



The Best human Resources (HR) Practices and Their Impact on the Performance of National Bank of Pakistan (NBP)

Raja Danish Akbar Khan*, Tingqiang Chen, Muhammad Rafay, Yasin Ali, Mona Mukhtar, Mamoon Akbar, Maria Ghani

School of Economics and Management, Nanjing Tech University, Nanjing, China

Email: *danishakbar169@yahoo.com

How to cite this paper: Khan, R.D.A., Chen, T.Q., Rafay, M., Ali, Y., Mukhtar, M., Akbar, M. and Ghani, M. (2023) The Best human Resources (HR) Practices and Their Impact on the Performance of National Bank of Pakistan (NBP). *Open Access Library Journal*, **10**: e9659.

<https://doi.org/10.4236/oalib.1109659>

Received: December 5, 2022

Accepted: January 13, 2023

Published: January 16, 2023

Copyright © 2023 by author(s) and Open Access Library Inc.

This work is licensed under the Creative Commons Attribution International License (CC BY 4.0).

<http://creativecommons.org/licenses/by/4.0/>



Open Access

Abstract

The purpose of this study is to describe the best HR practices in the national bank of Pakistan and how these practices are helpful for both banks and employees. In this study, we analyzed the official data of the national bank of Pakistan from the annual reports. The finding of this study suggests that the best HR practices in the National bank of Pakistan are the training and development and Appraisal policies. In conclusion, we can say that these policies are helpful for the bank in revenue generation and for the capacity building of employees.

Subject Areas

Sociology

Keywords

Human Resource (HR) Practices, Best HR Practices in (National Bank of Pakistan) NBP, Revenue Generation

1. Introduction

The national bank of Pakistan (NBP) was founded in 1949 under the ordinance of the national bank of Pakistan and it is the subsidiary of the state bank of Pakistan [1]. The head office of NBP is in Karachi. The NBP has 1530 branches in the country and 15,188 employees [2]. The bank has 15 international branches and subsidiaries in the Middle East, Far East, South Asia, central Asia, Europe and North America [2]. It is the largest commercial bank in Pakistan.

The strategic priority of NBP is providing the best quality services to cus-

tomers and now they are also focusing on serving the people through information technology and digitization. So, the main function of NBP is services. They need the best people in customer dealing, the employees who have more interpersonal skills, who can perform the task quickly and the employees which are more flexible.

Human capital is the best assist for banks because the strategic priority of banks is providing the best service and they can only provide the best services if they have efficient employees. So, for increasing the efficiency of employees the Human resources department plays an important role. Human resource is the main department of any company which works as a bridge between employees and employers. HR performs the practices of recruiting, planning, training, appraisal, and compensation for employees.

In this study, we will describe the best HR practice in the last four years of the national bank of Pakistan and how these practices are helping in revenue generation for the bank. The research structure is based on the collection of data, analyses of data and then writing the findings. In the methodology section, the methods used in the research are included. Moreover, the role of HR at NBP, a comparison of revenue generation in four years is made and the strategy they adopted during these years is discussed in later sections.

2. Research Methodology

The nature of this research is descriptive. It studies the best HR practices in the National bank of Pakistan and how that practice helps in revenue generation for the bank. The method I used for this research is internet-based research which is consisting of a secondary database (organizational reports). Data from previous research articles about the question is also studied. By analyzing all the collected data from the resources, findings are discussed in this paper. In this paper secondary data was collected through published records, annual reports, and other published bank material.

I collected data for this research from the annual official reports of the national bank of Pakistan, previous research papers and the official website of the national bank of Pakistan (<https://www.nbp.com.pk/>).

3. Discussion and Analysis

State Bank of Pakistan provides training and development opportunities to its employees through Staff College. Inferences from quantitative data analysis and qualitative observations present as low.

4. Human Resources of NBP

At the end of December 2019, there were 15,118 employees at different branches of NBP [2]. Moreover, NBP also engages employees from service provider companies for different non-critical functions. The human resource of national bank is known as human resource management group (HRMG) and there is a com-

mittee (Board HR & Remuneration committee (BHRRC)) under which the HR department works [2].

4.1. Board HR & Remuneration Committee (BHRRC)

1) This committee review and make recommendations to boards of director on human resource policies related to recruitment, training and development, compensation, planning and other HR related strategies.

2) They review the training policies of HR and guide them about the training methodology and necessary training needs for the organization.

3) It reviews and recommends policies for pensions.

4) It also monitors and recommends organizational restructuring when necessary.

