2016

Impact of Human Resource Management on the Performance of United Commercial Bank Limited: A Case Study

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Impact of Human Resource Management on the Performance of United Commercial Bank Limited: A Case Study

A dissertation submitted to the Institute of Bangladesh Studies, University of Rajshahi, in partial fulfillment of the requirements for the award of the degree of Doctor of Philosophy in Management.

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CERTIFICATE

I have the pleasure to certify that the dissertation entitled "Impact of Human Resource Management on the Performance of United Commercial Bank Limited: A Case Study" is an original work of Mohammad Shahadat Hossain Patwary. The research has been conducted under my academic guidance and supervision. The researcher himself prepared the dissertation, and this is not a conjoint work. He has made distinct contribution to the field of management through this empirical work. To the best of my knowledge, this dissertation or any part of it has not been submitted to any other university for any degree.

I have gone through the draft and final version of the dissertation and found it satisfactory for submission to the Institute of Bangladesh Studies, University of Rajshahi in partial fulfillment of the requirements for the award of the degree of Doctor of Philosophy in Management.

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DECLARATION

I do hereby declare that the dissertation entitled, "Impact of Human Resource Management on the Performance of United Commercial Bank Limited: A Case Study" submitted to the Institute of Bangladesh Studies, University of Rajshahi in partial fulfillment of the requirements for the award of the degree of Doctor of Philosophy in Management is exclusively my own and original work. No part of it, in any form, has been submitted to any other University or Institute for any degree, diploma, or for other similar purposes. All the information derived from the published and unpublished works of other authors have been acknowledged, and references have been cited.

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ACKNOWLEDGEMENT

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ABSTRACT

Banking is considered as one of the most important economic inventions of the world. There is no denying the fact that overall socio-economic development of a country largely depends on the performance of banking sector. Private Commercial Banks (PCBs) play a crucial role in this regard. It is a large financial as well as business organization. But executing the functions of PCBs is not manager friendly. It is tough to handle. PCBs are highly competitive units of the banking industry. It competes not only with other banks but also with non-banks and other financial institutions. Success of the PCBs and UCBL depends on the amount of quality business brought by the bank executives operating in highly competitive environment.

Commercial Banks are a flourishing sector of our economy. To maintain the present flourishing condition and expansion or growth in future, a good set of efficient and dedicated workforce is highly needed. This set of efficient and effective workforce can only be ensured through proper implementation of human resources policies and practices in the commercial banks of Bangladesh, like United Commercial Bank Limited (UCBL). Top level management of Commercial banks in Bangladesh particularly, UCBL should realize why an individual joins in a particular organization and what factors inspire or motivate him/her to remain in the organization. In motivating atmosphere, no symptom of frustration is observed and no difference between personal goals and organization goals exists. It is possible through maintaining the effective Human Resource (HR) in any organization. Thus, HRM can ensure the profitability and social responsibility as well as better performance. The study makes an attempt to evaluate the impact of HRM practices on the performance of the bank which may help to improve future performance of UCBL as well as the PCBs.

The prime focal point of the study is to evaluate the impact of human resource management practices on the performance of UCBL in Bangladesh. In this respect various facets of human resource management practices like recruitment, selection, training and development, compensation, motivation, performance evaluation and employee relation have been focused and analyzed. Area wise distribution of bank branches, deposits, loans and advances, income and expenditure, import and export, urban-rural position, rural credit and other important facets of productivity and profitability of UCBL are also included in it. It is tried to identify the HR factors which are influencing upon the overall performance of the bank as well as it is also tried to

identify the impact of HR pool of UCBL upon the perception of its customers. Human capital is considered as the crucial source for a bank to interface with its customers as well as to serve them. In this connection it is tried in the study to make out the core values that the customers expect from the workforce of UCBL. In addition to customers' perception, it also included officers and executives, the inner performers of the bank who have also expressed and evaluated the significance of human resource management practices at UCBL.

This study uses more than one method. It is an evaluative type of study. Mainly documentary method is applied in conducting this study. Justification of adopting documentary method is that it is appropriately applicable in finding out what has happened in course of time and correlating the events of HRM practices with the performance of UCBL. Both qualitative and quantitative methods are used to study the impact of HRM practices on the performance of UCBL. Both primary and secondary data are used in this study. To obtain primary data, different structured questionnaires with different question set-ups with the aim of generating responses from the target groups were executed. Total number of sample is 272 that include executives, officers and customers of UCBL. But the filled up returns were sent back by 250 respondents of whom 180 were bank executives and officers. Different statistical and mathematical tools have been used to find out the relationship among the concerned variables. The study includes the period from 1983 to 2010-2011 financial years. As UCBL is one of the pioneers in the private commercial banking sector, it provides a real picture of existing human resource management practices and financial condition of PCBs in relation to growth, profit, productivity, profitability, customer satisfaction and fulfilling the social compulsion. For this reason UCBL is selected as a case study with a view to discover the relationship between performances of private commercial banks and human resource management. Like other PCBs, UCBL was established on 26 of June 1983 with a view to make sure superior banking services to the clients and extending the umbrella of banking coverage as well as to increase competition in the banking sector of Bangladesh. From its inception in 1983 UCBL is trying to pursue the twin objectives of profit maximization and social obligation. To achieve the twin goals, the bank has reallocated resources towards competitive strategies such as innovation of new product and services, expansion of its efficient human resource as well as bank branches and recently the development and implementation of an effective human resource practice in the ongoing operation of UCBL. Nevertheless, the emphasis has been given upon the financial performance of the bank.

It was found that the journey of private banking in Bangladesh started with the establishment of "Dacca Bank" in 1846, the first modern joint-stock bank in European

style. A comparative scenario of four categories of banks (NCBs, PCBs, DFIs and FCBs) in terms of branches, assets and deposits are depicted in this study where it is seen that the performance of PCBs is much better than that of NCBs. An attempt was made to analyze the different growth activities of UCBL for the period of 1983 to 2011. It is found that UCBL attained a noteworthy growth and development in its branches, human resources, deposits, loans and advances, total income and expenditure, net profit, export, import and so on from its inception. Unfortunately, the growth rate in all the areas is not balanced and pleasing in some cases.

This study also appraised the existing HRM policies and practices of UCBL with a view to realizing their impact over performance of UCBL. Different aspects of HRM such as recruitment, selection, training and development, compensation, motivation, performance appraisal and employee retention were analyzed with various indicators. A number of similarities and dissimilarities were found between the opinions of officers and executives in relation to HRM practices of UCBL. In some cases the dissimilarities are dominant ones which lead to make supposition that HRM of UCBL is lacking of better co-ordination and assimilation in its operations. Nevertheless in general consideration it may discern that HRM practices in UCBL is as good as other PCBs in the country. Still it requires some revision and adaptation of new ways to make the HR as a competitive human capital.

The study also put emphasis on the operations of UCBL that is the core competence of PCBs and extensively depends upon the effectiveness of HRM. It is said that UCBL provides variety customer services with some limitations. But in some cases the quality of customer service was found below the standard level. This occurred mainly because of limitation of resources, fruitful training and together with inefficiency of HR.

The biggest priority of the banks is considered to be maintaining the continuous social services, as well as achieving growth, productivity, profitability and customer services. From the study it is also observed that a strong positive correlation exists between working fund and total income with total expenses and HR expenses. It is worth mentioning that HR expenses have the strongest element that has a huge influence over generating total income and maintaining working fund. Therefore, it comes to the conclusion that an integrated HRM practices is indispensable for UCBL to attain desired productivity and profitability and satisfactory performance.

In this study some recommendations are made for policy implications and preferred changes. This is not definite that the recommendations will dramatically improve the present HRM aspects of UCBL but it is hoped that it will improve HRM practices and the

performance of UCBL as well as the PCBs in Bangladesh to some extent. The rural urban ratio of bank branches is very poor. So, UCBL as well as other PCBs should extend their services by the expansion of bank branches in rural areas of the country. As training strongly affects the performance and quality of customer services, UCBL as well as PCBs should arrange diversified training programs for their human capital so that they can enrich them. Besides, PCBs including UCBL should revise the compensation policy from time to time, increase motivational factors and should straight and justified performance appraisal system, maintain congenial working environment with good peer relation and attractive retention policy, an effective HRP and ratio between HR and branch should be well proportionate.

It is true that the recommendations made in this study will not provide an instant remedy for the existing problems of UCBL. But, it is believed that they might be quite helpful for solving the existing problems of banking sector in Bangladesh. In addition to this, management of PCBs and government should also be involved in a joint effort in order to address the issues that have been found in this study.

It is found in the study that HR expense is the strongest element which has vast influence over generating income and maintaining working fund which leads to conclude that a well maintained HR pool and integrated HRM is the key to productivity performance of any organization. It is also found in the study that due to age variation motivation also varies from person to person. So, HRM practices should consider the age of the employees while designing motivational factors.

The twin objectives of PCBs and UCBL are profit maximizing and meeting social obligation. In case of profit maximization the performance of PCBs and UCBL are satisfactory. But in the case of carrying out social obligations PCBs are far behind. One of the crucial expectations of the emergence of PCBs in the 1980's was to bring the rural people under the umbrella of coverage and hoped that they will play a strong role along with NCBs. Although even after the three decades of PCBs' journey, it remains far behind the desired level. By extending their coverage in rural areas, PCBs can meet the obligation. It is also true for UCBL.

However, performance of PCBs as well as of UCBL does not depend exclusively on their own endeavor rather it is also influenced by the national economic environment as well as business policy of the company. The authority of UCBL is informed about it and hope they will shape their future accordingly.

