

Performance Evaluation of Banking Sector in Pakistan

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Abstract

The purpose of research is to discover the problems tackled concerning performance management in banking sector. To check present practices working in banking industry. Identify problems and deficiencies which hindering HR practices and suggest improvements for better implementation of HR policies in HBL. The tactic applied for conducting current research is qualitative research. I have adopted case study method for the performance evaluation of employees of Habib Bank Limited of Pakistan. Interviews consisting open ended questions was asked from almost 10-15 employees. During interviews the points which I realize should be highlighted are: From the salary packages the top management is satisfied but in case of operational officers are not. Training is given to every new recruiter but in case of working employees training will be given if needed, there is no continuous process of giving training yearly or quarterly. Centralized decision making, Problems or issues are discussed among employees but final decision is taken but top management. Working hours are lengthy. Promotions are based on performance instead of seniority. Rewards, bonuses, allowances are given to employees which increases their motivation level. Performance evaluation has a vital role in the success of organization and employees too. If the performance evaluation of employees is not accurate or biasness is including in it, it will be the cause of demotivation of employees. Performance evaluation should not be confidential, employees should be informed about his mistakes and positive points so that he/she improves his mistakes and it encourages by knowing his positive points.

Keywords: Performance management, performance evaluation, training, banking sector

INTRODUCTION

Performance evaluation is as necessary in company, bank or any institution as checkup for human body. If we don't know the actual problem how can we solve it? And to know the problem or issue check and balance is important and when we talk about the check and balance of employees it is said to be performance evaluation that what they are doing? What they actually have to do and what is the problem or hurdles they are facing during work? This increases the efficiency of employees in work and carelessness and biasness can be avoided because employees knows that their evaluation report will be submitted by which their promotion can be judged so they will surely work with full concentration and devotion.

HBL established in Pakistan in 1947, HBL was the first commercial bank. A key role of operations includes services and product offerings in consumer & retail investment. HBL has the major corporate banking collection in the country with a vigorous investment. Banking services & Agriculture lending packages are offered in different rural and urban centers.

The main purpose of my research on this topic is to know the problems faced by the employees related to performance evaluation and to check present practices working in banking industry & Habib Bank Ltd. To identify problems and deficiencies which hindering HR practices and to suggest improvements for better implementation of HR policies in banking sector such as HBL.

LITERATURE REVIEW

(Bitici, Carrie & McDevitt, 1997) defines performance management process that by which the business manages its performance in line practical strategies. People change multifaceted actuality into basic arithmetical concepts which easily act upon (Lebas, 1995). Many researchers, academicians and policy makers have demonstrated about the performance evaluation of banking sectors of different areas, countries and continents. Performance management can also be understand by saying that it is not only about an individual employee understand its work but also contributing with others and with which enhancing the level of both organization and individual employee (Fletcher & William, 1992). PM used as a key by the policy makers to improve education system (Ozga, 2003). According to (Management Advisory Commitment of Australia, 2001) PM is the means to improve organizational performance by linking individual and organizational objectives. (Junejo, Umrani & Raza, 2010) examines that with all the Human Resource practices, performance management ensures the proper flow of blood in every part of organization, which is human capital. (Stephena & Dorfman, 1989) says that effective performance appraisal creates improvement in the correctness of the employee's performance. (Gubuz, 2009) indicates that by sustaining Human Resource practices and job satisfaction, employees get many advantages for organization. (Bogdanova et al, 2008) examines that by Human Resource practices we can get better way to utilize human capital to achieve long term goals for organization. (Padala, 2010) study reveals that

employee's education, age and nature of the job etc. have negative relation with job satisfaction as well as with organizational commitment.

According to the Study of (Olusegun, 2013) finds that job satisfaction and turnover intentions are important prospective to study in Human Resource Practices. (Khan, 2010) study reveals that there should be need to implement Human Resource practices to achieve better performance. Human resource practices basically are the management of human capital within the internal environment of any organization (Appelbaum, 2001). Human resource practices are used to handle organizational activities by managing human resource and by ensuring the retaining of employees on job and fulfillment of the organizational objectives (Schuler & Jackson, 1987). Now days, in global economy organization's programs like skill-based pay, job enrichment, gain sharing, employee involvement etc to win a competitive edge (Lawler, 1992). Basic objective of management is to increase efficiency of the financial institute by maximizing productivity at a lower cost (Sumita, 2004). High Motivation means higher performance; a greater efforts and job performance are resolute by motivation to the hard work (Mitchell, 1982). Similarly, it can be said that motivation is to drive workers towards enhanced or better performance (Tung, 1981). Award and reorganization plans, discipline, job enlargement are the motivational techniques used by employees (Porter & Perry, 1982). (Katou, 2008) study reveals that how to measure the impact of HRM practices on organization performance. The study somehow relates with the relation between Human resource practices and organizational performance is influenced by business strategies. Then there is another study conducted on this topic by (Iqbal et al, 2011) to compare the human resource practices of private and public sector in Pakistan.

