



HUMAN RESOURCE PRACTICES IN PAKISTAN: A CASE STUDY OF ALLIED BANK LIMITED

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ABSTRACT

HRM has evolved since last two decades from a reactive function with an administrative focus to a proactive approach with a strategic orientation. This is because most firms now accept human resource as their competitive advantage and HRM as a means of acquiring, building and sustaining the human capital. In Pakistan, despite having an initial intention of improving employee involvement and commitment towards the organizational performance, no conscious attempt is seen to be made and the HR function is often found failing the test of construct validity. Banking sector has however come up with a greater effort to meet the international standards in HRM practices. Critically analysing Allied Bank Limited with reference to the best practices in HRM we found that HRM is well positioned there and all the standard activities of HRM such as strategic HRM, HR planning, recruitment and selection, training and development, performance management and employee relations are carried out using contemporary methods. However, the bank lacks in involving all stake holders in appraisal activities, employee involvement and empowerment and the compensation practices for the upper management seem to be obsolete.

Introduction

HRM has evolved since last two decades from a reactive function with an administrative focus to a proactive approach with a strategic orientation. This is because most firms now accept human resource as their competitive advantage and HRM as a means of acquiring, building and sustaining the human capital (Browning et al., 2009). Globally, it has been observed that HRM has made its place on the table as a business partner, or moreover, a business facilitator being involved in the all strategic phases ranging from strategy formulation to implementation (Duke & Udono, 2012). However, this transition is still lacking in most third world countries i.e. not all countries have completely been through this paradigm shift. Particularly, Pakistan yet faces the dilemma or in fact, it is stuck in a vicious circle of powerfulness and powerlessness in the public as well as private sector. Khilji (2003) has characterized the HRM in Pakistan with implementation gap, elitism, power distance and the attitude of helplessness.

Nonetheless, private sector industries are striving more to meet the international standards of business functions through emphasizing on HRM as a critical component of their overall strategy (Muhammad, Nadeem & Ashfaq, 2011). This study specifically addresses the banking sector of Pakistan. This sector is regarded as the best performer of the economy and can be held as the pioneer of formalized human resource management in the country (Bowra et al., 2012). Allied bank is no exception. HRM practices in the bank are highly formal and directed by well-crafted policies and rules.

Objectives of the Study

The primary objectives of this study is to overall position and role of Human Resource Management in Pakistan with a case study of Allied Bank Ltd. Following are the main objectives pursued in order to gain an insight into HRM in Pakistan:

- To study the global best practices in HRM
- To understand the existing HRM climate that prevails in Pakistan
- To gather a substantial amount of information about unique HRM practices at Allied Bank
- To determine how close these practices are to the best practice models of HRM
- To identify the shortcomings in the HRM practices of the company
- To highlight the most critical challenges that face the company at present in implementing the best practice HRM

- To suggest how the Allied Bank can counter those challenges and move closer to the world's best practices in HRM

Research Methodology

This research is largely based upon qualitative techniques for data analysis. The methodology of the study focuses on descriptive investigation of the HRM practices employed by Allied Bank Limited to facilitate their employee as well as organizational needs. In order to fulfill the aforementioned objectives of the study, primary as well as secondary data sources are consulted.

Firstly, a thorough research of the journal articles and textbooks was carried out to gather a substantial amount of data regarding the world's best practices in HRM. Also the position of HRM in Pakistan has been covered. A questionnaire is then prepared considering all the domains of HRM to elicit a comprehensive amount of information. The questionnaire is web-based and filled by the Learning and Talent Development Head of the bank. The second method used for data collection is a group interview. The interview is semi-structured and intended to build a generic understanding of the company's values and culture. In addition to the primary data, secondary data is collected from the documents available within the organization's database. Those documents included the company's history, annual reports, values and ethics code and the employee handbook.

The then acquired data is recorded and compared with the best practice model of HRM. A detail analysis is conducted and the results are documented in a systematic manner for reporting. Lastly, the key findings and recommendations derived from the analysis are reported.