LIST OF ABBREVIATIONS

AB	Association of Bankers
ABBL	AB Bank Ltd.
ACR	Annual Confidential Report
ATM	Automated Teller Machine
BB	Bangladesh Bank
BBS	Bangladesh Bureau of Statistics
BBTA	Bangladesh Bank Training Academy
BEA	Bangladesh Economic Association
BFC	Basic Foundation Course.
BIBM	Bangladesh Institute of Bank Management
BIDS	Bangladesh Institute of Development Studies
BIISS	Bangladesh Institute of International and Strategic Studies
BIM	Bangladesh Institute of Management
BTMC	Bangladesh Textile Mills Corporation
C C	Cash Credit
C D	Current Deposit
CBL	The City Bank Ltd.
CEO	Chief Executive Officer
CSEP	Customer Service Excellence Program
CSR	Corporate Social Responsibility
D D	Demand Draft
DMD	Deputy Managing Director
DPS	Deposit Pension Scheme
EIL	Employee Intention to Leave
FAVP	First Assistant Vice President
FCB	Foreign Commercial Banks
FCB	Foreign Commercial Bank
FDR	Fixed Deposit Receipt
FEP	Functional Excellence Program
GDP	Gross Domestic Product
HR	Human Resources
HRD	Human Resource Development

HRM	Human Resource Management
HRMD	Human Resource Management Department
HRP	Human Resource Planning
IB	Islamic Banks
IBA	Institute of Business Administration
IBB	Institute of Bankers' Bangladesh
IBBL	Islami Bank Bangladesh Ltd.
IFICBL	IFIC Bank Ltd.
JS	Job Satisfaction
KM	Knowledge Management
LDP	Leadership Development Program
MBA	Master of Business Administration
MBM	Master of Bank Management
MBO	Management by Objectives
MD	Managing Director
MLSS	Member of Lower Subordinate Service
MNC	Multinational Corporation
MSS	Monthly Savings Scheme
MT	Management Trainee
MTO	Management Trainee Officer
NBL	National Bank Ltd.
NCB	Nationalized Commercial Bank
OJT	On-the Job Training
P O	Payment Order
PA	Performance Appraisal
PCB	Private Commercial Bank
PCB	Private Commercial Banks
R & D	Research and Development
RTM	Rajshahi Textile Mill
SB	Specialized Commercial Bank
UCBL	United Commercial Bank Limited

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Chapter One
Introduction

1.1   Prelude

Finance is the life blood of trade, commerce and industry. Similarly, banks are also the life blood of modern financial system. Development of any country mainly depends upon it. It is the mainstream of financial system of any country and significantly different from other financial institutions.

A bank is a financial intermediary. It receives money from those who want to save in the form of deposits and it lends money to those who need it. It is an organization that performs the functions of safeguarding deposits, accepting deposits and doing other financial activities.[1]

Evolution and development of banking functions is as old as authentic history. But the establishment of bank as an institution is not so ancient. The modern era of bank started in 15th century A.D. There are various kinds of banks, such as Central bank, Commercial bank, Investment bank, Industrial bank, Savings bank, Co-operative bank etc. But by the term 'Bank' we generally mean commercial bank.

The history of banking in most parts of the world is a history of Private banking.[2] Bangladesh is not an exception in this regard which has a long history of private banking beginning from 1846 with the establishment of 'Dacca Bank'.[3] So, up to 1971, Bangladesh had the experience of private banking for a long period of nearly one and a half centuries. After liberation, the government of Bangladesh nationalized all banks except three foreign banks. These banks were merged and grouped into six commercial banks. The principal philosophy of nationalization was to ensure social profitability even with low and reasonable commercial profitability.[4] After a decade, the Government realized that the public sector banks could neither achieve the goal i.e. commercial

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[1] Graham Bannock and R E. Baxter, *Dictionary of Economics*, (London: Profile Books Ltd., 2003), p. 22.
[2] M. Zainul Abedin, "Performance of Private Sector Banks in Bangladesh", *Journal of the Institute of Bangladesh Studies*, Vol. 18 (1995), p. 215.
[3] Ibid.
[4] Abdur Raquib, "A decade of Private Banking in Bangladesh", *Bank Parikrima*, Vol. 18, no.1&2 (March and June 1993), p. 8.

profitability nor render necessary services to the society. With this backdrop, there has been a basic change in the Government's policy and a few new banks were given license to operate in the private sector in 1983. At present, there are 56 scheduled banks in Bangladesh. Of them, 6 are State Owned Commercial Banks (SCBs), 2 are Specialized Banks (SBs), and 39 are Private Commercial Banks (PCBs) including 8 Islamic Banks (IBs) and the rest 9 are Foreign Commercial Banks (FCBs)[5]. Up to 31 December 2015, total number of bank branches including SME service centers stood at 9397, which contains only 76 branches of foreign banks.[6]

1.2   Statement of the Problem

Economic Development of a country is attained by the contribution of various economic sectors; like agriculture, industries, power, transport, trade, services etc. Banking Sector of Bangladesh is one of the major sectors which is contributing significantly to the national economy. In mid the 1980s, Banking and Insurance contributed 1.69% of GDP and gradually the figure is increasing.[7] And in 2015, contribution of banking, insurance and other financial sectors was 3.41% in GDP.[8]

Again, the sector makes a positive impact on the economic development through generating employment. Country like Bangladesh has a burden of unemployment where banking sector has certain impact on employment generation. So, there is no denying the fact that overall socio-economic development of the country depends largely on the performance of banking sector.[9]

During the last four decades, the Commercial banks of Bangladesh experienced unsound growth pattern of banking facilities in both private and public sectors, which is mostly due to the activities of human resource management such as recruitment and selection, training and development, motivation, favorable working environment, promotion etc. In the private sector, a flourishing bank is United Commercial Bank Limited (UCBL).

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[5] *Scheduled Banks Statistics* (Dhaka: Bangladesh Bank, October-December 2015), p. ii.

[6] Ibid.

[7] Sharif Rayhan Siddique and A.F.M. Mafizul Islam, "Banking Sector in Bangladesh: Its Contribution and Performance", Journal *of Business Research (*Jahangirnagar University), Vol. 3, (2001), p. 63.

[8] *Bangladesh Economic Review 2015* (Dhaka: Ministry of Finance, January 2016), p. 19.

[9] Faruquddin Ahmed, "Banking in Bangladesh-Evolution and the Present Status," *Bank Parikrama*, Vol. 24, No. 2 (1999), p. 6.

With its commitment to the economic and social development of Bangladesh, United Commercial Bank Limited (UCBL) started its journey as a scheduled bank with effect from the 27 June 1983. As on 30 June 2015, UCBL had 158 branches operating throughout the country in which 3837 employees were working at that time.[10] The study on impact of Human Resource Management Practices relating to employees and executives employed in Private Sector banks has gained importance in recent years due to their operational excellence.

As a service providing industry, bank provides financial service to its customer, general people and as a whole to the nation. Gaining profit, the ultimate goal of commercial banks largely depends upon the quality of service they are providing. Besides, banking industry is highly competitive. It also competes with other non-bank financial institutions. Success of the banks depends on the amount of quality business brought by the bank executives in a highly competitive environment.[11] The competitive advantage of the firm is depending on the existence of human resources with relevant competence profile.[12] So, it can be said that Human Resources (HR) and the potentiality they possess are the key drivers to the success of financial organizations like banks.

Human Resources (HR) are the greatest assets of an organization because without them, everyday business functions such as managing cash flow, making business transaction, communicating through all forms of media, and dealing with customers could not be completed. HR means the people who work for the organization to achieve its (organizational) goals. It is the energies, skills, talents and knowledge of people which are, or the potentiality of which can be applied to the production of goods or rendering useful services.[13] Now it (HR) is considered as Human Capital which means people whose assets are of value and can be enhanced through investment.[14] So, the management practices of this human resource or human capital for achieving organizational goals is known as Human Resource Management.

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[10] *Annual Report* (Dhaka: United Commercial Bank Limited, 2015), p. 14.

[11] Mohammad Masum Billah, Sheikh Ahiqurrahman Price and Shafiqul Islam, "Human Resource Management Practices and Employee Turnover: A Study on Private Commercial Banks in Bangladesh", *Journal of Business and Technology (Dhaka)*, Vol. 4 (January-June, 2009), p. 63.

[12] Mark A. Huselied, "The Impact of Human Resource Management Practices on turnover, Productivity, and Corporate Financial Performance", *Academy of Management Journal*, Vol. 38 (1995), p. 635.

[13] Sayed Abdullah Al Mamun, "Human Resource Accounting (HRA) Disclosure of Bangladeshi Companies and Its Association with Corporate Characteristics", *BRAC University Journal*, Vol. 6, no. 1(2009), p. 35.

[14] Haslinda A. "Evolving Terms of Human Resource Management and Development", *Journal of International Social Research*, Vol. 2/9 (Fall 2000), p. 180.

Human Resource Management (HRM) means all decisions and actions of management that affect the relationship between the organization and its employees. It refers to the policies and practices involved in carrying out the 'human resource(HR)' aspects of a management position including human resource planning, job analysis, recruitment, selection, orientation, compensation, performance appraisal, training and development, and labour relations.[15] So, management of organizational people with proper attention and care, who strive for achieving organizational objectives, is known as HRM.

In the developing economy like Bangladesh, the role of service sector is gradually increasing. As a service industry, banking sector is playing a key role in this regard. In order to accelerate the process of economic development in a growing economy like Bangladesh, private sector plays a vital role even though there are 4 nationalized commercial banks and 7 specialized banks working in the country. To play that pivotal role, PCBs required human pools with personal commitment, initiative, motivation and enthusiasm which have a great impact on the performance (i.e. on productivity, profitability, growth, employee turnover etc.) of PCBs. In this study, the researcher has focused on the existing HRM practices and systems and its impact on the performance of PCBs with special emphasis on UCBL.

Banking is considered as one of the most important economic inventions of the world. There is no denying of the fact that overall socio-economic development of the country depends largely on the performance of banking sector.[16] Banking sector of Bangladesh is one of the major sectors which is playing a significant role in the economic development of the country. Private Commercial Banks (PCBs) play a crucial role in this case. It is a large financial as well as business organization. But executing the functions of PCBs is not very friendly. It is tough to handle.[17] PCBs are highly competitive units of banking industry. It competes not only with other banks but also with non-banks and other financial institutions. Success of the PCBs depends on the amount of quality business brought by the bank executives operating in highly competitive environment.

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[15] Gary Dessler, *Human Resource Management*, 8th ed. (New Delhi: Prentice-Hall of India Private Limited, 2007), p. 2.

[16] Faruquddin Ahmed, "Banking in Bangladesh-Evolution and the Present Status," *Bank Parikrama*, Vol. 24, no.2 (1999), p. 6.

[17] M. Zainul Abedin, *Commercial Banking in Bangladesh: A Study of Disparities of Regional and Sectoral Growth Trends (1846-1986)*, (Dhaka: National Institute of Local Government, 1990), p. 2.

As a service oriented job, banking requires personal commitment, initiative and enthusiasm toward accomplishment of jobs.[18] Customer service is one of the vital duties of the bankers which demands self acceleration. To ensure a congenial customer service, honest and sincere efforts from the part of the employee toward accomplishment, proper human resource management practices are a must.[19] The effectiveness of human resource management practices, particularly employee selection procedures, performance appraisals, rewards and benefits management, and employee training and development often have a direct bearing on organizational productivity and performance. The performance of private sector banks (i.e. on productivity, profitability, low employee turnover, etc.) like United Commercial Bank Limited (UCBL) highly depends upon the sincerity, dedication and loyalty of the executives, officers and other staffs of it. Whereas, weak employee organizational linkages are often displayed as the phenomenon of turnover,[20] which results in low productivity and profitability.

