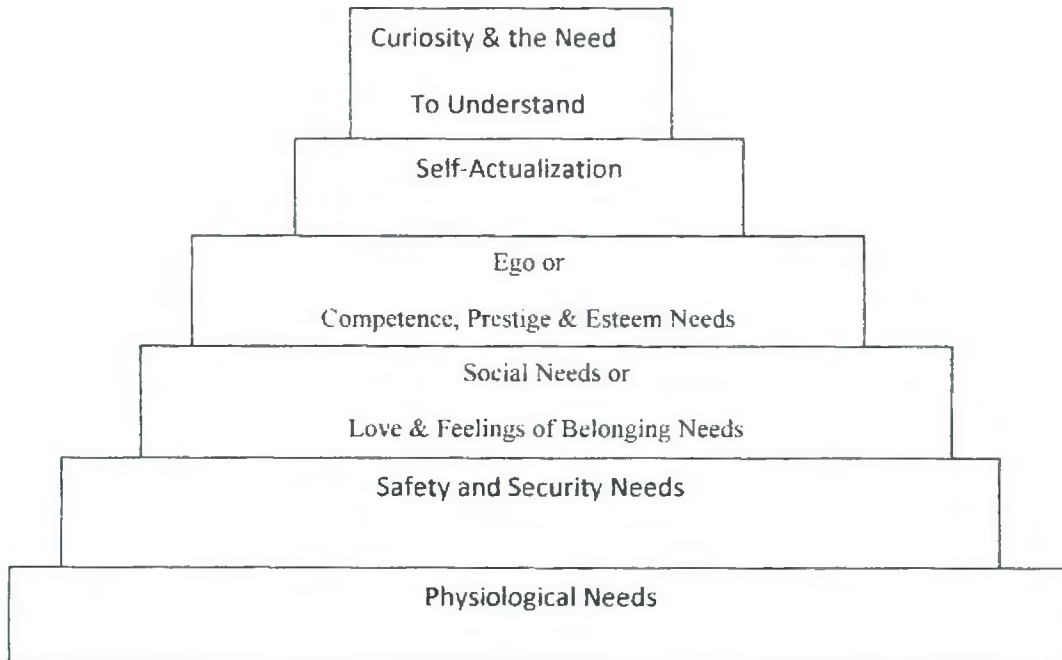
**Source:** Tesone, D. V., (2005), IIRM in Hospitality Management, p.154.

(Holistic means having regard to the whole of something rather than just to parts of it. *Oxford Learner's Dictionary*, Hornby, p.568.)

**Figure No-3.10 # Process of Performance**

**Figure:** The Process of Performance Appraisal

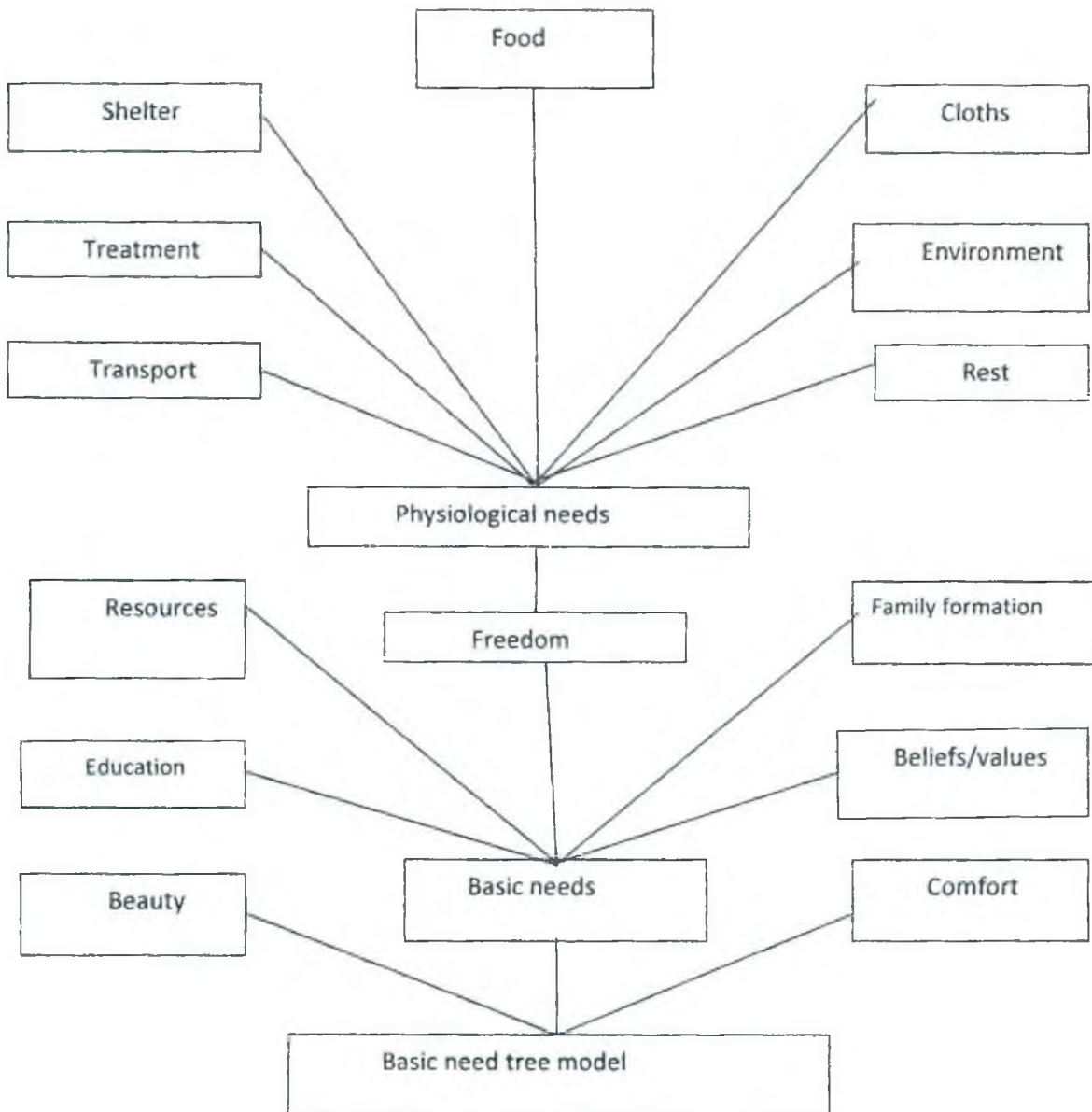
**Source:** Rahman. Aaur (2007). *Human Resource Management*. p.196.

**Figure No- 3.11 # Need Hierarchy Model of Maslow**

**Figure:** Maslow's Hierarchy of Needs Mode

**Source:** Encyclopedia of Microsoft Encarta (2007).

**Figure No-3.12 # Need Hierarchy Model of Imam Ghazali ® & Imam Shaatibee ®**



**Figure:** Basic Needs Tree Model of Motivation

**Source:** Rahman, Ataur, Human Resource Management, Dhaka, 2007.

# Questionnaires

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## Interview Checklist

1. How do you like life in Bangladesh?
2. What is the function of work in your life?
3. How do you see your role in your Bank?
4. How do you see your role in Bangladesh's development?
5. Every Bank has problems. Tell me about some of the problems your Bank is facing.
6. Tell me about the local and international competition your Bank may or may not be facing.
7. There are Western management principles. If you know them: Which aspects of them can be applied in Bangladesh? Which aspects should be rejected?
8. What do you see as your Bank's most important assets and values? The answers will be analyzed statistically.
9. Is HRM part of your Bank's corporate strategy? Do you have an HR strategy? Who is responsible for implementing and executing the HR strategy? Do you have an HR department? Is the HR manager part of the management team? The answers will be analyzed statistically.
10. Can you describe the characteristics of your ideal employee or boss?
11. Can you describe how decisions in your Bank are taken? Is the decision making process structured? What are decisive factors? Tell me about the function of seniority in decision making. Please describe your desired outcome of a decision-making process. Do you try to satisfy everybody in the decision-making process? The answers will be analyzed statistically.
12. Tell me about the managers' leadership styles at Bangladeshi Banks. Can you mention elements in your own leadership style? Do you think your employees value your leadership style?
13. Can you tell me something about the power distance between Bangladeshi employees? Explain that 'power distance' is the extent to which the less powerful members of organizations within a country accept and respect that power is distributed unequally. How