4.2. The Main Functions Which HRMG Performs in NBP are

- Session planning;
- Recruitment;
- Compensation;
- Training and development.

4.3. Session Planning

It is one of the key roles that HR performs according to the needs of NBP. HR review that the banks have the right individual for the specific task and what kind of skills are needed for an individual to perform that task. Human resource management group (HRMG) makes strategies for training their employees. They planned what Training exercises should be arranged for different groups of employees. And in which Branch or area we need training to improve the performance of employees. They also make plans about the timetable of training arrangements.

4.4. Recruitment

There are different steps in recruitment process of NBP (**Figure 1**).

- NBP arrange one week orientation program for a new candidate where they learn about their responsibilities, departments, and about other employees [3].

4.5. Compensation and Benefits

The expenses on compensation in 2018 were 37.3 billion Rupees [4] and in 2019 the total compensation expenses were 42,285 million Rupees [2]. In recent times the salary structure of employees of NBP is better than other banks. So, they can attract highly skilled individuals in job recruitment

NBP has a policy of advance salary for permanent employees, the maximum tenure of advance salary is for 5 years, and maximize age is 59 years and 6 months. Advance salary is good for those employees who wanted to start their side business [5].

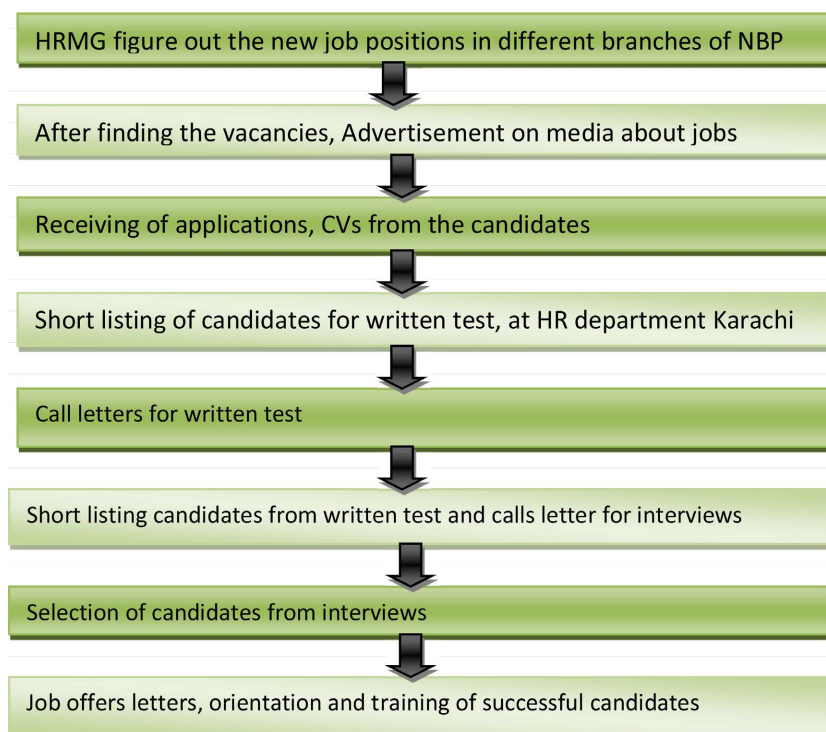


Figure 1. Steps in recruitment process of NBP.

4.6. Appraisal

From the year 2007, the concept of “pay for performance” is implemented in NBP [6]. Employees get an annual increase in their basic pay according to their performance. The concept of pay for performance is good for increasing motivation of employees. In this performance appraisal system all the performance goals are divided into 15 key objectives, from which 5 are financial and 10 are non-financial objectives, and 70% points are for 5 financial objectives while 30% points are for 10 non-financial objectives [6]. This appraisal system is still used in NBP for evaluating the performance of employees every worker tries to complete their tasks for getting more points.

4.7. Training and Development

The focus of HRMG of NBP is training and development. HRMG uses Training Need Analysis (TNA) for training and development [2]. HR figures out the performance of employees and makes plans about which individuals and groups need training. Every year NBP spend huge money on training and development of their employees by arranging external and internal training programs. The main aim is to reduce external hiring and train your own people which are familiar with the policies and rule and regulations of national bank.

From the reports of the last 4 years, we analyze that the main focus of the human resource department of NPB is training and development [3].

We will describe the steps taken by HRMG for the training and development of employees in the last four years and its impact on revenue generation.