Background of the Case Study Organization

Allied Bank Limited is one of the most senior players in the banking sector of Pakistan. The Bank started out in Lahore by the name Australasia Bank before independence in 1942: and became Allied Bank of Pakistan in 1974. Later in 2004, capital reconstruction took place and the ownership of the bank was transferred to a consortium comprising Ibrahim Group; and renamed as Allied Bank Limited in 2005; headquartered in Lahore. There are four provincial headquaters of Allied Bank Limited situated at Lahore (Punjab), Karachi (Sind), Peshawar (IMWFP & A/ad Kashmir) and Quetta (Baluchistan) (Allied Bank Ltd, 2014).

Allied Bank is listed on all stock exchanges in Pakistan. Their business comprises of commercial banking services, mainly retail banking. Further, the subsidiary businesses of the company include Asset Management Services, Investment Advisory Services as a Non-Banking Finance Company (NBFC) and Pension Fund Management (Allied Bank Ltd, 2013).

The Bank operated a total of 975 branches in 2013 and with 27 new branches this year, now the company heads 948 branches; including one branch in Karachi Export Processing Zone Branch, and 1 wholesale banking branch in Bahrain. Further, 700 ATMs by the bank are functioning in Pakistan and various technology-based products and services are offered to its varied clientele (Allied Bank Ltd, 2014).

Literature Review

Human resource management has evolved over decades but the first intellectual explanation of the concept was put forward by the Harvard Business School (HBS) in 1984. HRM was defined as "human related policy choices designed by the top management keeping in view the stakeholders' interests and situational factors; these policies intended to achieve commitment, competence, congruence and cost effectiveness that ultimately results in employee well-being and organizational effectiveness" (Beer et al., 1984). This definition still holds true and can be applied to current HRM as well.

However, a great emphasis is now laid upon seeking a strategic fit between HRM and the overall corporate strategy (CIPD, 2013; Duke & Udono, 2012; Browning et al., 2009). In contemporary business environment, HRM is expected to provide a strategic framework to support the long-term business goals and objectives (CIPD, 2013). The function has acquired a place on the table as a business partner, or moreover, a business facilitator and is now involved in the all strategic-phases ranging from strategy formulation to implementation (Duke & Udono, 2012); therefore, the expectations are also high.

Activities Conducted under the Umbrella of HRM

Human resource management in an organization comprises a supporting activity for every business. It involves a wide range of functions ranging from recruitment and training to

compensation planning and rewarding on the basis of appraisals. Further, it also ensures that positions in the organization are filled and kept filled with the most appropriate talent (David, 2011). Crudely stating, the HR activities have a vision of creating value for the organization in terms of the *competencies* required to achieve the organizational goals and maintaining the work life quality of the employees (Ulrich, Younger & Brockbank, 2008).

The number of activities carried out by the HR department depends upon the nature and scope of the business; however the following ones are found to be global practices in HRM:

1. HR planning
2. Recruitment and Selection
3. Performance Management
4. Reward Management
5. Training and Development
6. Employee Relations

HR planning

By definition, human resource planning is regarded as “a process of making sure that HR needs and requirements of an organization are identified and satisfied through proper planning” (Armstrong, 2006). It basically seeks the answer to two questions; i.e.

1. How many people are needed?
2. What sorts of people are needed?

In organizational context, the process essentially involves identifying the future labor needs, forecasting the availability of competent individuals and preparing plans to match the supply and demand (Prashanthi, 2013). However, it also helps make important decisions regarding where and how to acquire the labour such as; internal market or external market; self-recruitment or outsourcing; full-time or contract based; etc (Gusdorf, 2008).

Recruitment and Selection

Staffing always follows the planning process. It involves the complete recruitment and selection process. Bratton & Gold (2007) stated that "Recruitment is the process of generating a pool of capable people to apply for employment to an organization. Selection is the process by which managers and others use specific instruments to choose from a pool of applicants a person or

persons more likely to succeed in the job(s), given management goals and legal requirements."

A global survey conducted by Stiles and Trevor (2006) shows that companies use a variety of channels for recruitment including internal and external labor markets; selective hiring is highly preferred using different testing tools; human capital inventories are maintained: succession planning is carried out and the involvement of immediate supervisors in the whole process is found to be the most effective practice among all.