- does this work out at the workplace? How do you see competition among employees?  
What is the span of control?
14. What do you see as bottlenecks in your Bank's development?
  15. Tell me how a change is communicated in your Bank. Who is involved in the change process? Who does initiate change?
  16. Do you find that employees have to wait for work instructions, or do you expect them to take own initiatives? Please explain.
  17. Explain to me if you see Bangladeshi society as individual or collective orientated? What are the implications at the workplace?
  18. How do your employees value formal rules? Please explain.
  19. Can you say something about the time orientation of employees in your Bank? Is your time orientation in line with that of your employees?
  20. Can you explain to me how a conflict in your Bank is resolved?
  21. Tell me about your employees' work discipline.
  22. Please explain to me how your staff is developed. Is the development according to your satisfaction and structured?
  23. Innovation and knowledge management are popular management issues in the West. What is their function and place within your company?
  24. Please explain to me if large salary gaps exist between unskilled and skilled workers, and between the hierarchical levels.
  25. How has your Bank developed over the last years? Please explain.
  26. How do you see the Government's policies? Do you see the policies as a cohesive whole?
  27. Explain to me how you think the new Government values private Banks. Is the Government acting accordingly?
  28. Can you explain to me the function of labor unions in your company? What is their bargaining power? What is the future trend?
  29. It is said that there is some corruption in Bangladesh. Tell me how you are dealing with corruption.
  30. What is the impact of ethical considerations in your decision making?

31. Tell me about your concern that confidential information may be misused.
32. What do you believe is the function of work for Bangladeshis? What do Bangladeshi employees value at work?
33. What motivates the Bangladeshi employee? After having received the answer check if the following was mentioned: money, responsibility, and job satisfaction. If not discussed bring them forward.
34. Tell me about the function of the HR department and HR manager for the employees.
35. Tell me about the development of the HR function in your Bank over the last years.
36. Please explain to me the bottlenecks in your human resources.
37. Tell me about the quality of Bangladeshi graduates entering the workplace.
38. Please explain to me the role of women in your organization. Do you have female managers?
39. Please tell me what makes your employees loyal and satisfied.
40. Please explain to me how **Turnover** is affecting your Bank. What do you see as the causes for turnover in your Bank? Do you have statistics on turnover? Do you invest the reasons causing this turnover? How do you see turnover to be decreased?
41. Tell me about your Human Resource Management Progress.
42. Tell me if you are using Western Human Resource Management Practices. Please explain to me your motivation.
43. Discuss with respondent "Researcher's Instant Guide on Western HRM Practices." What Practices do you apply? Which Practices can be applied in Bangladesh? Which Practices should be rejected? Please explain.

## Researcher's Instant Guide on Western HRM Practices

The purpose of this guide is to examine to what extent Western HRM practices are used at the case study Bank. This checklist has been discussed with the respondent at the end of the interview, to avoid that the respondent became biased during the interview.

Western HRM contains roughly the following practices:

### a) Recruitment and Placement:

- ❖ Job Analysis: Do you make job analyses? Do you have job descriptions?
- ❖ HR planning and recruiting: Do you follow any procedure when filling vacancies?
- ❖ Employee testing and Selection: Background investigation? Reference checks? What are your recruitment sources? Do your new hires have family ties or other links with your company?
- ❖ Interviewing Candidates: By whom? Structured or un-structured interviews?

### b) Training and Development:

- ✚ Training: Do you give employee orientations? Do you have a training policy and budget? Can you describe the training process?
- ✚ Management Development: On-the-job (job rotation, trainee programs), or off-the-job (seminars, role playing, case studies). What is your experience with the quality of the training institutes?
- ✚ Managing Strategic Renewal: Is HR supporting change; a change agent?
- ✚ Appraisal Performance: Are performance appraisals conducted? How frequently? By whom? How are the appraisal followed up? For what purpose is appraisals used (compensation, performance feedback, training, promotion, and human resource planning, retention, or discharge, research)? Does the extended family have impact on your employee's performance?
- ✚ Career Management: Can employees make promotions? Promotion on seniority or on competence? How do you manage dismissals?

### c) Compensation:

- Compensation: What are the direct financial payments (wages, salaries, incentives, commissions, bonuses), and what the indirect financial payments (employee-paid insurance, vacation)?
- Compensation Plans: salary and bonuses, cash or stock bonuses, benefits and perks (retirement plan, medical insurance, and life insurance).
- Can an employee be awarded on individual performance?



- Pay and Motivation: What motivates employees at work? Are there large gaps in salary between the hierarchical levels? Do workers receive a regular salary increase and a purchasing power correction?
- Intrinsic and Extrinsic Rewards: What are they and what are the most important?
- Incentive Plans: Yes? Flexible?
- Benefits: Are employees entitled to bonuses and benefits? If yes, on an individual or group base?

#### d) **Employee Security and Safety**

- Labor Relations: What is the function and power of labor unions?
- Employee safety and health: Labor inspection, preventive measures, lost productivity.
- Job Stress, Absenteeism, Turnover, Grievances, and Medical costs.

#### e) **Quality of Life**

- To what degree do people value relationships and do they show sensitivity and concern for the welfare of others?
- Physical work improvement (temperature, noise).
- Working conditions.
- Work space design.
- Part-time work.
- Flexible working hours.

## Researcher's Appeal

### Dear Respondent,

With this survey I want: (1) to obtain understanding on why Bangladeshi Human Resources are managed in the current way, and (2) to obtain insight into how Bangladeshi Human Resource Management Practice can be improved.

The questionnaire contains 65 statements. It will take you about 15 minutes to complete the questionnaire. Please read each statement carefully and circle the one answer that corresponds in the best way to your agreement or disagreement.

Circle "**SD**" if the statement is definitely false or if you **strongly disagree**. SD D N A SA

Circle "**D**" if the statement is mostly false or if you **disagree**. SD D N A SA

Circle "**N**" if the statement is about equally true or false, if you cannot decide, or if you are **neutral** on the statement. SD D N A SA

Circle "**A**" if the statement is mostly true or if you **agree**. SD D N A SA

Circle "**SA**" if the statement is definitely true or if you **strongly agree**. SD D N A SA

There is no right or wrong answers, and you do not need to be an "expert" to complete this questionnaire. Please answer the questions honestly and state your opinion as accurate as possible, only then I will be able to understand and to help to improve Bangladeshi Human Resource Management Practice. Please try to answer each item.

Your answers will be kept anonymous and confidential. Your answers will only be used for my research purpose, and they will not be made public to any person in- or outside your company.

After having completed my entire research in Dhaka I will send you a copy of my report with the overall findings. You, your company, and to a larger extent Bangladeshi companies will all profit from this report, which includes your contribution!

If you have difficulties in understanding the questions, or if you have any other questions related to the questionnaire, or to my entire research, please do contact me on -----  
*Telephone Number: 01558326112.*

I am looking forward to your reply. Thank you for your cooperation.

Sincerely yours,

Sadruddin Ahmad

## Background Data of Respondents

I am \_\_\_ Male \_\_\_ Female

I am a native-born Bangladeshi citizen. \_\_\_ Yes \_\_\_ No

What is your age? \_\_\_

What is your family status? \_\_\_ Married \_\_\_ Single

How many children do you have? \_\_\_

How many years did you work outside Bangladeshi? \_\_\_ Years

How much formal education do you have?