Commercial Banks are a flourishing sub sector of the economy. To maintain the present flourishing condition and expansion or growth in future, a good set of efficient and dedicated workforce is highly needed. This set of efficient and effective workforce can only be ensured through proper implementation of human resources policies and practices in the commercial banks of Bangladesh like United Commercial Bank Limited (UCBL). Top level management of Commercial banks in Bangladesh particularly, UCBL should realize why an individual joins in a particular organization and what factors inspire or motivate him/her to remain in the organization. In motivating atmosphere, no symptom of frustration is observed and no difference between personal goals and organization goals exists. It is possible through maintaining the effective Human Resource (HR) in any organization. Thus, HRM can ensure the profitability and social responsibility as well as better performance. From the above discussion, we can easily realize the importance of human resource management of UCBL and its impact on the banks' performance. Thus the study "Impact of human Resource Management on the

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[18], Md. Nurul Islam, "Effectiveness of Motivation Programs of Public Sector Banking in Bangladesh: A study of Janata Bank", PhD Thesis. (Rajshahi: Institute of Bangladesh Studies (IBS), University of Rajshahi, 1997), p.10.

[19] Ibid.

[20] Billah, Price and Islam, p. 64.

Performance of United Commercial Bank Limited: A case Study" makes **an attempt to evaluate the impact of HRM practices on the performance of the bank which may help to improve future performance for the PCBs as well as UCBL**. This raises some questions which are as follows:

1. What is the existing scenario of HRM practices of PCBs in Bangladesh with special reference to UCBL?

2. What is the perception of employees regarding the existing HRM practices of PCBs, particularly of UCBL?

3. How are employees' job satisfaction and employees' turnover influenced by perceived HRM practices?

4. How customer satisfaction of a bank like UCBL is is influenced by HRM practices?

5. How do HRM practices influence the financial performance of PCBs like UCBL?

1.3   Objectives of the Study

The broad objective of this study is to critically investigate the existing Human Resource Management (HRM) practices and its impact on the performance of Private Sector Commercial Banks (PCBs) with special reference to United Commercial Bank Limited (UCBL). The study is designed to assess the present motivation practice that exists in UCBL as well as the influencing factors of motivation in management. The specific objectives of the study are as follows:

1. To know the existing scenario of HRM practices in UCBL;

2. To know the perception of employees regarding the existing HRM practices of UCBL;

3. To evaluate how employees' job satisfaction and employees' turnover are influenced by perceived HRM practices;

4. To analyze how customer satisfaction of a bank like UCBL is influenced by HRM practices;

5. To evaluate how HRM practices influence the financial performance of PCBs like UCBL.

1.4 Review of Literature

Quduus, Khan and Karim (1983)[21]

Under the title "Labour Management Relations in Bangladesh: A Survey on Jute and Textile Industries" the authors have presented an analysis about the relation between labour and management. The study also reveals that the reason of labour discontentment ultimately results into strikes and lockouts. The authors suggest to introduce some group incentives for better performance among the workers, which will be helpful to maintain a healthy labour management relation

Abedin (1990)[22]

The author in his book titled 'Commercial Banking in Bangladesh: A Study of Disparities of Regional and Sectoral Growth Trends (1846-1986)', assessed the role of commercial banks under the private ownership (1846-1970) and the public ownership (1971-1986) in increasing regional and sectoral disparities in rendering the banking services in Bangladesh and in mitigating any such disparities respectively. The author identified some factors influencing credit deployment requirements i.e. cash reserve, political pressure on the bank executives etc.

This study analyzes the impacts of nationalization of commercial banks on different regions and sectors of Bangladesh economy after the independence of Bangladesh. It highlighted that the ownership factors played a vital role in disparities perspective.

Akther (1994)[23]

In her study on "The practice of Human Resource Management in Bangladesh Cable Shilpa Limited: An Appraisal and Suggestions", Akther identifies the practices of human resource management in 'Bangladesh Cable Shilpa Limited'. The study is descriptive as well as analytical in nature. The study reveals that the absence of proper human resource planning, written job description and job specification, annual confidential report of the non-officer, medical center and personnel research unit are demotivating factors. The

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[21] M.A. Quddus, Abbas Ali Khan and Rezaul Karim, "Labour Management Relation in Bangladesh: A Survey on Jute and Textile Industries," *The Dhaka University Studies*, Part C, vol.4, no. 01 (1983), p. 35.

[22] Abedin, *Commercial Banking in Bangladesh*, pp. 1-335.

[23] Nargis Akther, "The practice of Human Resource Management in Bangladesh Cable Shilpa Limited: An Appraisal and Suggestions", *Business Review*, Vol. 01, no. 02 (July 1194-June1995), pp. 85-92.

study also reveals that the organization uses advertisement, recommendations of existing employees and internal source for recruitment and uses intelligence, aptitude and achievement test in amalgamated form. In the study the author states that the human resource management in the said organization is good in some respects but not in all respects. But it gives a guideline to find out the impact of human resource management on organizational performance.

Abedin (1995)[24]

Abedin wrote an article on the title, "Performance of Private Sector Banks in Bangladesh". The objectives of the study were to see the growth of branches, evaluate the performance of these banks in attaining macro economic goals, to calculate the profitability and productivity and identify the low profiles of private banks in Bangladesh.

Both primary and secondary sources of data have been used for conducting the study and the study has been confined randomly selected seven private banks. The author identified some factors that influence the productivity of private banks. These factors are external as well as internal. Among the external factors, there are policy parameters of the government and the central bank, price stability, socio-economic and political stability, movement of organized labor force etc. He has also provided some policy recommendations to overcome the situation.

Chowdhuri, Shahid & Moral (1995)[25]

Under the title "Career Planning and Development of Human Resources in Banks" the authors Choudhuri, Shahid and Moral analyzed the training programs of human resources in banks and preparation of career planning for developing the human resources in banks. The development function can be viewed from three dimensions. The first is employee training, which emphasizes skill development and the changing of attitudes among workers. The second is management development, which concerns itself primarily with knowledge acquisition and the enhancement of executive's conceptual abilities. The third is career development, which is a continuous effort to match long-term individual and organizational needs.

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[24] M. Zainul Abedin, "Performance of Private Sector Banks in Bangladesh" *Journal of the Institute of Bangladesh Studies*, Vol. 18 (1995), pp. 215-231.
[25] A.H.M. Nurul Islam Choudhuri, A.T.M. Abdus Shahid and M. Liakat Hossain Moral, "Career Planning and Development of Human Resources in Banks", *Bank Parikrama*, Vol. 20, no. 1 & 2 (March & June 1995), pp. 54-66.

The study considered training and career planning of banks and left other components of human resource management practices like personnel behavior, management development, performance appraisal, counseling, conceptual abilities and continual effort to match the individual and organizational needs. The authors tried to give a proper idea of a "good career plan". But in this study the researcher tries to find out a relationship between HRD activities and organizational performance.

Hueslid (1995)[26]

In his study under the caption, "The Impact of Human Resource management Practices on Turnover, Productivity and Corporate Financial Performance" the author Hueslid comprehensively evaluated the links between systems of high performance work practices and firm performance. Results based on a national sample of nearly one thousand firms (in the USA) he indicates that these practices have an economically and statistically significant impact on both intermediate employee outcomes (turnover and productivity) and short- and long-term measures of corporate financial performance. Support for predictions that the impact of high performance work practices on firm performance is in part contingent on their interrelationships and links with competitive strategy. It provides the present study with some guidelines.

Shahid (1996)[27]

Under the title, "Human Resource Development (HRD) for Banks in Bangladesh: Conceptual Framework, Application and Suggestions" the author Shahid analyzed the concept of Human Resource Development (HRD) relating to management of banking sector in Bangladesh. In his study the author also highlights the present situation of application of HRD mechanism in the banks in Bangladesh and puts some suggestions for proper application of it (HRD). But in this study, the researcher tries to reveal the impact of the application of human resource management practices on the performance of organization i.e. the relationship between HRD and bank's performance.

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[26] Mark A. Hueslid, "The Impact of Human Resource management Practices on Turnover, Productivity and Corporate Financial Performance", *The Academy of Management Journal*, Vol. 38, no. 3 (June 1995), pp. 266-272.
[27] A.T.M. Abdus Shahid, "Human Resource Development (HRD) for Banks in Bangladesh: Conceptual Framework, Application and Suggestions", *Bank Parikrama*, Vol. 21, Nos. 1 & 2 (March & June, 1996), pp. 93-115.

Islam (1997)[28]

In his research entitled "Effectiveness of Motivation Programs of Public Sector Banking in Bangladesh: A Study of Janata Bank", Islam reveals that the lack of skill and competence of personnel is a serious hindrance to higher performance. The main objective of the study is to evaluate critically the effectiveness of the existing motivating elements of a bank official in the public sector banking with special reference to Janata Bank Ltd. The study is based on both primary and secondary data.

The study further reveals that job satisfaction is an aspect of motivation. Factors that affect job satisfaction include person's occupational or organizational level, the design of the organization, the work schedule and person's orientation to work. Public sector banks face severe problem in managing their personnel due to shortage of adequate motivational programs. Accordingly Janata Bank Ltd. is not free from this shortcoming. The study also reveals that performance of the executives and employees of Janata Bank Ltd. does not show superiority in terms of objective standard. The root of the accusation of non-performance or inefficient performance termed by the researcher is identified as the absence of committed executives and employees. The researcher concluded that an effective motivational program of Janata Bank may accelerate its growth and development to an optimum standard.

Ali (1998)[29]

Ali wrote an article under the title, "Human Resource Management System of Sick Industries: A Case Study of Rajshahi Silk Factory". In his paper the author states the human resource management system in the Rajshahi Silk Factory (RSF). Primary data have been used for the study. Major findings of the problems of the study are- non measurement of employee attitude and morale, lack of awareness to evaluate the consequences of industrial dispute, absence of participative management style etc. Suggestions offered to overcome the gaps are giving emphasis on measuring employee attitude and morale, job redesigning, changing of management's autocratic attitude are noteworthy.

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[28] Muhammad Nurul Islam, "Effectiveness of Motivation Programs of Public Sector Banking in Bangladesh: A study of Janata Bank", PhD Thesis, Institute of Bangladesh Studies (IBS), University of Rajshahi, 1997.

[29] Md. Omar Ali, "Human Resource Management System in Sick Industries: A Case Study of Rajshahi Silk Factory", *Journal of the Institute of Bangladesh Studies*, Vol. 21, (1998), pp. 13-25.

This study is different from the present study which investigates the impact of human resource management practices on the performance of organization. Though the field of research is different, it will provide some guidelines to the researcher.