Performance Management

Performance management is another prominent activity today that has been linked to talent management and reward management (CIPD, 2009). Armstrong and Baron (1998) stated that performance management includes all the activities that help in effective management of individuals and teams such that a shared understanding is established about what is to be achieved and the workforce is lead and developed to make sure it is achieved. Most firms now include tools like periodic performance appraisals, target-setting, regular review meetings. information acquisition from multiple sources and high engagement of line-managers to carry out effective performance management (CIPD, 2009).

Reward Management

Reward is the financial or non-financial return and benefits received by the employees in return of their professional services or products for the organization. The two basic objectives of reward management pursued by most firms identified by Stiles and Trevor (2006) are attraction and retention of requisite talent; and promotion of desired employee behavior and efforts. The most effective practices in this area however include performance led pay, maintenance of internal and external equality, short-term and long-term incentives; and employee share ownership programs.

Training and Development

Organizations invest in extensive training and development of their employees with a sense of mutuality; it helps employees to develop their skills and stay abreast with the current developments in their relevant field, whilst for organizations it is a means of gaining a competitive advantage; and retaining and nurturing their valued talent (Browning et al.. 2009). A recent survey by Henley Business School (2014) shows that 54% of the surveyed organizations intend to

continue their spending on training and development while 31% plan to increase the amount spent. Furthermore leadership, decision making, customer service, coaching, entrepreneurship and innovation are the top priority areas for training across the world.

Employee Relations

Maintaining a trustful and healthy relationship between management and employees is the essence of employee relations. It is reported that the contemporary focus of today's organizations is not on collective machinery but on individual employees (CIPD, 2014). The generally accepted practices of building healthy employee relations include no lay-off policies, increased consultation with employees and employee unions, inclusion of equal opportunity and work-life balance in organizational policies (Stiles & Trevor, 2006). Further, health and safety concerns, transparency, equity, corporation and increased upward flow of communication are found to play a critical role positioning the organization as a-good-place-to-work-in (Duke & Udono. 2012).

Development of HRM in Pakistan

The concept of HRM is comparatively new to Pakistan. The multinational organizations in mid 90's have brought with them the concept of human resource. With the growth of industrialization in the country, contemporary management practices were enforced by Pakistan Industrial Development Corporation (PIDC) which resulted in laying a foundation for Human Resource Development in 1960 (AH, 2013). However, the elitism and legacy-civil-military combined with non-meritocratic behavioural traits of obsequiousness and flattery towards superiors have elevated since the post-British era and still persist in public as well as private sector enterprises in Pakistan (Mangi, Shah, & Ghumro, 2012); i.e. Pakistan yet faces the dilemma or in fact, it is stuck in a vicious circle of powerfulness and powerlessness in the public as well as private sector.

Despite having an initial intention of improving employee involvement and commitment towards the organizational performance, no conscious attempt is seen to be made and the HR function is often found failing the test of construct validity (Khan, Miah, & Manzoor, 2014). The HR department is misunderstood here as fancy name for the administration department; moreover other departments often feel insecure of an additional tier in administration that would obscure their powers or shall hold them accountable at every stance (Khan, Miah, & Manzoor. 2014). The malfunctioning of HRM in Pakistan can be attributed firstly to expecting the results as of best

practices from the same administration personnel without hiring the HR experts; secondly, the culture of 'favoritism and nepotism' never allowed the merit-based HRM practices to function smoothly (Ali, 2013). Khilji (2003) has characterized the HRM in Pakistan with implementation gap, elitism, power distance and the attitude of helplessness.

Nonetheless, private sector industries - more specifically the banking sector-have realized the significance of acquiring the talented human resource for securing a competitive advantage. Thus, they can be seen striving hard to meet the international standards of business functions through emphasizing on HRM as a critical component of their overall strategy (Muhammad. Nadeem & Ashfaq, 2011). The State Bank of Pakistan and few private banks were the first ones to set up a proper Training and Development Department for the new employees. The academic-institutions then took charge and produced graduates in business administration. This boomed the notion of HRM; most large and some small organizations as well put up Human Resource as a separate entity within their organogram (AH, 2013). Yet, HRM in Pakistan is in a preliminary phase and organizations need to invest much more in this domain with a true intention of improvement rather than merely a cosmetic measure.