Your-----College \_\_\_ University-----

Have you studied outside Bangladeshi? \_\_\_ Yes \_\_\_ No

Till now I had in my life \_\_\_ employer(s).

My boss (manager) is \_\_\_ Male \_\_\_ Female

My boss (manager) is older than me \_\_\_ Yes \_\_\_ No

This question is for the General Manager and Human Resource Manager only:

My Bank has \_\_\_ Male and \_\_\_ Female employees.

## Objective Questions

- |   |             |
|---|-------------|
| 1. I consider my role in Bangladesh's development as important.   | SD D N A SA |
| 2. My Bank is facing tough competition.   | SD D N A SA |
| 4. Human resources (employees) are the most important asset in my Bank  | SD D N A SA |
| 5. My boss is competent.  | SD D N A SA |
| 6. Decisions are well structured in my Bank.  | SD D N A SA |
| 7. My Bank has the right leadership style to deal with local competition.   | SD D N A SA |
| 8. My Bank has the right leadership style to deal with international competition.                                   | SD D N A SA |
| 9. All employees in my Bank can initiate a change.  | SD D N A SA |
| 10. The cooperation between Ethiopian employees and employees of other nationalities is good in my Bank             | SD D N A SA |
| 11. I need to wait for instructions; I am not expected to take initiatives.   | SD D N A SA |
| 12. I am happy to wait for instructions; I do not feel comfortable if I have to take initiatives.                   | SD D N A SA |
| 13. All employees in my Bank have the possibility to develop themselves through training.                           | SD D N A SA |
| 14. Training needs are sufficiently addressed by the management.  | SD D N A SA |
| 15. The management in my Bank values new ideas.   | SD D N A SA |
| 16. In my Bank we share information and knowledge. I do not keep important information to myself.                   | SD D N A SA |
| 17. I see training as costs, not as an investment.  | SD D N A SA |
| 18. Turnover (people who leave the Bank either voluntarily or involuntarily) does affect the operations in my Bank. | SD D N A SA |
| 19. The communication between employees and the management in my Bank is good.                                      | SD D N A SA |
| 20. Bangladesh's economic developments over the last years supported my Bank.                                       | SD D N A SA |
| 21. My Bank has developed well over the last years.   | SD D N A SA |
| 22. I have trust in Bangladesh's economic developments.   | SD D N A SA |
| 23. I have trust in the Bangladeshi Government.   | SD D N A SA |
| 24. The government's actions are cohesive, balanced and well integrated.  | SD D N A SA |
| 25. The government is supporting entrepreneurs.   | SD D N A SA |
| 26. I see Bangladesh's market reforms and privatization process as positive.  | SD D N A SA |
| 27. The labor union has a strong impact on my Bank.   | SD D N A SA |

28. It is said that there is corruption in Bangladesh's. Corruption is strongly affecting my Bank. SD D N A SA
29. Ethical considerations (like honesty and taking concern for others) are important in the decisions I make. SD D N A SA
30. I am very concerned that confidential information about my Bank may be misused. SD D N A SA
31. Work is of great importance in my life. SD D N A SA
32. It is said that see Bangladeshis and Westerners have a different understanding of both work and life. SD D N A SA
33. Small family problems have already a big impact on my work performance. SD D N A SA
34. I expect my boss to tell me what to do. SD D N A SA
35. A challenging job motivates me. SD D N A SA
36. I do have great respect for managers in my Bank. SD D N A SA
37. I do for my boss whatever he or she asks. SD D N A SA
38. The relationship between my boss and me is often loaded with emotions. SD D N A SA
39. A high wage (salary) is a big motivator for me at work. SD D N A SA
40. I do not find my opinion important, more important is the opinion of my colleagues or the group. SD D N A SA
41. Fulfilling my tasks at work (my job) is more important for me than maintaining good relationships with my colleagues. SD D N A SA
42. I share a part of my wage (salary) with my family. SD D N A SA
43. I panic when I do not have electricity for one day at home or at my work. SD D N A SA
44. Time is money for me. Generally I have little free time. SD D N A SA
45. I find it very important to have a job that gives me satisfaction. SD D N A SA
46. There should be no more rules in my Bank than absolutely necessary. SD D N A SA
47. I am satisfied with my current job. SD D N A SA
48. Intrinsic motivation (a challenging job, job satisfaction) is more important for me than extrinsic motivation (salary, bonuses, benefits, cash awards). SD D N A SA
49. I am always on time.. SD D N A SA
50. You are having a meeting. The result (outcome) of the meeting is of less importance for you than having a good talk with the other meeting members. SD D N A SA
51. I have no problems if it takes long to get results. Quick results are not so important for me. SD D N A SA
52. If I receive a higher wage (salary) I will increase and improve my performance. SD D N A SA
53. I like to have a routine job without too many responsibilities. SD D N A SA

- |  |             |
|--|-------------|
| 54. In my Bank women and men have the same career opportunities<br>(Possibilities) | SD D N A SA |
| 55. I follow the orders of my boss, even if I do not agree with his or her orders  | SD D N A SA |
| 56. When I retire my pension will be sufficient to maintain a good lifestyle       | SD D N A SA |
| 57. Male managers are more competent than female managers                          | SD D N A SA |
| 58. I do think Western management principles can be applied in see Bangladesh      | SD D N A SA |

**Thank you for completing this questionnaire and for your time!**

**Rank-wise Questionnaire**

Questionnaire for Research on  
**"Human Resource Management Practices in the Private Sector Banking in  
 Bangladesh"**

[All data are strictly confidential and will be used only for academic purposes]

**Questionnaire Schedule for the Employees of PBL**

Name of the Bank

Respondent:

- a. Name
- b. Address
- c. Designation
- d. Educational Qualification
- e. Length of Service

01. What is the Year Wise Position of Employees & Branches of your bank?

Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Number of Branches												
Number of Employees												

Source: Annual Report of PBL, 1996-2006 & Field Survey

02. What is the Position of Lower Level Employees of your bank?

Serial No.	Designation	Total
1	Messenger	
2	Guard	
3	Sweeper	

Source: Interview from Field Survey.

03. Environment: Do you feel that the environment in your Bank persist the executives to work spontaneously due to the existence of the following factors?

Serial. No	Item	Yes	No.	Partly	Not willing to answer
a	Opportunity for promotion and advancement				
b	Appreciation for good work done				
c	Reward according to performance				
d	Sympathy and help on personal matters				
e	Opportunity for training within the				

	country and abroad				
f	Opportunity for creative thinking and expression				
g	Opportunity for participating in decision making activities				
h	Opportunity for helping other people				
i	Job security and job stability				
j	Opportunity to exercise power and authority				
k	Opportunity for children education and family employment				
l	Rest room facility				
m	Prayer Room				

04. Is the condition of inside Environments of the Workplace good enough in PBL?

Level of Officers	Yes	Partly	No	Total
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

05. What is the condition of Employees Satisfaction with Environment in PBL?

Levels of Officers	Total	Strongly Satisfied	Satisfied	Neutral	Dissatisfied	Strongly Satisfied
Higher Level Officers						
Mid Level Officers						
Lower Level Officers						

Source: Field Survey

06. What is the Position in Grading of your bank (Deposit, Investment, and Profit)?

(Amount in Million Taka)

Sl. No	Grade	Deposit	Investment	Profit
1	A			
2	B			
3	C			
4	D			
Total	----			

Source: Annual Reports of PBL, 1996-2006.