Khan (1998)[30]

Khan in his article, "Workers' Motivation with Reference to Rajshahi textile Mills Ltd." describes that workers' motivation at the Rajshahi Textile Mill (RTM) is reflected by high rate of absenteeism, dissatisfaction of the workers towards the financial and non-financial incentives. The author also observes that motivational strategy is fixed up by Bangladesh Textile Mills Corporation (BTMC), and the existing payment of wages, salary, fringe benefits etc. are uniformly made in all textile mills. Unless the mill can attain its target production, sales, and earnings, there is a difficulty to provide more incentives to the workers. He concludes that workers need to be more dedicated to the organization and work hard so that the RTM can be able to attain its target regarding production, sales etc. and it would be easier to provide for increasing motivational facilities to workers. It also guides the present study.

Fey and Bjorkman (2000)[31]

In their study under the title "The Effect of Human Resource Management Practices on MNC Subsidiary Performance in Russia", the authors try to investigate the relationship between human resource management (HRM) and the performance of 101 foreign-owned subsidiaries in Russia. The study results provide support for the assertion that investments in HRM practices can substantially help a firm to perform better. Further, different HRM practices for managerial and non-managerial employees are found to be significantly related with firm performance. However, only limited support is obtained for the hypothesized relationship between efforts at aligning HRM practices with firm strategy and subsidiary performance.

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[30] A.B.M Mohiuddin Khan, "Workers Motivation with Reference to Rajshahi Textile Mills Ltd. , *Journal of the Institute of Bangladesh Studies*, Vol. 21, (1998), pp.87-97.
[31] Carl F. Fey and Ingmar Bjorkman, "The Effect of Human Resource Management Practices on MNC Subsidiary Performance in Russia", *Stockholm School of Economics in St. Petersburg Working Paper*, No. 99-105 (R1), 2000.

Chowdhury (2007)[32]

In her study under the title "Job Satisfaction of Bank Employees : A Study on Public and Private Sector Banks in Bangladesh" the author analyzes and compares the extent of job satisfaction among the employees of public and private sector banks and concentrates on comparison of job satisfaction in different management levels within the banks. The study tries to focus on the job satisfaction of male and female bankers of different management levels in different types of banks. The study finds that the private sector bank employees are more satisfied than public sector bank employees. There is also a difference in job satisfaction in different management levels in both the sectors except in the mid-level. The study further observes a significant difference in job satisfaction among the top-level employees with the lower level employees in all cases except the female bankers of private sector banks.

Hena and Prince (2007)[33]

In their study "Human Resource Development through Compensation of the Employees in Bangladesh: A Study on Some Private Manufacturing Industries", the authors observe that organizations receive four basic kinds of resources from their environment: human, monetary, physical and information.

The objectives of the study are to see the salary, wage and incentive policies adopted by the employers and examine the fringe benefits and suggest some policy measures regarding over all improvement of human resource management. The study is confined to Chittagong City and its adjacent area. 30 enterprises were selected on random sample basis and used both primary and secondary data. They state that human resource development is made by giving appropriate salary and wages, financial and non-financial incentives and also fringe benefits to employees. The authors have thought that there should be some fixed pay scale and leave rules for keeping high morale of the employees.

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[32] Fahmida Chowdhury, "Job Satisfaction of Bank Employees: A Study on Public and Private Sector Banks, *Bank Parikrama*, vol. 32, (March-December 2007), pp.25-36.

[33] Most. Hasna Hena and Sheikh Ashiqurrahman Prince, "Human Resource Development through Compensation of the Employees in Bangladesh: A Study on Some Private Manufacturing Industries", *Journal of the Institute of Bangladesh Studies*, Vol. 30 (2007), pp. 111-124.

Katou (2008)[34]

In the article, titled "Measuring the Impact of HRM on Organizational Performance" the author tries to measure the impact of HRM on organizational performance in the context of Greece. The author used questionnaire survey to collect data from 178 organizations of Greek manufacturing sector and 'structural equation modeling' is applied to analyse the collected data. The results indicate that the relationship between HRM policies (resourcing and development, compensation and incentives, involvement and job design) and organizational performance is partially mediated through HRM outcomes (skills, attitudes, behaviour) and it is influenced by business strategy (cost, quality, innovation).

Nurullah (2008)[35]

Nurullah has done a study under the title "Maslow's Model: Employees' Need-Hierarchy of Commercial Banks in Bangladesh" where he states that motivation becomes an important agenda for managers and management scholars now a days and it will remain in future. This micro-study reveals that private commercial banks have followed the model of Maslow without any difference, but nationalized and de-nationalized commercial banks have maintained the model with motivational differences. Hence, the country has pursued the model with a different ranking of needs.

Abdullah, Ahsan and Alam (2009)[36]

The aim of this study is to identify commonly HRM practices effect on Malaysian private companies' performance. They find support for the four HRM practices and they also find correlation with the business performance based on responses from 153 managers from Selangor based private firms in Malaysia. Regression results shows that training and development, team work, compensation/incentives, HR planning, performance appraisal, and employees security have positive and significant influence on business performance with the exception compensation/incentives and employees security.

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[34] Anastasia A. Katou, "Measuring the Impact of HRM on Organizational Performance", *Journal of Industrial Engineering and Management*, vol.1, no.2 (2008), pp. 119-142.

[35] Sheikh M. Nurullah, "Maslow's Model: Employees Need-Hierarchy of Commercial Banks in Bangladesh", *The Journal of the Institute of Bangladesh Studies*, Vol.31, (2008), pp.209-216.

[36] Zaini Abdullah, Nilufar Ahsan and Syed Shah Alam, "The Effect of Human Resource Management Practices on Business Performance among Private Companies in Malaysia", *International Journal of Business and Management*, vol.4, no. 6, (June 2009), pp. 65-72.

Aliza (2009)[37]

In her study "The Influence of Human Resource Management on Firm Performance: An Exploratory Study of Philippine Banks" the author Aliza focuses on studying the relationship between rewards and recognition practices and firm performance, as well as between recruitment and retention systems and firm performance, using a survey method for traditional Human Resource Management (HRM) activities (recruitment, selection, performance management, training, compensation, and employee relation) and using independently collected organizational performance data focusing on financial performance (assets, capital, deposits, and return on equity). The sample has been collected and restricted to Philippine banking industry.

The study has found modest evidence for the positive, significant relationship that exists between financial performance and such HRM practices. The study also finds that recruitment issues have a significant positive relationship with bank assets, bank capital, and bank deposits, but not return on equity. A possible explanation of the reason is that the profitability of banks may not exactly be the function of HRM practices and effectiveness, but of a host of other factors.

Billah, Prince and Islam (2009)[38]

In their study, Billah, Prince and Islam observe that employee can be a company's core competence to achieve competitive advantage. This study was an attempt to find out the relation between human resource management practices and employees' intention to leave. They also state that efficient human resource management practices are inevitable for the overall development of the organization in general as well as for the employees' intention to stay on and vice versa.

The study is based on primary and secondary data and concludes that efficient human resource management practices have a significant impact on employees' retention and vice versa. In this study, the authors considered ten major factors which represent most of the human resource management practices followed by different organization at home and

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[37] Aliza D. Racelis, "The Influence of Human Resource Management on Firm Performance: An Exploratory Study of Philippine Banks", Available at http:// www.upd.edu.ph/~cba/phd/docs/racelis1.pdf, Accessed on January 12, 2012.

[38] Mohammad Masum Billah, Sheikh Ashiqurrahman Prince and Shafiqul Islam, "Human Resource Management Practices and Employee Turnover: A Study on Private Commercial Banks in Bangladesh", *Journal of Business and Technology (Dhaka)*, Vol.4, Issue-i, (January-June, 2009), pp. 63-82.

abroad. The study reveals that employees' career advancement is most significantly correlated to employees' intention to leave. Therefore, employees' career path should be attractive and sustainable to reduce employee turnover. But in this study, the overall impact of human resource management practices on organizational performance will be analyzed.

Islam (2009)[39]

Islam wrote an article on "Strategic Human Resource Management Practices in Bangladesh: A Study on Some Selected Public and Private Commercial Banks in Rajshahi". The major objective of the study is to assess the strategic human resource management practices in private and the public sector banks. He states that strategic human resource management is the latest concept and very useful for the achievement of organizational financial (e.g. earning growth, good return on investment, good cash flow, creditworthiness etc.) as well as strategic objectives (e.g. stronger business position, gaining additional market share, gaining sustainable competitive advantage etc.).

The study is based on primary and secondary data and it is emphasizing the outcomes and barriers of strategic human resource. This study finds the significant gap in the strategic human resource management practices in both sectors. Proper implementation and execution of human resource strategies are desired for success of the banks. This study will help the researcher a lot. But the present study is more in depth.

Absar *et al*. (2010)[40]

The authors in their article named "Impact of Human Resource Practices on Job Satisfaction: Evidence from Manufacturing Firms in Bangladesh" try to explore the impact of Human Resource (HR) practices on job satisfaction in the context of Bangladesh. The authors have collected 60 responses from 20 manufacturing firms and analysed them objectively. It has found that HR practices have significant association with job satisfaction (JS). In addition, human resource planning (HRP), training and development (T & D) were found to have positive impact on JS. It has also found that T & D has the greatest impact on JS.

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[39] Md. Rabiul Islam, "Strategic Human Resource Management Practices in Bangladesh: A Study on Some Selected Public and Private Commercial Banks in Rajshahi," *Journal of the Institute of Bangladesh Studies*, Vol. 32, (2009), pp.197-206.

[40] Mir Mohammed Nurul Absar et al., "Impact of Human Resource Practices on Job Satisfaction: Evidence from Manufacturing Firms in Bangladesh", *Petroleum-Gas University of Ploiesti Bulletin*, vol.62, no. 2/2010, pp.31-42.

Altarawmneh and al-Kilani (2010)[41]

Altarawmneh and al-Kilani have done a study on "Human Resource Management and Turnover Intentions in the Jordanian Hotel Sector". The objective of the study is to investigate the turnover phenomenon in the Jordanian hotel sector, which experiences relatively high turnover, and to examine the impact of human resource management (HRM) practices on employees' turnover intentions. A self administrated and structured questionnaire is constructed based on previous studies and data are collected from 250 employees. The results of analyzing these data show that job analysis has a significant effect on employees' turnover intentions.

Har *et al*. (2010)[42]

Har et al. perform a study on "The Impact of HRM Practices on Knowledge Management (KM): A Conceptual Model". In their study the authors outline how HRM practices (selective hiring, recognition and reward, performance appraisal, self-managed team and extensive training) can enhance the firm's level of knowledge acquisition, sharing and application. A conceptual model is proposed to examine the relationship between human resource management practices and knowledge management in this study. The authors also state that the model is expected to provide a strategic map that could be utilized by the practitioners and managers so that the initiated KM practices can be more effective in contributing to the overall organizational performance.