The HRM Practices at Allied Bank Limited

The initial examination of the HRM function in the organization revealed that the function is well positioned and possesses an appropriate place in the organization. In 2007, HR was introduced in the company for the first as "Administration and Human Resource" and evolving with the passage of time, it is now entitled as "Human Resource & Remuneration Committee". As per the organogram, the HR committee lies in line with other managerial functions such as Strategic Planning, Finance, IT and Risk Management. The committee is headed by Mr Abdul Aziz Khan accompanied by three other group members. Upon analysing the mission statement and the core responsibilities of the HR committee as stated in the Annual Report for the year 2014, we find that they are responsible for the following activities:

1. Defining the organizational structure
2. Job designing
3. Creating Challenging Work Environment
4. Recruitment and selection
5. Remuneration and Reward Management

6. Terms and Conditions of Employment
7. Nominating personnel for Managerial Positions
8. Designing the Human Resource Policy
9. Performance Management

Strategic HRM

The HRM at Allied Bank is entirely built on the strategic foundations. The HR executives are fully aware of the organization's needs and the overall business strategies. Further, it was agreed upon during the interview that the HR issues were fully integrated with organizational strategies during different change processes throughout the life of the business. Information technology is found to play a critical role in smooth functioning of the HR processes. All the processes are automated using latest software technologies including Human Capital Management System (HCMS) and Human Resource Information System (HRIS) with a basic objective of reducing the turn-around time and promoting efficiency.

HR Planning and Job Analysis

HR Planning is seen fundamental here. The organization's human resource requirements are systematically ascertained and appropriate plans are formulated thereof for satisfying the requirements.

Job analysis activity is not practiced at the Bank. The workflow is highly subjected to efficiency, detailed planning, innovation and creativity. The jobs in the organization are individually enriched with seldom cross-functional teams. Furthermore, the element of self-managing teams is found missing as per the questionnaire. Contrary to this, the annual report 2014 has overemphasized the creation of and working in teams.

Recruitment and Selection

The bank claims to follow a very systematic and standardized approach towards their recruitment and selection. The advertisements for vacancies are posted most of the time in newspapers. While in case of seeking new talent, the educational institutes are approached. However, the placement agencies and websites are not utilized by the company for recruitment purposes. The Bank inducts fresh post-graduates in the discipline of Banking, Economics and Information technology through

management trainee officers (MTOs) program to fulfill the human resource requirements of existing and new branches. Further, the individuals who possess multi-discipline, multi-educational and multi-functional skill sets are always preferred; for instance, the induction of Management Trainee Engineers (MTEs) with an engineering background and a master's degree in administration is carried out to create a highly intellectual workforce. Further, industry experts are also inducted to acquire the much needed industry-based knowledge and experience. In addition to job-related competencies and skills, the character and social values of the individuals are given high importance as one of the selection criteria and a great emphasis is laid on psychological testing and trainability of the applicants. Nonetheless, the final selection decision is generally team-based.

Further, permanent employee contracts are always preferred. Out of 10,213 total employees 9,675 are permanent i.e. 95% of the workforce (Allied Bank Ltd, 2013). The remaining ones are hired on contractual or temporary basis. The hiring process is followed by a well-planned and highly sophisticated induction program. Further, Mr Kazi specially highlighted that the organization utilizes its induction program to increasing commitment, clarifying psychological contract, settling new employees well and reducing the cost and inconvenience of early leavers rather than just a simple ritual.

Furthermore, employee separation is always sought as voluntary such as through early retirement plans. The bank has no lay-off policy; however hiring freeze is often implemented when the number of employees exceeds the pre-determined limits. Exit interviews are always conducted to know the reasons for leaving the organization.