4.7.1. Training and Development in 2019

In 2019 Human resource management group (HRMG) has taken many initiatives to increase the efficiency of their employees. The national bank of Pakistan invested 112 million for training and development of their employees [2]. During this year HRMG arranged overall 1200 organized courses and over 500 executives and officers got externally trained through different institutions [2]. These training programs include specialized training programs for females, courses for low performers, costumer services and regularity compliance. Moreover, HR also introduced E-Learning course through their web portal [2].

Revenue generated by per employee

The total number of employees of the national bank was 15,188 and the total revenue of NBP was 108,107 [2]. The revenue generated by per employee was 7.1 million Rupees.

4.7.2. Training and Development in 2018

This year the focus of HR was also on training. During this year national bank of Pakistan spent 134.8 million on training and development of their employees [4]. The HR organized both internally and as well as external training courses through which 352,311 total training hours were experienced by the employees [4].

Revenue generated by per employee

At the end of December, the total number of employees of NPB was 15,738 and the total revenue of NBP was 96,915 [4]. The revenue generated by per employee was 6.16 million Rupees.

4.7.3. Training and Development in 2017

In 2017 HR arranged 1247 training programs in the country, 187 specialized training programs were conducted in the branches and 3922 people from branches got training through those special training programs [7]. Furthermore, special training programs were arranged for low performance employees and 223 employees got training through these programs [7].

Revenue generated by per employee

In 2017 the overall revenue of NBP was 85,319 and the number of employees was 15,616 [7]. The revenue generated by per employee was 5.4 million Rupees.

4.7.4. Training and Development in 2016

In 2016 more than 15,000 people got training through various programs organized by the human resource department [8].

Revenue generated by per employee

The total number of employees of NBP were 15,793 and the revenue was 84,791 [8].

The revenue generated by per employee was 5.3 million.

5. Key Findings

- In the above diagram (**Figure 2**) we explained the revenue generation of per employee in the last four years in the national Bank of Pakistan. In 2016 the

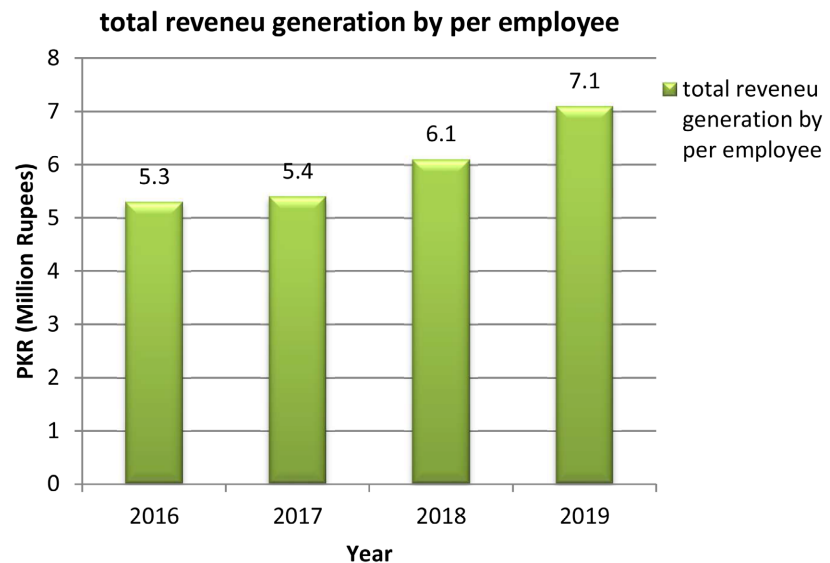


Figure 2. Revenue generation of per employee in last four years in National Bank of Pakistan.

revenue generated by per employee was 5.3 million Rupees and it's slightly increased to 5.4 in 2017, we can see a significant increase in 2018 and 2019 with total per employee revenue generation is 6.1 and 7.1 respectively. In the last two years the bank invests huge money in training and development of their employees and HRMG introduced new training methods and exercises to increase the performance of the employees. We can say that the over the years the focus of bank is in training and development for increasing the efficiency of their employees and that increasing efficiency help them to generate more revenue every year. And the appraisal policy of pay for performance is also creating motivation in the employees for working hard to get the rewards. if the employees are getting rewards because of its best performance than other workers will also try to work hard for the rewards, for working hard people need more skills and efficiency and HRMG group is increasing efficiency and skills of employees through training and development. If all the workers will work hard for the rewards then the performance of bank will also increase as we can see the revenue generated of per employee is increasing every year.