07. What is Nature of Population Size, Sample & Number of Actual Respondents in this Bank?

Level of Officers	Population Size as on 01.07.2007	Sample Size %	Actual Sample
Higher Level Officers			
Middle Level Officers			
Lower Level Officers			
Total			

Source: Field Survey



08. From where have you collected the Respondents (Division-Wise)?

Level of Officers	Dhaka	Chittagong	Rajshahi	Khulna	Barisal	Sylhet	Total
Higher Level Officers							
Middle Level Officers							
Lower Level Officers							

Source: Field Survey

09. What are the Education levels of the Respondents in your Bank?

Level of Officers	Under Graduate	Graduate	Post Graduate	BBA	MBA	Others / (M.Phil./PhD)	Total
Higher Level Officers							
Middle Level Officers							
Lower Level Officers							

Source: Field Survey

10. What is the Background Profile of Employees at Higher Organizational Level in Your Bank?

Degrees Obtained From	Yes (%)	No (%)	Total (%)
University			
College			
Studied outside Bangladesh			
Worked outside Bangladesh			

Source: Field Survey

11. What is the Background Profile of Employees at Middle Organizational Level in Your Bank?

Degrees obtained From	Yes (%)	No (%)	Total (%)
University			
College			
Studied outside Bangladesh			
Worked outside Bangladesh			

Source: Field Survey

12. What is the Background Profile of Employees at Lower Organizational Level in Your Bank?

Degrees obtained From	Yes (%)	No (%)	Total (%)
University			
College			
Studied outside Bangladesh			
Worked outside Bangladesh			

Source: Field Survey

## 13. What is the Attitudes of Employees at Higher Organizational Level?

Particulars	Aware	Partly Aware	Not Aware	Total
Transparency				
Awareness of Importance of HR				
Progressive & ambitious				
Visits the workplace				
Competent to do Job:				
d) Technical				
e) Human Resource				
f) Overall				
Decision Making authority				

Source: Field Survey

## 14. What is the Attitudes of Employees at Middle Organizational Level?

Particulars	Aware	Partly Aware	Not Aware	Total (%)
Transparency				
Awareness of Importance of HR				
Progressive & ambitious				
Visits the workplace				
Competent to do Job:				
d) Technical				
e) Human Resource				
f) Overall				
Decision Making authority				

Source: Field Survey

## 15. What is the Attitudes of Employees at Lower Organizational Level?

Particulars	Aware	Partly Aware	Not Aware	Total
Transparency				
Awareness of Importance of HR				
Progressive & ambitious				
Visits the workplace				
Competent to do Job:				
d) Technical				
e) Human Resource				
f) Overall				
Decision Making authority				

Source: Field Survey

## 16. What is the Ranks and Status of the Employees of PBL?

## 17. What kind of Staffing Pattern is found existing in your Bank as on 01.07.2007(Rank-Wise)?

18. HRP: Does your bank consider the following items while preparing a formal Human Resource Planning?

Serial No.	Items	Yes	No	Partially
a.	Formal Human Resource Planning for Management Practice			
b.	Demand forecasting			
c.	Supply forecasting			
d.	Determining Manpower categories			
e.	Formulating Manpower plan			
f.	Annual/Periodical wastage plan			
g.	Long term and short term plan (depending on the growth pattern of organization)			
h.	Long and short term plan on technological changes			

19. What is the condition of Satisfaction on HRM Planning (Properly) in PBL?

Level of Officers	Satisfied	Neutral	Dissatisfied	Total
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

20. What kind of Status on Moral Values & Ethics lies in PBL?

Level of Officers	Yes	Partly	No	Total
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

21. What kind of Feeling are you keeping on Globalization of HR System in PBL? Have you any idea on Globalization? Are your Banking functions trend to be globalize?

Level of Officers	Yes	Partly	No	Total%
Higher Level Officers				
Mid Level Officers				
Lower Level Officers				

Source: Field Survey

22. Is the Status on Ethics in PBL supposed to be good enough?

Is Ethics of the Workplace supposed to be good enough?

*Dhaka University Institutional Repository*

Level of Officers	Good	Partly Good	Not Good	Total
Higher Level Officers				
Mid Level Officers				
Lower Level Officers				

Source: Field Survey

23. Is Your inside Environments of the Workplace supposed to be good enough?

Level of Officers	Good	Partly Good	Not Good	Total
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

24. Whether the Employees are found smoking in the office area?

Level of Officers	Yes	Partly Yes	No	Total
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

25. Job Analysis:

Serial No.	Items	Yes	No	Partially
a.	Is job analysis done before recruitment?			
b.	Does the selection criterion commensurate with the rank & status of the employee?			

26. What is the condition of Age Group of the Respondents in PBI?

Level of Officer	20-29	30-39	40-49	50-60	Total
Higher Level Officers					
Middle Level Officers					
Lower Level Officers					

Source: Field Survey

## 27. Job Description:

Serial No.	Items	Yes	No	Partially
a	Are job description and job specifications done before selection process?			
b	Is there any pre-employment training?			
c	Is there any orientation program for the new Employee?			

## 28. What proportion of Male &amp; Female Employees are in your Bank?

Level of Officers	Male	Female	Total	% of Male	% of female
Higher Level Officers					
Mid Level Officers					
Lower Level Officers					

Source: Field Survey

## 29. What is the Feeling of PBL's Executives on Job Description?

Level of Officers	Good	Partly Good	Not Good	Total
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

## 30. Recruitment and Selection: Does your Bank consider the following items while Recruiting and selecting an employee?

S No.	Items	Yes	No	Partially
a.	Do you have skill inventory?			
b.	Is job analysis done before recruitment?			
c.	Are job description and job specifications done before selection process?			
d.	Do you have a recruitment policy?			
e.	Does the selection criterion commensurate with the rank & status of the employee?			
f.	Is there any pre-employment training?			
g.	Is there any orientation program for the new Employee?			

31. What is the condition of Circulations of Recruitment in the National Dailies of PBL?

Level of Officers	Yes	Neutral	No	Total
Higher Level Officers				
Mid Level Officers				
Lower Level Officers				

Source: Field Survey

32. What is the condition of Recruitment in PBL?

Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Number of Branches												
Number of Employees												

Source: Annual Reports (1996-2006). Published by PBL, Dhaka, & Field Survey

33. What is the condition of Nepotisms in Recruitment of Employees in PBL?

Level of Officers	No	Partly	Yes	Total
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

34. What is the condition of recruiting employees in this bank in the last twelve years?

Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Number of Branches												
Number of Employees												

Source: Annual Reports (1996-2006). Published by PBL, Dhaka, & Field Survey

35. Is there any nepotism in selecting employees in this bank?

Level of Officers	NO	Partly	Yes	Total
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

## 36. Training:

S No.	Items	Yes	No	Partially
a.	Is there any method of assessment for training need?			
b.	Does it follow any selection system for trainees?			
d.	Do you have any training development plan?			
c.	Do you have a training Institution?			
f.	Does your Bank provide field training facilities?			
B	Do you have the provision of on-the-job training and off-the-job training?			

## 37. Are there any Research &amp; Development systems in this bank?

Level of employees	Yes	No	Neutral	Total
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

## 38. What kind of implementation of Training and Development in your bank?

Contents	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Number of Course												
Number of Participants												
Total employees												
% of Training Gained												

Source: Field Survey

## 39. Are they well-known in computer and communication technology?

Level of Officers	Total	Well known	Known	Unknown
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

40. What kind of Benefits Obtained from Training Courses in your bank?

Level of employees	Yes	No	Neutral	Total Respondents
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

41. Is the Communication & Transparency of the Workplace supposed to be good enough?

Level of Officers	Yes	Partly	No	Total
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

42. Are they well-known in computer and communication technology? Is Your Career Development Plan of the Workplace supposed to be good enough?