Training and Development

Training and development is found to be the most prominent aspect of the Allied Bank. They claim to invest a substantial amount of its earnings for training of new and existing employees. Three Management Development Centers - located at Karachi, Lahore and Islamabad - are operated by the bank where extensive in-house and ex-house training programs are conducted. A remarkable use of technology is witnessed in this domain. In 2013, an e-Learning Portal for Computer Based Training (CBT) and Video Based Training (VBT) Programs was launched with an intention of promoting continuous learning in the organization. The portal has an extensive

collection of e-books, computer based training and testing programs, knowledge based blogs facility and an online training nomination workflow, amongst many other features. In essence, training needs of the employees are fulfilled using multiple channels including e-learning and webinars, etc.

The training needs are at large identified on individual and sometimes on group basis rather than on organizational level. The focus of the training program is found to be need-based, individual and task oriented rather than group oriented and business driven. Mr Kazi also stated that more focus in on short-term needs as compared to the long-term organizational needs. Employees are also nominated on annual basis for different overseas courses in world class business schools. The individuals are provided training in the following domains¹:

1. Customer service
2. New equipment/method
3. Team building
4. Communication skills
5. Supervisory/Management skills
6. Product knowledge
7. Technical/Knowledge skills
8. Career planning/personal growth
9. Safety
10. Productivity enhancement
11. Employee motivation
12. Time management
13. Data processing/information management
14. Organization development

The evaluation criteria for the success of training programs are also pre-defined and are subjective in nature. The measures include learner's reaction, knowledge acquired and behavioural changes in the trained individuals, respectively.

¹ The order reflects the relative importance of each domain from most important to least important.

Performance Appraisal

The bank follows a comprehensively designed process of performance appraisals which is extended to all the members of the organization including managerial and non-managerial staff.

The exercise of setting performance standards does not really include the employees but it is made sure that the employees are aware of those standards. Appraisals are conducted on individual basis rather than team basis. The performance management is not practiced throughout the year but the performance is informally review by the line managers at regular intervals. Both, the result-oriented and behaviour-oriented approach, are used for rating the performance. The input for the appraisals in only sought from the immediate supervisors, while other stakeholders are not consulted at all. This indicates the absence of 360-degree feedbacks.

The information acquired and results generated from the appraisal activity are mainly used as an input for determining reward and compensation and employee motivation.

Reward Management

Rewarding the employees according to their performance is a long-lived tradition of Allied Bank. The pay is set close to the market standards to match the market. The compensation scales for executives are divided into three categories. The President and Executive director arc the most highly paid positions while the executives are paid on equal basis to promote internal equality. Performance and competence of the employees is the sole criteria for reward; however skills, complexity of task and seniority is also taken into consideration for some positions. The additional rewards are given in the form of recognition, awards and bonus as well.

The overall reward package include managerial remuneration, charge for defined benefit plans, rent and house maintenance, utilities, medical, bonus, conveyance and others. Most incentive plans are individually focused. The overall composition of rewards is primarily intended to enhance productivity. Further, the objectives of employee retention, talent attraction and labour cost minimization are also pursued through reward and benefits structure of the company. However, contemporary reward practices like profit sharing and shares scheme do not exist here.

Talent Management

Talent is highly valued and carefully nurtured at Allied Bank. A formal policy of career planning

and development is in place and a formal process of potential appraisal is followed. The performance information generated from appraisals is used for employee development plans. The development centers in three central cities i.e. Karachi, Lahore and Islamabad are utilized for identification and development of management potential in the organization.

Distinct career paths are available for the managers for promotions and career development. Internal employees are preferred over the external employees. The HR department is responsible to nominate the employees for promotions and advancement before the Board of Directors.

Employee Relations and Knowledge Management

Allied bank prefers on maintaining healthy relations with all employees on individual basis therefore no central forum for employee voice exist. However, employees are provided with chances to negotiate the agreements with the management. The administrative principles that are exercised are more of progressive and preventive in nature. Further the nature of employee relations are build upon the foundations of corporation like traditional employee-management relations. The management attitude is bound by legalistic labour contracts and humanistic relations; and open culture is not practiced at full.

As far as flow of communication is considered, efforts are made to generate awareness amongst the employees regarding the organization's financial position, customers' needs, quality of services and products and costs, etc. Most knowledge flow is conducted using the intranet and groupware as well as traditional written documents are also used for the purpose. The direction of communication is however top-down in most cases as compared to bottom-up.