Khan (2010) [43]

In his study "Effects of Human Resource Management Practices on Organizational Performance – An Empirical Study of Oil and Gas Industry in Pakistan" Mr. Khan tries to evaluate the effects of human resource management practices on organizational performance of oil and gas industry in Pakistan. A total of 150 managers of 20 randomly selected firms from oil and gas industry to self-reported questionnaire that measured five HRM practices and subjective measures of organizational performance. In the study

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[41] Ikhlas Altarawmneh & Mohammad H. al-Kilani, "Human Resource Management and Turnover Intentions in the Jordanian Hotel Sector", *Research and Practice in Human Resource* Management, Vol. 18(1), (2011), pp. 46-59.
[42] Wong Choy Har and et al., "The Impact of HRM Practices on KM: A Conceptual Model", *Australian Journal of Basic and Applied Sciences*, vol. 4(12) (2010), pp. 6281-6291.
[43] Muhammad Asif Khan, "Effects of Human Resource Management Practices on Organizational Performance – An Empirical Study of Oil and Gas Industry in Pakistan", *European Journal of Economics, Finance, and Administrative Sciences*, Issue 24(2010), pp. 157-175.

factor analysis is performed to identify human resource management practices. Regression analysis indicates that a positive and statistically significant association of these practices with organizational performance. The study provides insight to management use these practices as strategic tools for superior performance, and add to the limited empirical knowledge that exist in Pakistani context.

Masood (2010)[44]

Dr. Masood has done a study on "Impact of Human Resource Management (HRM) Practices on Organizational Performance: A Mediating Role of Employee Performance". The objective of this study is to explore the impact of different Human Resource Management (HRM) practices (i.e. recruitment and selection, training and development, performance appraisal, career planning system, employee participation and compensation system) on Perceived Organizational Performance and Organizational Financial Performance. Another purpose is to explore mediating role of employee performance between HRM practices and perceived organizational performance. This research study is based on the universalistic perspective showing that a fixed set of best practices can create surplus value in various business frameworks. Primary data from 274 HRM professionals of 129 companies are collected by using questionnaire. Secondary data is collected from the published financial reports of the companies listed with Karachi Stock Exchange for the period of five years starting from 2004 to 2008 for the study. For the analysis purpose statistical tools ANOVA, Correlation and Regression are tested using Excel and SPSS. Results identify that all human resource management practices are positively correlated with perceived organizational performance and perceived employee performance, while none of the HRM practices shows substantial contribution towards organizational financial performance.

Qureshi *et al*. (2010)[45]

Under the title "Do human resource management practices have an impact on financial performance of banks?" the authors effectively highlights the importance of HRM practices with impact on financial performance of banks (FPB) operating in Pakistan. The

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[44] Tahir Masood, "Impact of Human Resource Management (HRM) Practices on Organizational Performance: A Mediating Role of Employee Performance". PhD Diss., Mohammad Ali Jinnah University, Karachi, 2010.

[45] Tahir Masood Qureshi et al., "Do human resource management practices have an impact on financial performance of banks?" *African Journal of Business Management*, vol. 4(7) (4 July 2010), pp.1281-1288.

major objective of the study is to find out the relationship between 'HRM practices' and the 'Financial Performance of Banks'. 46 scheduled banks were contacted as a sample of which 38 responded. Various statistical tools were used to support theoretical models that link HRM practices with financial performance of banks.

The study concluded that all tested variables have a positive relation and impact on financial performance of banks but major contributory practices are selection, training, compensation, and employee participation.

Sharmin (2010)[46]

In her study "Human Resource Management System of Nawapara Carpeting Jute Mills Limited", the author Sharmin tries to provide scanning of the present predicament of Human Resource Management (HRM) System of Nawapara Carpeting Jute Mills Limited with a view to finding out loopholes and provide some possible solution to existing drawbacks and limitation of HRM of the aforesaid organization so that it can reach maximum production level.

The study is based on both primary and secondary sources of data. Major findings are there is no proper human resource planning, wider gap between human resource policies, no training facilities, fails the organization to follow any performance appraisal system, half rate system of overtime facility and low job satisfaction which result low morale of employees of the organization. It provides some guide lines to the researcher.

Ali (2011)[47]

This study investigates the impact of HRM practices on organizational performance which includes practices such as "human resource planning, staffing process, training and development, reward and compensation systems, employee and labour relations". The study is concentrating on Sudan National Oil Companies (SNOC). The total responses are 100 from 153 population of SNOC are collected and analyzed objectively; it is examined if HRM practices have significant association on organizational performance. The aim is

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[46] Shahana Sharmin, "Human Resource Management System of Nawapara Carpeting Jute Mills Limited", *Journal of the Institute of Bangladesh Studies*, Vol.33, (2010), pp. 133-140.

[47] Abu Bakr Ali Abd.Ellatif Ali, "Human Resource Management Practices and Organizational Performance: A Study in Sudan National Oil Companies (SNOC)", Masters Thesis, Universiti Utara Malaysia, February 2011.

to get real picture on the influences Of HRM practices on organizational performance. The finding indicates that there is positive relationship between HRM practices and organizational performance.

Mahmud and Idris (2011)[48]

In their study under the title "The Impact of Human Resource Management Practices on Turnover of Bank Employees in Bangladesh", Mahmud and Idris empirically evaluated six Human Resource (HR) practices (realistic job information, job analysis, work family balance, career development, compensation and supervisor support) and their likely impact on the Employee Intention to Leave (EIL) in Bangladeshi banks. Data are collected from 233 sample employees working for different banks in Bangladesh. The results indicate that job analysis, career development, compensation, realistic job information, variables are negatively and significantly correlated with EIL. Interestingly work family balance was not negatively correlated with EIL.

Sheikh, Qamar and Iqbal (2011)[49]

This research has been conducted by the authors to study the impact of HRM practices (career development opportunities, supervisor support, working environment, rewards and work-life policies) on employee retention in The Islamia University of Bahawalpur as well as the banks in Bahawalpur. The data collected through questionnaire from 101 respondents. The results show the positive relationship of above mentioned HRM practices with employee retention.

Afroj (2012)[50]

In her study under the title "Ongoing Corporate Human Resource Management Practice in Banking Sector of Bangladesh", the author Afroj states the present scenario corporate human resource management (HRM) in banking sector of Bangladesh. She analyses existing HRM practices of different banks in Bangladesh. She concludes that the

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[48] Khaled Mahmud and Sharmin Idris, "The Impact of Human Resource Management Practices on Turnover of Bank Employees in Bangladesh", *World Review of Business and Research*, vol. 1, no. 2, (May 2011), pp. 71-83.

[49] Muhammad Azhar Sheikh, Wasat-ul Qamar and Fariha Iqbal, "Impact of Human Resource Management on Employee Retention: A Case Study of Education and Banking Sector in Bahawalpur", Available at http:// www.iub.pk/jer/journal/hrm_research_article.pdf, Accessed on 10 February 2012.

[50] Sadia Afroj, "Ongoing Corporate Human Resource Management Practice in Banking Sector of Bangladesh", *Global Journal of Management and Business Research*, vol. 12, no. 1 (2012), pp.104 -108.

effectiveness of the employee performance largely depends upon the HR polices and practices. So, the management should consider the magnitude of strategic HRM practices.

Majumder (2012)[51]

Mr. Majumder has done a study under the title "Human Resource Management Practices and Employees' Satisfaction towards Private Sector Banking in Bangladesh". The focuses of this study is to gain an insight into current HRM practices and its impact on employee's satisfaction of the private banking sector in Bangladesh. For conducting the study, 100 bank employees are selected from the chosen bank. Of them, 88 employees responded properly. In this study, some statistical measures such as Z-test mean and proportion analysis has been used to examine the employee's satisfaction. The study reveals that all HRM dimensions exercised in the private banking sector of Bangladesh do not satisfy to the employees equally.

1.5   Justification of the Study

The existing knowledge-gap in the above discussion makes the main justification for undertaking this research. To date, a few papers are there on the impact of HRM on organizational performance and most of them focus on the various aspects of HRM practices. A few of them have examined the impacts of HRM on the performance of organization like a bank. UCBL is a first generation private sector commercial bank and no research has yet been done on the 'Practices of HRM and its impact on UCBL'. The present study looks into the impact of HRM on organizational performance. This research will help the students, teachers, researchers, policy planners, HRM practitioners and management of the banks. The study may add new insights into the existing field of knowledge of HRM in the banking sector, particularly in the area of PCBs. Here lies the justification of this study.

1.6   Scope and Limitations of the Study

The main purpose of this study is to assess the relationship between HRM practices and performance of UCBL. For this purpose, it is planned to analyze the changing pattern of HRM activities of the bank and investigate the effectiveness of existing HRM. The study

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[51] Md. Tofael Hossain Majumder, "Human Resource Management Practices and Employees' Satisfaction towards Private Banking Sector in Bangladesh", *International Review of Management and Marketing*, Vol. 2, No. 1 (2012), pp.52-58.

will pave the way to an in-depth analysis of productivity and profitability of private sector commercial banks (PCBs) from the period 1983 as the starting year of privatization to 2010 as the terminal year of data for this study. Attempts will be made to measure the level of employees' job satisfaction and their customers' services. Motivation will be given special emphasis for assessing the relationship of HRM and bank's performance.

However, the present study is not free from limitations. Its scope is limited on PCBs of Bangladesh alone. One limitation of this research is the non-cooperative mood of bankers and the owners of banks. The study has covered mainly the period from 1983 to 2011. Limitation of time, money and resources are other constraints to conduct the research.