- In this picture (**Figure 3**) I explained the changing trend of employees in the national bank of Pakistan from the year 2016 to 2019. In 2016 there were 15,793 total employees in NBP, but these employees decreased to 15,616, and in the next year the total number of employees increase to 15,738 but the number of employees again decreased to 15,188 in 2019. We can see the ups and downs in the number of employees over the years. Many people are got retired and the bank again recruit new people to fill the space. Moreover looking at the number of training and development sessions in these years (discussed in Section 3.7) and the number of employees we can say that the bank is not focusing much on the recruitment of new employees. Rather than hiring they are much focusing on training the current employees for new tasks.

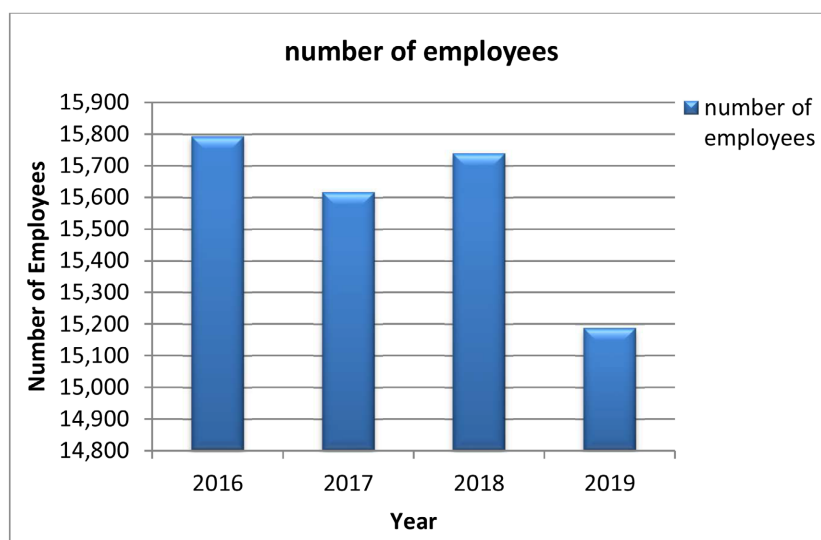


Figure 3. Number of employees.

6. Conclusion

Human resource plays an important role in improvement of the organization. One of the main goals of any organization is to get a competitive advantage, which an organization can only achieve through the best practices of HR. In the national bank of Pakistan, the best HR practices are appraisal and training and development. These practices increase the skills and motivation of employees and that helps in achieving the goals of the organization. In the last four years, the per employee revenue of bank is increased and we can say that the performance of employees is due to their capacity building the more you invest in training and development of employees the more revenue they will generate for you. The pay for performance policy is also one of the main reasons for the performance of employees. This policy boosts the motivation of workers to work hard for getting a higher salary. The recruitment process of the bank is very slow because they are focusing more on training current employees for the new tasks. In the end, I can say that the HR policies are not only providing benefits to employees, but these practices are also helping the bank for achieving its goals. The paper is not based on any survey, in future, a survey of employees and management could be carried out to depict the impacts of such strategies. In the last bank have some lacking on to get new talented employees and they need to work on this in future.

Conflicts of Interest

The authors declare no conflicts of interest.

References

- [1] National Bank of Pakistan (2019) About Us. <https://www.nbp.com.pk/BankProfile/index.aspx>
- [2] National Bank of Pakistan (2019) Serving across the Nation: Annual Report 2019.

-
- <https://www.nbp.com.pk/FinancialStatements/AnnualReport2019/AnnualReport2019.pdf>
- [3] National Bank of Pakistan (2007) National Bank of Pakistan Requires High Calibre management Trainees.
<https://www.nbp.com.pk/careers/AdvertisementMT062007.pdf>
- [4] National Bank of Pakistan (2018) Let's Pull Together for Greener Pakistan: Annual Report 2018.
<https://www.nbp.com.pk/FinancialStatements/AnnualReport2018/NBP-Annual-Report-2018.pdf>
- [5] National Bank of Pakistan (2019) NBP Advance Salary.
<https://www.nbp.com.pk/advancesalary/TermsAdvSalary.aspx>
- [6] Omar, A., Sultan, N., Wajid, A., Waseem, M. and Rustam, S. (2012) Human Resource (HR) Initiatives and Their Impact on Performance of National Bank of Pakistan. *Science Series Data Report*, **4**, 44-57. <https://doi.org/10.2139/ssrn.2030841>
- [7] National Bank of Pakistan (2017) Annual Report of 2017.
<https://www.nbp.com.pk/FinancialStatements/AnnualReport2017/NBP%20Annual%20Report%202017%20LR-20180316.pdf>
- [8] National Bank of Pakistan (2016) Annual Report of 2016.
<https://www.nbp.com.pk/FinancialStatements/AnReport2016.aspx>