Level of Officers	Total	Well known	Known	Unknown
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

43. Job Evaluation: What is the method of evaluation for the employees of your bank?

S. No.	Items	Yes	No	Partially
a	Job Evaluation is good or acceptable			
b	Emphasis on Monitoring is good			
c	Emphasis on the every function of HRM			

44. Is Your Job Evaluation System of the Workplace supposed to be good enough?

Level of Officers	Good	Partly Good	Not Good	Total
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey



45. Career Development: For the Career Development of the Human Resources, do you have the following things?

S.No.	Items	Yes	No	Partially
a.	Is there any method of assessment for the improvement of employees?			
b.	Does it follow any promotion system for employees?			
c.	Is there any career planning?			
d.	Do you have any management development plan?			
e.	Do you have any plan of higher training for the employees in any foreign countries?			

46. Is Your Career Development Plan of the Workplace supposed to be good enough?

Level of Officers	Good	Partly Good	Not Good	Total
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

47. Is the Performance Appraisal in your bank satisfactory for the employees?

Level of Officers	Satisfied	Neutral	Dissatisfied	Total
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

48. Do your authority satisfied with the Performance in your bank done by the employees?

Level of Officers	Dissatisfied	Neutral	Satisfied	Total
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

49. What is the condition of Promotion in PBI. in the last years?

Level of Officers	2001	2002	2003	2004	2005	2006	Total
Higher Level Officers							
Middle Level Officers							
Lower Level Officers							

Source: Field Survey

50. Were any employee Dropped-out from promotion in this bank in the last years?"

Level of Officers	2001	2002	2003	2004	2005	2006	Total
Higher Level Officers							
Middle Level Officers							
Lower Level Officers							

Source: Field Survey

51. Were any employee transferred from the one office to another in this bank in the last years?"

Level of Officers	2001	2002	2003	2004	2005	2006	Total
Higher Level Officers							
Middle Level Officers							
Lower Level Officers							

Source: Field Survey

52. Compensation:

SNo	Item	Yes	No.	Partly
a	Wages and Salaries taken with satisfaction			
b	Low base pay			
c	Individual Incentives			
d	Group Incentives			
e	Few Rewards for Tenure			
f				

53. Are you satisfied with the Compensation System in this bank?

Level of Officers	Satisfied	Partly Satisfied	Not Satisfied	Total
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

54. Were you satisfied with the Compensation System in this bank?"

Level of Officers	Satisfied	Partly Satisfied	Not Satisfied	Total
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

55. Are you satisfied with the pay arrangement system?

Level of Officers	Satisfied	Neutral	Dissatisfied	Total
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

56. Human Resource Benefits: Do you think that the following provisions exist in your bank for the welfare of the employees?

S. N	Item	Yes	No.	Partly
a	Housing facility			
b	Medical facility			
c	Share of profit			
d	Provident fund facility			
e	Pension facility & gratuity			
f	Insurance facility			
g	Transport facility			
h	Bonus			
i	Telephone facility			
j	Lunch subsidy			
k	Leave facilities			
l	Loan facility			
m	Other facility, if any			

57. Are you satisfied with the living standard facility in this bank?

Level of Officers	Dissatisfied	Neutral	Satisfied	Total
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

58. Were you satisfied with the Housing Facilities in this bank?

Level of Officers	Yes	Partly	No	Total%
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

59. What kinds of Loan are sanctioned to Employees from the Welfare Fund in PBL?

Category	Maximum Limit	Interest	Repayable within
EVP-DMD			
AVP-SVP			
SO-FAVP			
JO-MTO			
Driver			

Source: Service Rule of PBL, Published in 1995, Dhaka, p.121.

60. Are you satisfied with the living standard facility in this bank?

Level of Officers	Dissatisfied	Neutral	Satisfied	Total
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

61. Are you satisfied with the Retirement Benefit in PBL?

Category	Rate Per Year of Service	Maximum Limit
EVP to MD		
AVP-SVP		
SO-FAVP		
JO-MTO		
Driver		

Source: Service Rule of PBL, Published in 1995, Dhaka, p.119.

62. What is the Opinion of you on Retirement Benefits in your bank?

Level of Officers	Satisfied	Partly Satisfied	Not Satisfied	Total%
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

63. Are you satisfied with the Death Benefits systems in this bank?

Level of Officers	Satisfied	Partly Satisfied	Not Satisfied	Total
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

64. Are you satisfied with the Provident Fund systems in this bank?

Level of Officers	Satisfied	Partly Satisfied	Not Satisfied	Total
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

65. Are you satisfied with the Gratuity Benefits systems in this bank?

Level of Officers	Satisfied	Partly Satisfied	Not Satisfied	Total
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

66. Are you satisfied with the benevolent systems in this bank?

Level of Officers	Satisfied	Partly Satisfied	Not Satisfied	Total
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

67. Are you satisfied with the Health, Safety systems in this bank?

Level of Officers	Satisfied	Partly Satisfied	Not Satisfied	Total
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

68. Are you satisfied with the Health, Safety systems or policy in this bank?

Level of Officers	Satisfied	Partly Satisfied	Not Satisfied	Total
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

69. What is the opinion on Welfare activity of PBI.?

Level of Officers	Satisfied	Partly Satisfied	Not Satisfied	Total%
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

70. Did you engage in the flood affected area to give services to the people?

Level of Officers	Total	Persons Participated	% of Participation
Higher Level Officers			
Middle Level Officers			
Lower Level Officers			

Source: Field Survey

71. Did you participate or not in the direct social services, like Acid hurt, Accidents etc?

Level of Officers	Total	Participated	Not-participated
Higher Level Officers			
Middle Level Officers			
Lower Level Officers			

Source: Field Survey

72. Is the customer satisfaction status good and acceptable in your bank?

Level of Officers	Yes	Partly	No	Total
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

73. Is the Banker–Customer Relationship good enough in your bank?

Level of Officers	Yes	Partly	No	Total%
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

74. Is the customer satisfaction status good and acceptable in your bank?

Level of Officers	Yes	Partly	No	Total
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

75. Motivation: What kinds of Motivations are given to the employees of your bank?

- a. Financial-
- b. Non-financial-
- c. What kind of Opportunity is given to your employees for creating thinking & Expression?

76. Is the nature of Motivation Level is satisfactory in this bank?

Level of Officers	Satisfied	Partly Satisfied	Not Satisfied	Total
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

77. Is the nature of Motivation Level is satisfactory in this bank?

Level of Officers	Satisfied	Partly Satisfied	Not Satisfied	Total
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

78. Is the employee satisfaction status good and acceptable in your bank?

Level of Officers	Yes	Partly	No	Total
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

79. Grievance:

- a. Do you give any chance to your employees to express a grievance?
- b. Do you give any mental pressure to your employees at their work place?

c. Is the Grievance Handling procedure & employee satisfaction status good and acceptable in your bank?

Level of Officers	Good	Partly Good	Not Good	Total%
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

80. Disciplinary Action:

- a. what is the process of Disciplinary Actions taken by you for employees?
- b. Do you take any action for a complaint against an employee at the first time?

81. Is Your Disciplinary Action System of the Workplace supposed to be good enough?

Level of Officers	Satisfied	Partly Satisfied	Not Satisfied	Total
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey



82. Trade Union Leaders: Do the Trade Union Leaders influence on the following areas?

Serial No.	Item	Yes	No.	Partly
a	Do you think that the trade union is running as per Trade Union rule in your bank?			
b	Do you feel that the Trade Union leaders working for the betterment of the general staff?			
c	Do you think that the influence of trade union Leaders breaking the discipline of the organization?			
d	Do you agree that the trade union leaders are influencing the policy making of the bank?			
e	Do you feel that trade union activities are major factor to create a gap between the officers and employees of the bank?			
f	In the appointment and selection of Class-III and Class-IV employee trade union plays a vital role? Do you agree or not?			
g	Does the trade union follow the trade union rules?			
h	Should trade union be attached with national Politics?			