1.7 Structure of the Thesis

Chapter 1: Introduction
    1.1 Prelude
    1.2 Statement of the Problem
    1.3 Objectives of the Study
    1.4 Review of Literature
    1.5 Justification of the Study
    1.6 Scope and Limitation of the Study
    1.7 Structure of the Thesis

Chapter 2: Methodology and Theoretical Framework
    2.1 Methodology of the Study
    2.2 Selection of Method
    2.3 Types of Data and Their Sources
    2.4 Sample Design
    2.5 Techniques for Data Collection
    2.6 Tabulation and Interpretation of Data
    2.7 Criteria to Measure the Performance of UCBL
    2.8 Period Covered
    2.9 Theoretical Framework

Chapter 3: Private Sector Banking in Bangladesh and a profile of United Commercial Bank Limited UCBL
    3.1 Prelude
    3.2 Historical Background
    3.3 Present Status of Banking Sector
    3.4 United Commercial Bank Limited: Its Evolution, Objectives, Functions and Organization Structure
    3.5 Growth of UCBL
    3.6 Conclusion

Chapter 4: **Present Scenario of HRM Practices in UCBL**

    4.1 Prelude

    4.2 Recruitment and Selection

    4.3 Training and Development

    4.4 Motivation

    4.5 Compensation

    4.6 Performance Appraisal

    4.7 Employee Relation

    4.8 Opinions of Employees on various Aspects of HRM practices

    4.9 Conclusion

Chapter 5: **Impact of HRM Practices on Employees and Customers**

    5.1 Prelude

    5.2 Customer Services and Development of Banking

    5.3 Relationship between Customer Services and Role of HRM Practices

    5.4 Classification of Banking Services

    5.5 Customers and Other Stakeholders' Opinion in relation to Services of UCBL

    5.6 HRM Practices perceived by Customers of UCBL

    5.7 Conclusion

Chapter 6: **Relationship between HRM Practices and Organizational Performances of UCBL**

    6.1 Prelude

    6.2 Performance of PCBS and its relationship with HRM Practices

    6.3 Importance of productivity performance of UCBL and its relationship with HRM

    6.4 Measurement of Profitability Performance of UCBL and Its Association with HRM

    6.5 Evaluating the Performance of UCBL in Relation to Social Responsibility and its association with HRM

    6.6 Conclusion

Chapter 7: **Summary, Recommendations and Conclusions**

    7.1 Preamble and Methodology

    7.2 Findings

    7.3 Recommendations

    7.4 Conclusion

    7.4 Suggestions for Further Study

Chapter Two
Methodology and Theoretical Framework

2.1   Methodology of the Study

The word 'method' is derived from two Greek words viz. *'meta'* and *'hodos'* meaning a way, a way of doing something. A method is a planned, systematic and well articulated approach of investigation. It involves a process where the stages or steps of collecting data are explained and analytical techniques are also defined.[1] Methodology is a set of methods which are used in a particular study. It is the systematic study of the principles which guide scientific investigation.[2]

2.2   Selection of Method

This study uses more than one method. It is an evaluative type of study. Mainly documentary analysis method is applied in conducting this study. Justification of adopting documentary method is that it is appropriately applicable in finding out what has happened in course of time and correlating the events of HRM practices with the performance of organization. Both qualitative and quantitative methods are used to study the impact of HRM practices on the performance of UCBL. Besides, Survey method is also used in this study to collect primary data and opinions.

2.3   Types of Data and Their Sources

Both primary and secondary data are used for the study.

Primary Sources: Primary sources include interviews and discussions with the purposively selected respondents. Primary sources include unpublished official documents, interviews, discussion with the banks' executives, high officials related to finance ministry, experts, scholars on the subject, newspapers, reports, manuscripts and dissertations etc. Primary Survey data were collected during January-May, 2013.

Secondary Sources: Secondary sources included published official statistics and documents published by Bangladesh Bank (BB), Annual Reports of UCBL, Balance Sheet, Profit and Loss Account, documents, books, articles and periodicals of different

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[1] M. Zainul Abedin, *A Hand Book of Research*, 2nd rev. ed. (Dhaka: Book Syndicate, 2005), p. 51.
[2] Ibid.

domestic and international agencies, domestic and international journals, daily newspapers, statistics and publications of the Ministry of Finance. Web-sites of related local and international institutions are used as other sources of data. Publications of Bangladesh Bank Training Academy (BBTA), Bangladesh Institute of Bank Management (BIBM), Bangladesh Institute of Development Studies (BIDS), Institute of Bankers' Bangladesh (IBB), Bangladesh Institute of Management (BIM), Bangladesh Economic Association (BEA), Bangladesh Institute of International and Strategic Studies (BIISS), Laws and Ordinances regarding banks and banking are also considered as sources of data. Secondary data covers the period from 1983 to 2011.

2.4 Sample Design

In 2010 there were 47 scheduled banks in Bangladesh. Of them, 4 are State Owned Commercial Banks (SCBs), 4 were Specialized Banks (SBs), and 30 were Private Commercial Banks (PCBs) including 7 Islamic Banks (IBs) and rest 9 are Foreign Commercial Banks (FCBs).[3] Among the 23 conventional PCBs, 6 were established in 1983 which are known as first generation PCBs in Bangladesh. From this six first generation PCBs, United Commercial Bank limited (UCBL) is purposively selected for the study. Because no study has yet been done on UCBL. Moreover, the objective and the nature of jobs of all PCBs are more or less same. UCBL is one of the largest and oldest PCBs in Bangladesh operating with 119 branches throughout the country. It has around 3000 employees. For questionnaire survey the respondents are selected through purposive sampling procedure. The employees of UCBL are divided into three categories. These are: executives, officers and staffs. Among three groups of employees majority of the staffs are appointed through outsourcing and they are not actively engaged in banking activities. This is why staffs are excluded from the study.

On the basis of the number of employees of 2010[4], the sampling procedure is as follows:

Category of respondent	Population Size	Sample Size (10%)		Sampling Procedure
Executives	224	22	202	Purposive Sampling
Officers	1811	180		Purposive Sampling
Customers	-	70		Purposive Sampling
Total	2035	272		

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[3] *Scheduled Bank Statistics*, (Dhaka: Ministry Finance, April to June, 2010) p. ii.
[4] *Annual Report* (Dhaka: United Commercial Bank Ltd., 2010), p. 41.

Finally, two sets of questionnaires survey were conducted on 180 officers and executives and purposively selected 70 customers of various professions. 202 structured questionnaires were supplied to officers and executives but all were not returned. Because of shortage of time, non-availability of necessary fund, the researcher was compelled to collect data from 15 purposively selected UCBL branches of Dhaka, Norshingdi, Sylhet, Comilla, Feni, Chittagong, Rajshahi and Natore Districts according to his convenience. In all 180 executives and officers and 70 customers constitute 250 respondents from the two categories. Meanwhile some officers become executives. So, the final returns were of 30 executives and 150 officers (Total=180) and 70 customers (Total 180+70=250).

2.5 Techniques for Data Collection

Data are collected by using different types of tools like questionnaire, interviews, discussions, etc.

2.6 Tabulation and Interpretation of Data

After collection of data from different sources those are scrutinized and processed with rationality in the light of objectives. Descriptive and test statistics are used to process, analyze and interpret the data. Interpretations of facts are done by using various tools such as tables, charts, line graphs, bar diagrams etc. SPSS is used for analyzing data.

2.7 Criteria to measure the performance of UCBL

Criteria to measure the performance of an organization depends on the goals and objectives that a particular organization wants to achieve. It must be related to the programs as well as organization. Different authors use different kinds of indicators to measure the performance of organization. However, in this study the following indicators are used to measure the performance of UCBL:

a) Productivity
b) Profitability
c) Employee Productivity
d) Customer Satisfaction
e) Employee Turnover
f) Growth

2.8 Period Covered

The study includes the period from 1983 to 2010-2011 financial years.

2.9 Theoretical Framework

The implications of the functions of human resource management encompass some aspects, which can be termed as theoretical framework. In the next pages discussion has been presented on the important issues of theoretical framework of human resource management practices of PCBs.

2.9.1 Human Resource Management (HRM)

Basically HRM deals with human or people's aspect of an organization. HRM is the management function that deals with recruitment, placement, training, and development of organization members.[5] It (HRM) means all management decisions and actions affecting the nature of the relationship between the organization and its employees. It is concerned with people dimension in management.[6] The overall purpose of human resource management is to ensure that the organization is able to achieve success through people. HRM systems can be the source of organizational capabilities that allow firms to learn and capitalize on new opportunities. So, it (HRM) is designing management systems to ensure that human talent is used effectively and efficiently to accomplish organizational goals.[7]

2.9.2 Human Resource Development (HRD)

The term HRD emerged in 1970s in the United States of America. It is a series of organized activities conducted within a specific time and designed to produce behavioral change. Human Resource (HR) is the most crucial as well as critical asset for an organization especially, for business organization. But, through proper management and development it would be the core competence to face the challenges. So, it is a set of systematic and planned activities designed by an organization to provide its members

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[5] James A.F. Stoner, R. Edward Freeman and Daniel R. Gilbert Jr., *Management*, 6th ed. (New Jersey: Prentice Hall, Inc., 2008), p. 376.

[6] David A. DeCenzo and Stephen P. Robbins, *Human Resource Management*, 6th ed., (Singapore: John Wiley & Sons (Asia) Pte. Ltd., 1993), p. 3.

[7] Robert L. Mathis and John H. Jackson, *Human Resource Management*, 13th ed., (Mason: South-Western Cengage Learning, 2010), p. 4.

with the opportunities to learn necessary skills to meet current and future job demands.[8] The key elements of human resource development are learning, training, development and education.

HRD aims at preparing people for better performance. It is mainly related with the man's potentials and takes care of the development, utilization and management of talents or under faculties of human resources deployed in the banking organization.[9] So, HRD is a process by which human resource of an organization all out help to develop them on one hand and to develop environment in which human resource can work effectively on the other hand in a continuous, planned and systematic manner.

2.9.3   Human Capital

The human capital of an organization consists of the people who work there and on whom the success of the business depends. It is the collective value of the capabilities, knowledge, skills, life experiences, and motivation of an organizational workforce. Sometimes human capital is called intellectual capital.[10] It is considered as the prime asset of an organization. If properly motivated, it can ensure the long term survival of the organization. A recent study by Watson Wyatt Worldwide found that the primary reason for organizational profitability is the effective management of human capital.[11] So, people who are assets are of value and can be enhanced through investment.

2.9.4   Human Resource Planning (HRP)

Human Resource Planning means making projection for the future need of personnel of an organization. It takes into account internal activities as well as the elements of external environment. It goes far beyond the simple hiring and firing. It involves planning for the deployment of organization's human capital in the most effective and efficient ways, in line with organization and/ or business strategy.[12]

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[8] R. I. Desimone, J. M. Werner and D. M. Harris, *Human Resource Development*, 3rd ed. (Orlando: Harcourt College Publishers, 2002), p. 5.

[9] Shahid, p.104.

[10] Ibid.

[11] Jeffery A. Mello, *Strategic Human Resource Management*, 7th Indian ed., (Delhi: Cengage Learning India Private Limited, 2011), pp. 7-8.

[12] Ibid., p. 207.

Planning for the personnel needs of an organization, taking into account both internal activities and factors in the external environment. Human resource Planning has four basic aspects: (1) planning for future needs by deciding how many people with what skills organization will need, (2) planning for future balance by comparing the number of needed employees to the number of present employees who can be expected to stay with organization, which leads to (3) planning for recruitment or laying off employees, and (4) planning for the development of employees, to be sure the organization has a steady supply of experienced and capable personnel.[13]

2.9.5 Recruitment & selection

Each and every organization whether has profit or non-profit motive, would like to hire talent and qualified personnel to attain its objective. An organization's performance is a direct result of individuals it employs.[14] To do so, an organization has to perform staffing function. Recruitment and Selection is one of the important functions of staffing. Once the firm has determined its staffing needs, it needs to hire the best employees to fill the available positions. The hiring process has three components: recruitment, selection, and socialization. In case of PCBs, recruitment and selection differs from one another. Each bank has its own recruitment and selection procedures.