Universal Best Practice Model of HRM

The notion of "best practices in HRM" has gained momentum in recent years: however the foundation of this idea was laid back in 1998 by Pfeffer. It has been studied using a variety of different titles but the crux was to use a particular set of HRM activities that are able to bring about improved organizational performance for all organizations (Marchington, Wilkinson and Sargeant, 2005). The dimensions of best practice HRM outlined thereof include employment security and internal labour markets; selective hiring and sophisticated selection techniques:

extensive training, learning and development; employee involvement, information sharing and voice; self-managed teams/team working; high compensation contingent on performance; and reduction of status differentials/ harmonisation.

Employment security is regarded as the fundamental underpinning of all other practices in HRM. No employee can be expected to work hard, offer their ideas and show commitment without ensuring employment security and a concern for their future career (Marchington, Wilkinson and Sargeant, 2005). The three major matrices to measure employment security generally proposed include minimum to no redundancy policy, protection of the primary workforce and a preference for internal promotions.

Selective Hiring and sophisticated selection techniques are fundamental to attracting the highest degree of available talent that is essential to sustain a competitive advantage for the organization. Different studies have highlighted strategically integrated and systematic hiring process, use of sophisticated selection tools and administration by trained supervisors as the primary activities that offer best consequences for over all organizational performance (Browning et al., 2009).

Extensive training, learning and development are also found to be essential to sustain and develop the human capital of an organization. The amount and time spent on training often reflects the organization's commitment towards the development of its employees (Marchington, Wilkinson and Sargeant, 2005). Furthermore, an organizational focus of the training programs, their suitability to the job design and a proper method of evaluating the success of training is considered to make up the best practices.

Employee involvement, information sharing and voice are considered to promote high commitment HRM for four basic reasons; i.e. it ensures that employees are aware of the organizational issues, conveys a message of trust, encourage employee contribution (suggestions and recommendations) in organizational welfare and introduce legitimacy in management decisions (CIPD, 2014). The level of employee involvement is reflected in two-way communication, high level of employee consultation regarding business goals, information sharing, employee representation, and employee support and surveys.

Self-managed teams/team working is typically seen as leading to better decision making and the achievement of more creative solutions (Pfeffer, 1998). Therefore, best practices complying organizations promote team work, group-based tasks and the locus of control rests with the team members in terms of object selection, decision making and choosing the leader (Browning et al., 2009). However, it only works well in organizations where the work level is too low or where jobs are subjected to high level of technical, legal or safety issues (Marchington, Wilkinson and Sargeant, 2005).

High compensation contingent on performance has been included in best practice by Pfeffer (1998) as it signals the employees that better performance is valued and rewarded with a better reward. Marchington, Wilkinson and Sargeant (2005) quote different studies that have used merit pay, profit sharing, contingent pay and share scheme as the prominent matrices for gauging the best practices in this domain.

Reduction of status differentials/ harmonisation is meant to convey a message to the low grade staff and manual workers that they are also a valued asset of the organization. Open Management Culture is considered to be one of the best practices in creating harmony among the employees by empowering them and allowing them to take informed decisions. Further, harmonization of benefits and equality in compensation reflect the organization's commitment to achieve a single status.

Different studies suggest that the best practice model of HRM presents the benchmark for organizations implementing HRM for better organizational performance i.e. *"the closer organisations get to this list the better their performance is likely to be"* (Browning et al. 2009); Marchington, Wilkinson and Sargeant, 2005). It can be thus concluded that whatever the superficial form of the activity, the underlying goal should be stepping closer to the best practice in order to promote commitment and motivation which will yield both economic performance and employee development, and hence provide the organisation with a competitive advantage.

Comparison of HRM in Allied Bank with the Best Practice Model

Upon comparison with the best practice model by Pfeffer (1998) it was found that the HR practices at Allied Bank closely match to the high commitment HRM in four dimensions: namely

employment security, selective hiring, learning and development and harmonization. Pay related and team work practices need further improvement; however the employee involvement was found to be poor. Appendix B shows the table for comparison of HRM practices at Allied bank with the set of best practices in HR.

Employment security is offered to all the incumbents as 95% of the hiring is on permanent basis. Internal promotions are preferred for all the managerial positions and proper succession planning is in place.