83. Is your Labor-Management Relationship System of the Workplace supposed to be good enough?

Level of Officers	Good	Partly Good	Not Good	Total
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

84. Is the Job Stress & Burnout Syndrome is so high in your bank?

Level of Officers	Yes	Partly	No	Total%
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

85. Globalization of HRM:

Do you think that the Human Resource Management system existing in your bank is competent with the system of the modern world? If so: how is it possible?

86. Have you any good idea & Feeling on Globalization of HR System in PBL?

Level of Officers	Good	Partly Good	Not Good	Total%
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

88. Are you satisfied with the Globalization of HR System in PBL?

Are your Banking functions trends to be good in globalization?

Level of Officers	Good	Partly Good	Not Good	Total
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

89. Are the Employees a Human Capital & not as a Commodity Product in PBL?

Level of Officers	Yes	Partly	No	Total
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

90. Should the Management be improved in this Bank?

Level of Officers	Yes	Partly	No	Total%
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

91. Should the Company managers & Employees break up the status quo and see the global market through new eyes?

Level of Officers	Yes	Partly	No	Total%
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: Field Survey

92. Is there any good Research & Development system in your bank?

Level of employees	Yes	No	Neutral	Total Respondents
Higher Level Officers				
Middle Level Officers				
Lower Level Officers				

Source: *Field Survey*

93. Comments on the followings:

- a. Who should assess the training needs and prepare the training plan?
- b. Should Selection criteria for training follow the top down or bottom up theory?
- c. Should there be any mandatory pre-employment training before final selection?
- d. How job securities of the employees can be protected?

94. Would you prefer to get a job in private or public sector banking?

95. Special Comments (if any)

Signature of the Investigator

Dated:

# Glossary

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**Attitudes** Evaluative statements of judgments concerning objects, people, or events (Robbins, 1998, 140). Attitudes have: (a) a cognitive component; the opinion or belief segment of an attitude, (b) an affective component; the emotional or feeling segment of an attitude, and (c) a behavioral component; an intention to behave in a certain way toward someone or something (Robbins, 1998, 140).

**Banker** a person transacting the business of accepting, for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise and withdraw able by check, draft, order or otherwise, and includes any Post Office Savings Bank (Section 3/b of the Negotiable Instruments Act-1881). Banker means an owner or senior employee of a bank (Microsoft Encarta, 2007)

**Benefits** Indirect financial and non-financial payments employees receive for continuing their employment with the company (Dessler, 2003, p.527).

**Bonus** A grant of money as a gratuity to workers. A special earned payment based on for example production. Anything welcome that one receives over and above what is expected or usual (Webster, 1991, p.110). Additional money based on the financial performance of the organization, unit of the organization, or an individual (Psychology,2002).

**Burnout**-A burnout is the total depression of physical and mental resources caused by excessive striving to reach an unrealistic work-related goal (Dessler, 2003, p.449).

**Business Partner** A business partner is the sum of: a strategic partner, an administrative expert, an employee champion, and a change agent (Ulrich, 1997, p.37).

**CAMEL Rating** means Capital, Assets, Management, Earning and Liquidity. The CAMEL rating system was adopted many more days ago by the World Bank to provide with an accurate and consistent assessment of a lending agency's financial conditions and operations in the areas of Capital, Assets, Management, Earning and Liquidity (CAMEL). It is not used as a 'report card' but as an internal tool to measure risks in allocation of resources for supervision purposes. CAMEL rating is a globally accepted rating system of a lending organization, bank, and financial institution. Central banks of different countries now-a-days apply this rating system for evaluating the functions of the commercial banks and to identify 'problem banks' for taking remedial measures. The developed countries are following the Uniform Financial Rating System (CAMEL Rating) along with other existing procedures and techniques of supervision (Karim, Enayat, 2005, CAMEL Rating, Published by industrial Printing & Publication, P.13).

**Career Planning and Development** The deliberate process through which a person becomes aware of personal career-related attributes and the lifelong series of stages that contribute to his or her career fulfillment (Dessler, 2003, p.274).

**Collective Bargaining** The process through which representatives of management and the union meet to negotiate a labor agreement (Dessler, 2003, p.528).

**Commission** A percentage paid to an agent or employee on the business which he transacts (Webster, 1991, p.197).

**Commitment** is an employee's identification with an agreement to pursue the Company's or the unit's mission (Dessler, 2003, 528).

**Compensation** All forms of pay or rewards going to employees and arising from their employment (Dessler, 2003, 528).

**Corruption** is the state of being or becoming decayed (Webster, 1991, p.219). It is the lack of integrity or honesty; especially susceptibility to bribery; use of a position of trust for dishonest gain (Princeton University, 1997).

**Culture** The set of values, attitudes, and beliefs shared by a group, which sets the standards of behavior required for continued acceptance and successful participation in that group (Scarborough, 2001, p.1). It is the collective programming of the mind, which distinguishes the members of one group or category of people from another (Hofstede, 1997, p.5). The complex whole that includes knowledge, belief, art, morals, law, custom, and other capabilities acquired by a person as a member of society (Hill, 2000, p.675). A culture is the behavioral norms that is a group, at a certain time and place, have agreed upon to survive and coexist (Elashmawi and Harris, 1998, 59). Elements in a culture are: language, nonverbal communication, space and time orientation, religion and belief systems, pattern of thinking, self-images, and a set of values, material culture, and aesthetics (Elashmawi and Harris, 1998, p.59).

**Customer** that constituents of the Bank who maintain some type of account(s) with him duly introduced for the purpose of having a certain amount of deposits therein withdraw able by checks or by any other means, are Customers ( Section-131 of the Negotiable Instruments Act-1881).

**Disciplinary Action:** Disciplinary Action is a procedure that corrects or punishes a subordinate because of a rule or procedure has been violated. (Gary Dessler ). It is curbed to the purpose of penalties that show the way to an inhabitation of undersize procedures. (Butler, John E., Gerald R. Ferris, and Nancy Napier (1991). *Strategy and Human Resources Management*. Cincinnati: South-Western Publishing, p.2.)

**Discipline-** It is a form of training to achieve desired behaviors. (D. V. Tesone (2005): HRM in Hospitality Industry, Pearson Prentice Hall, New Jersey, USA, p-270.) The term discipline refers to condition in the organization where employees conduct themselves in accordance with the organization's rule and regulation and standards of acceptable

behavior. (Rahman, Ataur, *Human Resource Management*, Dhaka. Zahin Publications, 2007, p.317.)

**Effectiveness** is Achievement of goals (Robbins, 1998, p.23).

**Efficiency**- The ratio of effective output to the input required to achieve it (Robbins, 1998, p.23).

**Employee**- An employee contributes labor and expertise to an Endeavour. Employees perform the discrete activity of economic production. Specifically, an **employee** is any person hired by an employer to do a specific job. In most modern economies the term employee refers to a specific defined relationship between an individual and a corporation, which differs from those of customer, or client.

**Employee Benefit** non-monetary employment compensation.( See Also HR Benefit).

**Employee Compensation** All forms of pay or rewards going to employees and arising from their employment (Dessler, 2003, p.528).

**Employee Orientation** is an essential element for the newly appointed and placed employees of a Bank or any company for all Permanent staff. Every Bank companies also gave employee orientation for its staff, although it is extremely brief. Employee orientation is given for permanent employees at higher, middle & lower organizational level, extremely brief as well. (Rahman, Ataur, Human Resource Management, 2007, p.146).

**Employee Productivity** is the productivity of employees (see also *Productivity*). Employee productivity is the measure of how individual employees, performing similar tasks and activities, compare to each other and to the employees of other companies in terms of their respective accomplishments (Retrac, 2002).