(a) Recruitment

Generally recruitment means inviting the prospective job candidate for applying job. It is the process of generating a pool of qualified candidates for a particular job. The firm must announce the job's availability to the market (inside and outside the organization) and attract qualified candidates to apply.[15]

(b) Selection

Selection process starts from screening the application. It is the process of making a "hire" or "no hire" decision regarding each applicant for a job. The process typically involves determining the characteristics required for effective job performance and then measuring applicants on those characteristics, which are typically based on a job analysis.

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[13] Stoner, Freeman and Gilbert Jr., p. 378.
[14] Mello, p. 334.
[15] [15] Luis R. Gómez-Mejía, David B. Balkin and Robert L. Cardy, *Managing Human Resources*, 7th ed. (New York: Pearson Education, Inc., 2011), p. 171.

Depending on applicants' scores on various tests and/or the impressions they have made in interviews, managers determine who will be offered a job.[16] This selection process often relies on cut scores, where applicants who score below these levels are considered incompetent for that job.

To retain and maximize the human resources who were so carefully selected, organizations must pay careful attention to socializing them. Socialization orients new employees to the organization and to the units in which they will be working.[17] Socialization can make the difference between a new worker feeling like an outsider and feeling like a member of the team.

2.9.6 Performance Management/Appraisal

The performance appraisal/management process starts by identifying the strategic goals an organization needs to accomplish to remain competitive and profitable. *The Oxford English Dictionary* defines performance as 'The accomplishment, execution, carrying out, and working out of anything ordered or undertaken.' This refers to outputs/outcomes (accomplishment), but also states that performance is about doing the work as well as being about the results achieved.

Performance appraisal includes the identification, measurement, and management of human performance in organizations. It is an evaluating process of performance of employees striving to achieve the organizational goals. Performance means doing a job effectively and efficiently with minimum fault and less resources.[18] Performance appraisal is a mechanism for the supervisors to watch, to understand, to detect the weakness and strengths of their subordinates and to help eliminate the pitfalls. In the banking sector especially, in case of PCBs performance appraisal is the important consideration to take appropriate decision regarding their executives.

There are three major factors that affect how a given individual performs. These are: (1) individual ability to do the work, (2) effort expended, and (3) organizational support. The relationship of those factors is widely acknowledged in management literature as follows:

Performance (P) = Ability (A) × Effort (E) × Support (S)

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[16] Gómez-Mejía, Balkin and Cardy, p. 171.
[17] Ibid.
[18] DeCenzo and Robbins, p. 361.

2.9.7 Employee Turnover

Employee turnover is the rotation of workers around the labor market; between firms, jobs and occupation; and between the states of employment and unemployment. It is the proportion of employees leaving an organization during a given time period (usually one year).[19] The term 'turnover' defined by Price[20] as the ratio of the number of organizational members who have left during the period being considered divided by the average number of people in that organization during the period. There are two types of turnover, such as – (1) involuntary turnover, where employee leaves the organization by the request of authority, and (2) voluntary turnover, where employee leaves organization on his own accord. In case of PCBs in Bangladesh it is very significant, because high rate of turnover is an obstacle to providing quality customer service.

2.9.8 Training

If an organization considers its employees to the human assets, training and development represent an ongoing investment in these assets and one of the most significant investments an organization can make.[21] In developing human resource training has no alternative. Training is linked with human resource and performance appraisal, and career development. It is the process of developing competent workforce with up-to-date knowledge, skills and attitudes. It refers to helping human resources to learn how to perform their jobs efficiently, effectively and smoothly.[22]

Through training knowledge, skills and attitudes of employees can be developed which help them minimize gaps between present level of competence and required level of competence to perform their jobs smoothly. This process ultimately helps the development of employees. So, training is the planned and systematic modification of behaviour through learning events, programs and instruction that enable individuals to achieve the levels of knowledge, skill and competence needed to carry out their work effectively. In case of changing scenario of the nature of banking job, training is very much essential for employees of PCBs to perform their job responsibility with satisfaction of customer as well as employers.

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[19] John J. Newstorm and Keith Davis, *Organizational Behavior: Human Behavior at Work*, 10th ed.(New York: McGraw Hill Companies, Inc., 1999), p. 261.

[20] J. L. Price, *The Study of Turnover* (Iowa: Iowa State University, 1977), p. 15.

[21] Mello, p. 392.

[22] Shahid, p.100.

2.9.9   Motivation

Motivation is the force that energizes, directs and sustains human behaviour. In HRM, the term refers to a person's desire to do the best possible job or to exert the maximum effort to perform assigned tasks or duties.[23] It is an important attribute of motivation that it is behaviour directed toward a goal. It provides the personal and dynamic element in the concept of engagement. High performance is achieved by well-motivated people who are prepared to exercise discretionary effort. Motivation is associated with the strength and direction of behaviour and the factors that influence people to behave in certain ways.[24] It is the process of inspiring the inner drives of an employee. It is the determinant of the general direction of the behaviour of an individual. To attain the goal, management should give the proper motivation as it makes a man work with enthusiasm and willfulness. It is not a personal trait, but a relationship of individual and the situation. Man is a complex animal and the human needs move in an ascending order, from the lowest to the highest levels.[25] So, manager of any organization should be very careful to handle its human resource for achieving ultimate objective of the organization. There are various types of motivation model and different organizations use different models.

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[23] Gómez-Mejía, Balkin and Cardy, *Managing Human Resources*, p. 62.

[24] Michael Armstrong, *Essential Human Resource Management Practice: A Guide to People's Management* (London: Kogan Page, 2010), p. 136.

[25] Dr. Md. Mainul Islam and Dr. Abdul Awal Khan, *Fundamentals of Management* (Dhaka: Abir Publication, 2004), p. 150.

Chapter Three
Private Sector Banking in Bangladesh and a profile of United Commercial Bank Limited (UCBL)

3.1   Prelude

Banking sector of Bangladesh is playing an important role in the economic development of the country. This sector holds a lion share of assets of the financial system. Bangladesh Bank is the central bank of Bangladesh and chief regulatory authority in this sector. The commercial banking system of Bangladesh comprises four state owned commercial banks, four specialized banks, thirty private commercial banks and nine foreign commercial banks. The number of total banks declined from 48 in 2009 to 47 in 2010 due to the merging of two specialized banks namely Bangladesh Shilpa Bank and Bangladesh shilpa Rin Sangshasta renamed as Bangladesh Development Bank Limited in 2010.

These banks had a total number of 7729 branches as of December 2010. The number of bank branches increased from 7095 in 2009 to 7729 in 2010 due mainly to the opening of new branches by the private commercial banks during the years. Nobel Prize winning Grameen Bank is a specialized micro-finance institution which revolutionized the concept of micro-credit contributing greatly towards poverty reduction and the empowerment of women in Bangladesh.

3.2   Historical Background

The present status of banking system of Bangladesh has not been emerged in a day. It had to pass a long way and overcome ups and downs to reach in the present state. However, the evolution and development of banks and banking system are briefly discussed below.

As early as 2000 B.C. the Babylonians had developed a banking system. There is an evidence to show that the temples of Babylon were used as banks and such great temples as those of Ephesus and of Delphi were most powerful Greek banking institutions. In Greece private entrepreneurs, temples and public bodies undertook financial transactions.[1]

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[1] http://www.history.net/wrldhis/plaintexthistories.asp?historied=ac19#ix222KcYNrnit, Accessed on February 07, 2013.

Opinion is divided regarding the origin of the word bank. According to some authorities, the word "Bank" itself is derived from the word 'bankus' or 'banque' that is a bench.

The early bankers, the Jews in Lombardy transacted their benches in the market place. When a banker failed to pay the debt, his bench was destroyed by the angry depositor, and `bankrupt' was derived in the way. There are some other persons who are of the opinion that the word `bank' is originally derived from the German word `back' meaning a joint stock fund. This has been Italianized into 'banco' when the Germans were masters of a great part of Italy. This appears to be more possible. But whatever is the origin of the word 'bank', it would trace the history of banking in Europe from the middle age.[2] Bank was first used in Italy with the foundation of the `Bank of Venice' which is established in 1157.[3] But in modern sense it was not a bank, rather simply an office for transfer of public debt.[4]

In England, during the reign of Edward III Money changing was an important function of bankers. This function was taken by Royal Exchanger for the benefit of the crown. It is thought that the Goldsmiths are the founder of modern banking in England. People deposited their money with goldsmiths, who in those days had strong rooms and employed watchmen for the safe custody of their money. But initially the goldsmiths were charging fee for their services in guarding their client's deposits, but later on they began to offer interest on money deposited with them to attract more deposits.[5]

The reason for allowing interest to the depositors was that the business loaning of their people's money at interest was profitable. This makes an important step in the development of banking in England. However, the turning point in the history of English banking was the ruin of goldsmiths that led to the growth of private banking. As a result, Bank of England was established in 1694[6] which can be treated as a full pledge operational bank in the history of banking. Another modern banking was introduced in Stockholm in 1668 as 'Savings Bank' which opened up a new horizon of banking activities throughout the European mainland.[7]

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[2] Ramchandra Rao, *Present Day Banking in India* (Delhi: Vikash Publishing House, 1990), p. 88.

[3] M.N. Mishra, *Money, Banking International Trade and Public Finance* 2nd rev. ed. (New Delhi: S chand & company, 1987), P. 257.

[4] K.C. Shekhar, *Banking Theory and Practice*, 17th rev. ed. (New Delhi: Vikash publishing house pvt. Ltd, 1994), P. 4.

[5] Mishra, p. 257.

[6] Shekhar, P. 4.

[7] http:// www.reportbd.com/articles/29/1banking-sector-in-bangladesh, Accessed on March 19, 2013.