According to (Zulfqar et al, 2011) the performance appraisal better works in private sector than in public sector, basically this study related with the relationship between HR practices and employees performance in banking sector of Pakistan. HR practice and employee perceived performance has a positive relation and it indicated that performance evaluation is significant but compensation practices are not. In the same prospective (Majumder, 2012) study on Bank employees, the study reveals that employees are not satisfied by the compensation packages or rewards are awarded in return of employee completion of task. (Hussain & Rehman, 2013) examines that Human Resource practices like training and employment security etc make strong bond of employees with organization which refers them to stay with organization. According to (Lamba & Chaudhary, 2013) Human resource practices has a strong relation with organizational performance which results in making strong bond between knowledgeable or skilled employees and organization which helps in employees retention. In spite of spending more resources on training and development, organization should concentrate more on long term commitment towards human resources (Sikha, 2010). According to (Hook, 2011) study tells that employees possess just primary education have higher job satisfaction. On the other hand (Martin, 2011) examines that there is strong relationship between perceptions of human resource practices and intention to quit. There is another research conducted by (Khan et al, 2013) that in Pakistan male job holders are not satisfied by their job but females are satisfied by the Human Resource practices of the organization. Learn how to develop a performance management system so you can more effectively and actively help everyone in organization work (Lilsuzu, Maluniu, Irishdancer25, ElleN).

OBJECTIVES

- To check present practices working in banking industry & Habib Bank Ltd.
- To identify problems and deficiencies which hindering HR practices.
- To suggest improvements for better implementation of HR policies in HBL.

RESEARCH METHODOLOGY

4.1 Research Design

The tactic applied for conducting current research is qualitative research. The purpose of research is to discover the problems tackled concerning performance management in banking sector such as Habib Bank Limited of Pakistan.

4.2 Research Strategy

I have adopted case study method for the performance evaluation of employees of Habib Bank Limited of Pakistan. Habib bank was the first commercial bank established in Pakistan. Data collection is conducting under sampling tests from the employees of Habib Bank Limited of Pakistan.

4.3. Data Collection

Interview techniques adopted for the initial data support for developing case study. Interviews consisting open ended questions will be conducted from almost 10-15 employees of Habib bank of Pakistan. The performance of employees will be evaluated through content analysis.

CASE STUDY

HBL established in Pakistan in 1947, HBL was the first commercial bank. A key role of operations includes

services and product offerings in consumer & retail investment. HBL has the major corporate banking collection in the country with a vigorous investment. Banking services & Agriculture lending packages are offered in different rural & urban hubs.

FINDINGS

During the interviews of the Manager & employees Of Habib Bank Limited, Old campus branch, Bahawalpur, having the issues, comfortability related to performance evaluation is mentioned as below:

- From the salary packages the top management is satisfied but in case of operational officers are not.
- Training is given to every new recruiter but in case of working employees training will be given if needed, there is no continuous process of giving training yearly or quarterly.
- Centralized decision making, Problems or issues are discussed among employees but final decision is taken but top management.
- Working hours are lengthy
- Promotions are based on performance instead of seniority.
- Rewards, bonuses, allowances are given to employees which increases their motivation level.

DISCUSSION

It is concluded from above mentioned findings that the satisfaction of the employees of any institute, bank or company varies branch to branch, it doesn't mean that if employees of this branch having any problem or are satisfied overall employees are also having same. Employees of this branch are satisfied from their working environment and there is no communication gap between manager and other employees by which the efficiency of employees increases and they work in a comfortable and friendly environment. In case employees face any kind of difficulty related to its work they easily conveyed it to top management by which top management with the mutual concern of head office decides to give training for the particular problem facing by the employees or any other way to sort out that problem but the problem which I realized in this process that the training for the working employees is arranged only when top management realizes that there is needed, not continuously or yearly. If there is a defined process of giving training continuously to working employees about new system or new technologies introduced in the world, it will be very helpful for the employees and it plays a vital role in the progress of the institute.

The performance of the employees is evaluated annually by checking employee's performance, accuracy of work done, efficiency, target achievement etc. Employees are satisfied by their performance evaluation process. Middle management employees are not satisfied by the salary packages and promotion system because they are working from long period of time but with same salaries and posts which decreases their efficiency in work. There is rule of minimum 18 months service for promotion. Promotion is based on performance instead of seniority. But there are bonuses, allowances and rewards are given to the employees for good performance. Centralized decision making is adopted here, Problems or issues are discussed among employees but final decision is taken but top management. Employees are involved by the management in the discussion or meetings but decision is taken by the top management. The Working time period is very lengthy with that they even don't have proper lunch break so it is not a way to take a work from employees it decreases their efficiency and motivational level. The performance evaluation is send to the Human resource management department by the Assistant manager operation confidentially and annually.

CONCLUSION

According to my research in HBL Old campus branch, it is concluded that the satisfaction of employees related to performance evaluation or any other issue varies branch to branch. It is not necessary that if there is any dissatisfaction of employees related to performance evaluation in any 1 branch, all other branches are also. Satisfaction of employees is necessary but performance evaluation has a vital role in the success of organization and employees too. If the performance evaluation of employees is not accurate or biasness is including in it, it will be the cause of demotivation of employees. Performance evaluation should not be confidential, employees should be informed about his mistakes and positive points so that he/she improves his mistakes and it encourages by knowing his positive points.

SUGGESTION AND RECOMMENDATIONS

- There should some focus on employees salary packages of operational management, It will increase their efficiency.
- There should be scheduled training at least 2 times in a year, so employees whom don' have knowledge related to any aspect can easily learn about it without any hesitation.
- The centralized system is adopted which is a good decision because if everyone has authority to take decision there will be chance of biasness and favoritism in it.

- As working hours are lengthy so there should be proper break, this will surely increase motivation in employees.
- Performance evaluation should not be confidential, employees should be informed about his mistakes and positive points so that he/she improves his mistakes and it encourages by knowing his positive points.
- Some steps should be taken to increase the motivation level, trust and efficiency of employees.
- Bonuses, awards, incentives allowances increases the employees efficiency, abroad tours for employees can also increase their loyalty with bank.
- The criteria for the promotions should be clearly defined in front of every employee so that they know how to achieve and what to achieve.

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