The hiring and selection process is well-designed and highly sophisticated. This activity is strategically integrated where HR plays a good role in determining and fulfilling the talent needs of all the departments. Psychometric and psychological testing is conducted which shows the degree of sophistication in the selection process. Professional hiring teams including the HR personnel and supervisors are involved in the final selection of the applicants.

Extensive training and development is executed in the organization to promote continuous learning. The focus of the training programs is job-based with a short as well as long term focus. Subjective evaluation matrices are set for gauging the success of training sessions.

Harmonization in compensation and benefits prevail among all the employees in the organization. The compensation is accurately matched with the market to promote external equality. Further, open management culture exists here as the employees are aware of the overall business strategy, financial position, customers' needs, quality of product/service, cost etc.

Team working is overemphasized in the publications and core values of the company and the management committees are entitled as GROUPS. But we found that the most job designs are individually enriched and self-managing teams do not exist in the organization.

Compensation practices are at large based upon merit and performance. But the methods of rewarding seem obsolete as compared to world's leading organizations. Contemporary compensation practices like Profit Sharing, Contingent Pay and Share Scheme have not been yet introduced here.

Employee involvement activities are in a poor state. Employees are not involved in goal setting activity neither they are authorized for self management. Most communication flow in from bottom to top and information sharing is limited to the job-related facts only. No formal employee representation forum is there; plus employee support and surveys are seldom conducted.

Conclusion

The results of the detailed analysis of HRM practices in Allied Bank show that the organization considers human resource as their most valued asset. All HR activities in the organization treat employees as their customers and have an aim of creating *value* for the employees in terms of performance-led-pay and career development opportunities; and for the organizations they attract, retain and sustain the right mix of skills and competencies that are relevant for the business.

The function of HRM is comparatively new to Pakistan where it is still striving to achieve the confidence of the top management as well as employees. Yet, it is concluded that HRM is well positioned in the banking sector of Pakistan as compared to other sectors. At the Allied Bank, all the standard activities of HRM such as Strategic HRM, HR planning, recruitment and selection, training and development, performance management and employee relations are carried out using most contemporary methods; yet all stakeholders are not involved in the practices due to a very different cultural and demographic profile of the country.

The final conclusion is that the essence of all HR activities at Allied Bank is quite close to the Pfeffer's best practice model; however, much improvement is sought in areas such as employee involvement and empowerment; and shares scheme and profit sharing at managerial level. Moreover, the employees are given little to no chance of getting involved in the activity of goal setting. Authority and responsibilities are defined and restricted in fine lines and no functional flexibility exists in the jobs; therefore, employees enjoy little autonomy in terms of authority and responsibility.

Recommendations

Based on the above analysis and the conclusion drawn out of the results, following recommendations are made for the Allied Bank in the context of its HRM activities:

1. Keep redefining, updating and reinforcing the HRM to align the individual objectives with the organizational goals; to ensure performance improvement and to increase overall organizational productivity. This recommendation is based on the fact that firms, who learn to manage their human resources as a part of their organizational strategy, enjoy a privilege over the organizations that do not realize the potential of strategic HRM in sustaining a competitive advantage (Ali, 2013).
2. Involve all the stake holders especially for performance appraisals at managerial level including sub-ordinates, peers and customers. In essence, the bank is recommended to use 360-degree appraisals as it has been proved as the most effective performance management activity (Duke & Udono, 2012; Bratton & Gold, 2007). The already existing IT infrastructure and intranet accessible to all the employees definitely carves for being utilized for a comprehensive 360 degree feedback activity in the organization.
3. Encourage employee involvement and empowerment in the organization. Employees must be involved in goal setting which has been proved to increase perceived employee performance more than incentives (Muhammad. Nadeem & Ashfaq. 2011). Management by Objective (MBO) is a good option for this purpose.
4. Introduce contemporary compensation practices like profit sharing and shares scheme for the managerial level employees to align their interests with the shareholder's interest. Mid-level and upper positions should be given such options so as to promote high level of psychological commitment (Stiles & Trevor, 2006); and when the workers have a share in ownership, they will think and act like owners.

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