

HUMAN RESOURCE MANAGEMENT IN PRACTICE
A CASE STUDY OF STATE BANK OF PAKISTAN

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I am happy to address this august gathering of Human Resource Professionals.

I had two options this morning. The first was to repeat the clichés and platitudes about the importance of human resource management in economic development and for organizational effectiveness. But considering that all of you are highly qualified practitioners in this field. I thought you would find this kind of address boring and unsatisfactory. Therefore, being faithful to the theme of this Conference I decided to present a case study at this session.

Without being self-serving, I would like to share the lessons we have learnt during the last four years in bringing about changes in the HR policies and practices at the State Bank of Pakistan (SBP). I hope that these will provide food for thought for all of you.

First, Human Resource Management should be derived from the vision, mission statement and strategy and flow from the business plan of the organization. In absence of such integration and flow there is bound to be a tension between the achievement of business objectives and optimal utilization of human resources. In the SBP, the vision, mission statement, values and business plan were formulated collectively through a bottom-up approach. This has led to the assumption of the ownership of the change program by the ranks and file thus improving the chances of successful implementation of the new Human Resource policies and programmes.

Second, the management responsibilities for Human Resource management in SBP has been given to a group of highly motivated and qualified HR professionals. The practice of manning these departments with rejects from the core departments have done a great deal of disservice to the nurturing of human resources. We have, therefore, brought in experts from

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outside to assist us, train the younger officers in the tools and techniques of HR management and also strengthened the department by attracting the talent from the core departments. The respectability and acceptance of this department by the staff will reinforce credibility in the system.

Third, the attraction, retention and motivation of high caliber persons are key to success. SBP recruits 50 young men and women from all over Pakistan out of 11,000 applicants through a highly competitive process. Middle level managers and professionals such as Chartered Accountants have also been inducted in the organization. New skills for which there is emerging demand are appointed on fixed-term contracts and external advisers and consultants are hired for short durations to set up systems and train the staff. The retention and motivation of the staff is a difficult challenge as the market offers higher remuneration to those who have acquired experience at the SBP.

Fourth, a process of continuous training and skill upgradation has been put in place whereby all officers receive post-induction, foundation, intermediate, advanced training in central banking, management and soft skills. About 300 officers out of 800 have so far been sent abroad for overseas training, attachment, study tours, seminars, etc. On their return, each participant is expected to share and disseminate his learnings with the larger group to which he/she belongs. Liberal policies for study leave, deputation, advanced degree courses encourage the staff to acquire knowledge and keep themselves abreast of developments in their professional fields.

Fifth, the Performance Management System (PMS) has been completely revamped incorporating a competencies based model in which achievements, behaviour, professional growth and assessment of potential are the essential ingredients for measuring performance and career progression path. The appraisal is carried out by two supervisors on the basis of an objective scoring model and the findings are discussed with the staff member. The PMS is utilized for the individual's development plan in which the training needs are identified and planned.

Sixth, the compensation policies have been revised to reflect the comparator norms and align closely with the market practices. Although as a public sector organization, we cannot pay as much as the private sector does, but the relative security and prestige of thinking at the Central Bank do, to some extent, make up the shortfall. A reward and recognition system has also been put in place which ranges from a simple thank you note to a monetary reward for innovative ideas, product development and process re-engineering.

Seventh, a pro-active succession-planning programme has been introduced under which managerial jobs are internally posted and applicants are screened, interviewed and short-listed. Those who make the final list are sent for on-the-job training, rotational assignment and managerial training. The successful candidates from this process are then given management positions. This plan is essential for preparing the managers of the future.

Eighth, the SBP has a severance package for early retirement that allows the individuals to exit the organization with full monetary benefits. This package enables us to recharge the organization with new skills that are needed and to let go those whose skills are no longer in demand. This continuous rebalancing of skills will keep the organization in good shape in responding to new challenges.

Ninth, an HR audit was carried out by an external consulting firm under which job descriptions were prepared for each job describing the content and competencies required. This was followed by the preparation of an inventory of skills present in the SBP. Jobs and skills were matched and mismatches identified. A rotation policy has attempted to reduce these mismatches but a more aggressive policy can result in disruption of the Bank's business and operational activities.

Tenth, each organization has to develop and practice its own value system. The SBP staff has adopted integrity, trust, teamwork, openness, courage, commitment to excellence and problem solving approach as its values and each staff member is committed to practice these

values in every day's work. But for these values to sink in, the top leadership has to demonstrate the role model behaviour which can then be followed down the line. If there is a disconnect between the values and behaviour of the Head of the organization, the results are an abandonment of the value system by the staff and reversal of the change process.

Eleventh, it is incumbent upon the head of the organization to keep in touch with the staff on the shop floor and communicate with them at regular intervals. I meet with the staff of every department each quarter, listen to their problems, issues, grievances, suggestions and respond to their questions, concerns and reservations. I try to explain to them the rationale and logic behind the decisions taken or policies adopted. At the same time, any staff member can send me an e-mail or come and see me. The easy accessibility of the top leader to the ordinary staff member, even if it is not used, reinforces confidence and trust in the organization. Internal stakeholder surveys are conducted every year to ascertain the views of the staff members in a more systematic manner.

Twelfth, we have delegated powers to various tiers of the organization and institutionalized decision-making process. A Corporate Management Team (CMT), with the Governor as its Chairman, meets every Monday morning, considers and makes decisions on policy matters and the minutes of the Meeting are posted on the internal electronic notice board for the information of all staff. Similarly, Group Management Teams and Departmental Management Teams act as the collective decision making vehicles at the lower tiers. Individual discretion has, therefore, been curtailed and consensus building given more scope.

Thirteenth, regular monitoring of policy implementation, business plans and other decisions taken by the organization does provide a strong feedback to the managers and enables them to take corrective actions. The CMT meets at six-monthly intervals to monitor the progress in the implementation of business plans while the CMT and Heads of Departments meet once a month. A Change Management Conference is held every year at which the managers take stock of the progress and sets the goals for the next year.

Fourteenth, the use of information technology across the spectrum has improved the efficiency of our operations. There was no PC with any of our staff members in 1999. Today, we have at least 800 workstations with desktops. E-mailing and access to internet, use of website and electronic data have become the ordinary tools of business. When data warehousing is completed, the banks will no longer have to send thousands of pages of reports and returns to the SBP. Data acquisition will be done electronically and the required variables will be downgraded from the data marts to generate the reports. The real time on-line surveillance of banks will improve the enforcement capability of SBP and detect weaknesses and variances promptly.

Finally, we had to remodel our offices to upgrade the physical environment in which the staff spend most of their day. Almost all the floors of the SBP will be remodeled by end December this year. The staff who have occupied the new floors report that their morale has gone up and they eagerly look forward coming to work.

The above cataloging of changes that have been introduced in the last few years, by no means, suggests that we have reached the state of perfection. We have a long way to go in changing the organizational culture that is strongly entrenched in history and traditions but the human beings are quite rational in thinking and approach. As long as they are convinced that the change is in their larger interest the resistance breaks down and a slow and gradual movement begins. This Case Study of SBP shown that, contrary to the popular belief that the public sector organizations are hard to turn around, it is possible to bring about transformation – structural and behavioral – provided there is a broad based ownership.

We would like the Human resource practitioners to look at the SBP and make suggestions as to how we can do a better job.

Thank you.