**Employer**: An employer is a person or institution that hires employees or workers. Employers offer wages or a salary to the workers in exchange for the worker's labor power, depending upon whether the employee is paid by the hour or a set rate per pay period. A salaried employee is typically not paid more for more hours worked than the minimum, whereas wages are paid for all hours worked, including overtime.

**Employment** is a contract between two parties, one being the employer and the other being the employee. An *employee* may be defined as: "A person in the service of another under any contract of hire, express or implied, oral or written, where the employer has the power or right to control and direct the employee in the material details of how the work is to be performed." (Black's Law Dictionary , 5th ed. 1979, page p.471).

**Environment** is the external conditions, resources, stimuli etc. with which an organism interacts (Black's Law Dictionary ,5th ed. 1979, page p.471).

**Extrinsic Rewards** Extrinsic rewards do not come from the work itself, they are given by supervisors to ensure that work is done properly and that the rules are followed. They include things like salaries, bonuses, commissions, perks, benefits, and cash awards. Source: Kenneth W. Thomas, *Intrinsic Motivation at Work* (San Francisco: Berrett-Koehler Publishers, 2000), p.6.

**Globalization** Trend away from distinct national economic units and toward one huge global market (Hill, 2000, p.677).

**Grievance** A cause for complaint or resentment that may or may not be well- founded; or bitterness or anger at having received unfair treatment; or a formal complaint made on the basis of something that somebody feels is formal complaint made on the basis of something that somebody feels is unfair. (Microsoft Encarta, 2007)

**Gross Domestic Product (GDP)** The market value of a country's output attributable to factors of production located in the country's territory (Hill,2000, p.677).

**Human Capital:** The knowledge, education, training, skills, and expertise of a firm's workers (Dessler, 2003, p.530).

**HR Benefits** Employee benefit, non-monetary employment compensation. (Dessler, 2003, p.530).

**Human Resource Management (HRM):** Activities an organization conducts to use its human resources effectively (Hill, 2000, p.678). The aspect of management that concerns the coordination of all aspects of employment including hiring, training, compensating, motivating, disciplining, and all day-to-day interactions. Formerly this function was called personnel administration, employee relations, or industrial relations (Pell, 2001, p.312). The policies and practices involved in carrying out the 'people' or human resource aspects of a management position, including recruiting, screening, training, rewarding, and appraising (Dessler, 2003, p.530).

**Human Resource Planning (HRP):** Also called employment or personnel planning – The process of deciding what positions the firm will have to fill, and how to fill them (Dessler, 2003, p.90). It is 'the process for ensuring that the human resource requirements of an organization are identified and plans are made for satisfying those requirements' (Bulla, D N, and Scott, P M, (1994) *Manpower Requirements Forecasting: a case example*, in *HR Forecasting and Modeling*, ed D Ward, T P Bechet and R Tripp, HR Planning Society, New York, p.361).

**Human Resource Strategy** means the actions; the HR manager and other company managers take to attain company's HR goals (Dessler, 2003, p.267).

**Incentives** Inciting to action; Incentive schemes to secure higher production (Webster, 1991, p.489). Short-term incentives include cash or stock bonuses. Long-term incentives are often stock options (Webster, 1991, p.489).

**Induction of New Employees:** Training and Development is to given induction of new employees about many aspects of their jobs; it's a formal ceremony in which a person is inducted in to an office or into military service (Dessler, 2003, p.367).

**Industrial Relations** The relationships among the worker, the union, and the Employer (Dessler, 2003, p.467).

**Innovation** A new idea applied to initiating or improving a product, process, or service (Robbins, 1998, 646). The development of new products, processes, organizations, management practices, and strategies (Hill, 2002, p.678).

**Intrinsic Rewards** Intrinsic rewards come to the worker directly from the work they do – satisfactions like pride in workmanship or the sense that they are helping the customer. Source: Kenneth W. Thomas, *Intrinsic Motivation at Work* (San Francisco: Berrett-Koehler Publishers, 2000), p.7.

**Job Analysis** Developing a detailed description of the tasks involved in a job, determining the relationship of a given job to other jobs, and ascertaining the knowledge, skills, and abilities necessary for an employee to perform the job successfully (Robbins, 1988, p.552).

**Job Description** A list of job duties, responsibilities, reporting relationships, working conditions, and supervisory responsibilities (Dessler, 2003, p.531). The job description is a part of the *Job Analysis* (Dessler, 2003, p.531).

**Job Evaluation** Job of Evaluation is aimed at determining a job's relating worth. it is a formal and systemic comparison of jobs to determine the worth of one job relative to another and eventually results in a wage or salary hierarchy (Rahman, Ataur, 2007, p.224.). The basic principle is this: jobs that require greater qualifications, more responsibilities, and more complex duties should be paid more highly than jobs with lesser requirements (Dessler, Gary, p.400).

**KSAA** -The labor market consists of individuals in possession of Knowledge, Skills, Attitude & Abilities (KSAA) that meet the standards for employment within the organization. It is the process of assisting a person for developing his efficiency and effectiveness at work by improving and updating his professional knowledge, by developing skills relevant to his work and growing appropriate behavior and attitude towards work and people (Tesone, D. V. (2005): *HRM in Hospitality Industry*, Pearson Prentice Hall, New Jersey, USA, p.67).

**Knowledge** The state of knowing, cognition, understanding (Webster, 1991, p.544).

**Knowledge Management (KM)** is a newly emerging, interdisciplinary business model dealing with all aspects of knowledge in the context of the firm, including knowledge creation, codification, sharing, and how these activities promote learning and innovation. In practice, knowledge management encompasses both technological tools and organizational routines in overlapping parts (Gotcha, 1999).



**Knowledge Management (KM)** - Hansen et al. (2001) in their monograph *What's your Strategy for Managing Knowledge* say that companies need a knowledge strategy to be able to manage knowledge. This *Knowledge Management* strategy needs to be: (1) codified, or (2) personalized. In companies that sell relatively standardized products that fill common needs the codification strategy should be used. In the *codification strategy* electronic knowledge databases should be developed. The human resources are: hire new college graduates to implement solutions. People should be trained in groups through computer based distance learning, and people should be rewarded for using and contributing to document databases, p.26.

**Labor Management Relationship** means a set of components, both inside and outside the employment, related with influential and guideline the service relationship. It is *the* process of analyzing, developing, implementing, and performing ongoing evaluation of the workplace relationship between employer & employee (Rahman, Aatur, Human Resource Management, Dhaka, Zahin Publications, 2007, p.338.).

**Leadership** The ability to influence a group toward the achievement of goals (Robbins, 1998, 347). There is no general agreement on the best way to define leadership, but most definitions imply that it is, at least in part, a process of exerting positive influence over other persons. Leadership involves influencing people to exert more effort in some task or to change their behavior (Wexley and Yukl, 1984, 159). Leadership is about coping with change (Kotter, 1998, p.37).

**Long-term Orientation** The opposite of short-term orientation; together they form a dimension of national culture originally labeled 'Confucian dynamism'. Long-term orientation stands for the fostering of virtues oriented towards future rewards, in particular perseverance and thrift (Hofstede, 1997, p.261).

**Management** Individuals who achieve goals through other people (Robbins, 1998, 2). Management is about coping with complexity. Its practices and procedures are largely a response to the emergency or large, complex organizations in the twentieth century (Kotter, 1998, 37).

**Management Development** Any attempt to improve current or future management performance by imparting knowledge, changing attitudes, or increasing skills (Dessler, 2003, 531).

**Motivation** is a word used to refer to the reason or reasons for engaging in a particular behavior, especially **human behavior** as studied in **psychology** and **neurophysiology**. These reasons may include basic needs such as food or a desired object, hobbies, **goal**, state of being, or **ideal**. The motivation for a behavior may also be attributed to less-apparent reasons such as **altruism** or **morality**. According to Geen, motivation refers to the initiation, direction, intensity and persistence of **human behavior**. (Geen, R. (1994). Human motivation: A Psychological Approach. Wards worth Publishing, p.67).

**Nepotism** defines nepotism as favoritism shown in the advancement of relatives, especially by appointing them to offices for reasons other than personal worth (Webster-1991,p.671) happened the most at top and higher organizational level, although at it

occurred at middle and lower organizational level as well. The employer generally gets the employees he deserves. (Walter Gilbey; cited in Webster, *Webster's Dictionary*, New York: Lexicon Publications Inc., 1991, p.QD-36.)

**Organizational Behavior (OB)** A field of study that investigates the impact that individuals, groups, and structure have on behavior within organizations, for the purpose of applying such knowledge toward improving an organization's effectiveness (Robbins, 1998, 7).

**Organizational Climate** Organizational climate is a measure of the extent to which people's expectations about what it should be like to work in an organization are being met (Bowditch and Buono, 1997, 299).

**Organizational Culture** – Also called *Corporate Culture* – The shared pattern of beliefs, assumptions, and expectations held by organizational members, and their characteristic way of perceiving the organization's artifacts and environment, and its norms, roles, and values as they exist outside the individual (Bowditch and Buono, 1997, 286). A common perception held by the organization's members; a system of shared meaning (Robbins, 1998, 595). The collective programming of the mind which distinguishes the members of one organization from another (Hofstede, 1997, 262).

**Performance Appraisal** A common approach to assessing performance is to use a numerical or scalar rating system whereby managers are asked to score an individual against a number of objectives/attributes. In some companies, employees receive assessments from their manager, peers, subordinates, and customers while also performing a self assessment. This is known as 360° appraisal.

The most popular methods that are being used as performance appraisal process are: Management by objectives (MBO), 360 degree appraisal, Behavioral Observation Scale (BOS), & Behaviorally Anchored Rating Scale (BARS).

**Performance Management** Performance measurement is the process of assessing progress toward achieving predetermined goals. **Performance management** is building on that process, adding the relevant communication and action on the progress achieved against these predetermined goals. ( Bourne, M., Franco, M. and Wilkes, J. (2003). Corporate performance management. Measuring Business Excellence 2003; 7, 3; p. 15.)

**Placement** means, the act of either placing or arranging something in a position or location, or the act of being placed or arranged in this way.<sup>55</sup> After completing the above procedures an applicant who has passed the various tests, invited by the authority to join in the job within a pre-fixed duration of time following a specific Terms & Conditions indicated in the Bangladesh Bank and specific rules & Regulations of BD Constitution.

**Population** is an aggregate of items, which have common traits. Again, a **population** consists of a number of items or elements or units, which are technically called units of observation. These units of observation are termed as **sampling units**. (Abedin, Dr. M. Zainul, May 1996, Op.cit. p. 72).

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<sup>55</sup> Microsoft Encarta USA.

**Practice:** Practice means the actual doing of something; action as contrasted with ideas; regularly repeated exercise or training done in order to improve one's skill at something; a way of doing something that is common, habitual, or expected (Oxford Advanced Learner's Dictionary, 1999). In this context, we want to express the condition of Practice, the Management Function related with the employees i.e. Human Resource Management Practice of a Bank, is either implemented properly under the Banking Rules & Regulations of Bangladesh or not. (Rahman, Ataur, *Human Resource Management*, Dhaka, Zahin Publications, 2007).

**Productivity:** Productivity implies doing high-quality work with great efficiency. The actual productivity formula today is rather complicated in some operations, but in essence, productivity still means output per man-hour (Sibson, 1994, 6). Productivity is a performance measure including effectiveness and efficiency. An organization is productive if it achieves its goals and does so by transferring inputs into outputs at the lowest cost. As such, productivity implies concern for both *effectiveness* and *efficiency* (Robbins, 1998, 23). Productivity is the average output produced by input(s) – a combination of human and capital resource (known as Total Factor Productivity). At a macro-economic level, the majority of productivity indices involve measures relating to per capita GDP, with an increasing recognition of the greater sensitivity of GDP per capita per hour (Investors in People UK, 2001, 1).

**Promotion:** Promotion is a change within the organization to a higher position that has greater responsibilities and required more advanced skills. It usually involves higher status and an increase in pay (Wehrich, Heinz & Koontz, Harold, *Management*, McGraw-HILL, Inc., Singapore, p.378). Promotion means advancement to a more senior job or a higher rank, grade, or position; or it means an encouragement of the growth or development of something (Microsoft Encarta (2007. 1993-2006), Microsoft Corporation). Promotion is an integral part of most people's career. Promotion traditionally refers to advancement positions to increased responsibility (Dessler, Gary, p.358).

**Quality of Life** A national culture attribute that emphasizes relationships and concern for others (Robbins, 1998, 138).

**Recruitment** The process of generating leads, inviting candidates, interviewing candidates, making offers, and hiring (based on: Dessler, p. 2003, 98).

**Sampling** is a method of obtaining data or information about the population / universe by investigating only a representative portion of them. In our everyday life we use sampling techniques consciously or unconsciously. For example, a house wife while boiling rice tests only two or three grains, and takes decision as to whether the whole lot is boiled or not. There are many other such examples. From these practical experiences, we commonly believe that a sample can tell something about the whole lot of a universe or population (Abedin, Dr. M. Zainul, May 1996, Op.cit. p. 66).

**Selection of Employee** Selection is the screening and filtering process of job applicants who have been invited to apply for the vacant positions through which the process comes to an end (Rahman, Ataur, *Human Resource Management*, Dhaka, Zahin Publications, 2007, p.134).

**Short-term Orientation** The opposite of long-term orientation; together, they form a dimension of national culture originally labeled 'Confucian dynamism'. Short-term orientation stands for the fostering of virtues related to the past and present, in particular respect for tradition, preservation of 'face', and fulfilling social obligations (Hofstede, 1997, 262).

**Strategic Human Resource Management:** The linking of HRM with strategic goals and objectives in order to improve business performance and develop organizational cultures that foster innovation and flexibility (Dessler, 2003, 534).

**Strategy:** Actions managers take to attain the firm's goals (Hill, 2000, 681). The company's long-term plan for how it will balance its internal strengths and weaknesses with its external opportunities and threats to maintain a competitive advantage (Dessler, 2003, 6).

**Training** is a social, continuous process of giving knowledge, increasing skills and efficiency and changing attitudes, aptitudes, interest and accommodating the employee in the organization for the performance of assigned task/achievement of the organization goal. (Rahman, Aatur, *Human Resource Management*, Dhaka, Zahin Publications, 2007, p.149.)

**Training & Development** means changing what employees know how they work their work or their interaction with their co-workers or supervisors (Rahman, Aatur, 2007, p.148.).

**Turnover** means the rate at which employees leave a factory, company, etc and are replaced (Oxford Dictionary).

**Values** –are the basic convictions that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence (Robbins, 1998, 132). It is the Broad tendencies to prefer certain states of affair over others (Hofstede, 1997, 263).

**Workload:** The amount of work assigned to a person or group to do in a specific period. While a precise definition of a workload is elusive, a commonly accepted definition is the hypothetical relationship between a group and individual human operator and task demands. Another aspect to workload is the mathematical predictive models used in human factors analysis; generally to support the design and assessment of safety-critical systems. There is no one agreed definition of workload and consequently not one agreed method of assessing or modeling it. One example definition by Hart and Staveland (1988) describes workload as "the perceived relationship between the amount of mental processing capability or resources and the amount required by the task." Workload modeling is the analytical technique used to measure and predict workload. The main objective of assessing and predicting workload is to achieve evenly distributed, manageable workload and to avoid overload or under load (Hart and Staveland, 1988).

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