History of Banking in Indian sub-continent and banking in the South Asian region was haphazard or unplanned like that in the early days of vedic civilization. The ancient Hindu scriptures as well as the Artha Shastra of Kautilya are full of instances of some form of banking products like borrowing and lending money. References were found regarding deposits, pledges, policy of loan and rate of interest in the books of Manu.[8]

With the advent of Muslim rule in India, Afghan traders who are popularly known as Kabulialas coming from Kabul, the Capital of Afghanistan, introduced easily banking system in South Asian region. The Muslim businessmen from Kabul, Afghanistan came to India and started money lending business in exchange of interest sometime in 1312 AD.[9]

India experienced some systems of indigenous banking from very early times and this system of banking developed considerably before the advent of the English fraters in the seventeenth century.[10] A limited scale of banking transactions was started to consolidate in the very early stage of Mughal administration in the greater part of India including Bengal (Suba-e-Bangla) in the seventeen century.[11] During the reign of Mughal banking was mainly for the rich and famous; so, banks had a simple process to offer loan. At that time banking business was run by wealthy families. Emperor Aurangjeb honoured the money lenders i.e. bankers and entitled them as 'Seth'. Mughal Emperor offered the title 'seth' to Manikchand at the beginning of the eighteenth century.[12] The business of Manikchand shifted to Fathechand later on and Mughal Emperor offered him the title of 'Jagatseth' in 1722.[13] Money lenders like Jagat seth, flourished in all parts of Bengal even to the English-traders.[14] Banking System prevailed during the reign of Nawabs, who were originally provincial governors or viceroy of a province lender Mughal rule in India. At that time clients were highly evaluated by the bankers.

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[8] S.A. Shakoor, *Monograph of Bank Management* (Dhaka: Department of Management, University of Dhaka, 1982), P. 3.

[9] http://www.reportbd.com/artides/29/3/Banking-sector-in-Bangladesh/page3.html, Accessed on March 20, 2013.

[10] Mishra, *Money, Banking, International Trade and Finance*, P. 362.

[11] Rukshana Begum, "Default Culture of the Nationalized Banks and the Private Commercial Banks during last Two Decades. A comparative study", Ph.D. Dissertation, University of Rajshahi; Department of Accounting and Information System, 2009, p. 124.

[12] Md. Abdul Karim, *Economic History of Bengal: Muslim Period (1205-1757)* (Banglar Orthonitik Itihas: Muslim Amal 1205-1757), p. 84.

[13] Ibid.

[14] Mishra, P. 362.

Staffs of the banks started to look after the clients when they entered the banks. Bank manager used to greet the clients personally. Depending on the climate, beverages were offered to them. During those times, banks used to charge an interest rate of 8-12% on bank loan.[15] During those days borrowers did not need to mortgage their personal properties or undergo complicated legal processes to borrow the loan like the present process of borrowing loan or advances.[16]

Before independence, the territories which constitute Bangladesh were an integral part of Mughal Empire and thereafter British India and then Pakistan. So, Bangladesh has the common historical background of banking and other banking related financial institutions.[17] Hence Bangladesh inherited its branch banking system from the British colonial regime. English type agency houses which started their banking operations were established by the British occupation of Bengal in Calcutta during the British colonial rule. The important houses among those houses were Messer's Alexander and Co. and Messer's Fergusson and Co. There houses were fortunes of present day Commercial Banks.[18]

The origin of modern banking in India started when the first joint-stock bank, named 'Hindustan Bank' was established in 1770 by the English Agency house of Alexander and Co. in Calcutta. The bank however, wound up in 1932. Another Joint-Stock bank with limited liability is known as General Bank of India. It came into existence in 1786.

The real growth of modern commercial banking began in the country when the government was awakened to the need for banks in 1806 with the establishment of the first presidency Bank, called the 'Bank of Bengal', in Calcutta in that year. Then another two presidency banks, namely, the 'Bank of Bombay' and 'Bank of Madras' were established in 1840 and 1843 respectively.[19] To each of these banks, the government had subscribed Rs. 3 lakhs to their share capital. However, a major part of their Share Capital was contributed by the European shareholders. These presidency banks, however,

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[15]   http://www.thaindia.com/newsportal/feaceture/banking-system-of-nawab-era-in-india-100190742.html, Accessed on March 21, 2013.

[16] Ibid.

[17] M. Abul Bashar, *Bangladesh Laws on Banks and Banking* (Dhaka: M. Hairier, 1994), P. 5.

[18] Ibid.

[19] Mishra, *Money, Banking, Internation Trade and Finance*, P. 363.

enjoyed the monopoly of government banking. They were also given the right to issue note in 1823 which was withdrawn in 1862. These three presidency banks continued till 1875. In 1876 those were amalgamated into 'Presidency Bank'. This bank was renamed into 'Imperial Bank' in 1921 according to special Act of 1920.[20]

The Year 1860 is a landmark in the history of public banks in India. From that year the principle of limited liability was first applied to Joint-Stock banks. From 1860 till the end of the nineteenth century, a number Indian Joint-stock banks came into existence. For instance, the Allahabad Bank was started at Allahabad in 1865. In 1875 the 'Alliance Bank of Simla' was started. In 1881 another Indian bank called 'Oudh Commercial Bank' was established. In Fakirabad 1895, the famous Punjab National Bank came into existence, which has survived to the present and is now one of the largest banks. Inspired by the Swadeshi Movement, a large number of Indian entrepreneurs ventured into the modern banking business. During the period of 1906-13, thus there was a mushroom growth of banks. Many prominent banks also came into existence during this period. These were the `Bank of India' (1906), the 'Canara Bank' (1906), the Bank of Baroda' (1908), and the `Central Bank of India (1911).

In addition to the Indian joint-stock banks, a number of foreign banks called 'Exchange Banks' with their head office in their home countries, entered into the banking system of India. These banks were essentially for financing the foreign trade of the country, but they also conducted banking business in India. These banks were full managed and financed by the non- Indians.

In Bangladesh (The erstwhile East Bengal), two branches of 'Bank of Bengal' were opened at Serajgonj and Chittagong in 1873, which were again closed in 1877.[21] It opened a pay office at Chandpur in 1900 which was converted to a branch later on.[22] Before those the "Dacca Bank" was established in 1846.

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[20] Act XLVII of 1920 passed by the Indian Legislature on 19th September, 1920, cited by L.C. Jain, *The Monetary Problems of India*, P.110, as cited by M. Zainul Abedin, *Commercial Banking in Bangladesh*, PP. 47-48.

[21] G. P. Symes Scutt, *The History of the Bank of Bengal* (Calcutta: The Bank of Bengal press, (1904), p. 99. cited In M. Zainul Abedin. *Commercial Banking in Bangladesh*, p. 47.

[22] Abedin, *Commercial Banking in Bangladesh*, p. 48.

The period between the First World War and the Second World War was challenging for the Indian Banking. These years took a fall on the banks simply collapsing despite the Indian economy gaining indirect boost due to war-related economic activities. At least 49 banks of 94 banks failed in between 1913 and 1918.[23] India's independence marked the end of a regime that initiated measures to play an active role in the economic life of the nation.

The first modern joint-stock bank in European style was established in Dhaka in 1846 named as 'Dacca Bank'[24]. The organizers or entrepreneurs of the bank were European Indigo planters, merchants and landholders, a few British officials and a number of Zamindars.[25] Mr. George Lamb, the superintending surgeon of Dhaka, Captain H.M. Khwaja Alimullah, J.P. Wise and Nundalal Dutt were mentionable among the initiators. A renowned merchant and later the editor of the weekly 'Dacca News' Alexander Forbes was appointed as the secretary of the bank.[26] It was a partnership Company with the authorized capital of Rs. 5 lakh which is divided into 1000 shares of Rs. 500 each. Because of its reputation and stability, the Bank of Bengal bought up the 'Dacca Bank' in February 1862, giving its shareholders the Bank of Bengal's stock amounting to Rs, 2,90,999 in the exchange of their shares.[27] Untill 1946 the operation of this bank was confined to opening of six branches at Dhaka (1862), Chittgong (1906), Mymensingh (1922), Rangpur (1923), Chandpur (1924), Narayanganj (1926) and pay office at Dinajpur.[28]

Many big and new small banks and new branches were opened in different regions of Bangladesh (the then East Bengal) during the second half of the 19th century. Most of them were loan offices.[29] Following Table Shows the loan offices established in different regions of Bangladesh during the second half of the 19th century.

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[23] http://www.studymode.com/essay/History-OF-Banking-In -India-539688.html, Accessed on January 25, 2013.
[24] Abedin, *Commercial Banking in Bangladesh*, P. 49.
[25] Ibid.
[26] Ibid.
[27] Sharifuddin Ahmed, *A Study in Urban History and Devolpment* (London: University of London, 1986) pp.//2-113, Cited in M. Zainul Abedin, *Commercial Banking in Bangladesh*, pp. 49-50.
[28] Abedin, *Commercial Banking Bangladesh*, P. 48.
[29] Ibid. P. 50.

Table 3.1
Loan Offices Established in Different Regions of Bangladesh (1850-1900)

Year of Establishment	Name of loan office	Name of the Region/ District.
1865	1. Faridpur Loan Office Ltd. (register in 1971)	Faridpur
1871	2. Tripura Loan Offices Ltd.	Comilla
1872	3. Bogra Loan Office (registered in 1874)	Bogra
1873	4. Barisal Loan Office Ltd.	Barisal
	5. Mymenshingh Loan Office Ltd.	Mymenshingh
1875	6. Nasirabad Loan Office Ltd.	Mymenshingh
1876	7. Jessore Loan Office Ltd.	Jessore
	8. Munshiganj Loan Office Ltd.	Dhaka
1878	9. Dacca Loan Office Ltd.(registered in 1980)	Dhaka
1881	10. Sylhet Loan and Banking Co. Ltd.	Sylhet
1882	11. Pabna Bank Ltd.	Pabna
1883	12. Kishoreganj Loan Office Ltd.	Mymenshingh
1885	13. Noakhali Loan Office Ltd.	Noakhali
1887	14. Khulna Loan Office Ltd.	Khulua
	15. Madasipur Loan Office Ltd.	Faridupur
	16. Kurigram Loan Office Ltd.	Rangpur
	17. Tangail Loan Office Ltd.	Mymenshing
	18. Ghatail Sammilani Loan Office Ltd.	Mymenshing
1888	19.Digpati Milita Dhan Bhandar Co. Ltd.	Mymenshingh
1894	20. Nilpamari Bank Ltd.	Rangpur
	21. Ranpur Loan Office Ltd	Rangpur
1896	22. Kurigram Bank Ltd.	Rangpur
	23. Kurmarkhali Banking Corporation Ltd.	Kushtia
1897	24. Pabna Dhan Bhandar Co. Ltd.	Pabna.

Source: Binay Kumar Sarker, "Bank Resources of the Bengalees" (in Bengali), in Arthik Unnati (Economic progress). No. 6, 7 and 8 (the 7th year), (Calcutta, 1932), pp. 443-639, cited in, M. Zainul Abedin, Commercial Banking in Bangladesh, p. 51.

The banking growth of this period (1946-1900) was influenced by the economic revival of East Bengal owing to an increased international demand for rice, jute, oil seeds and other products of the country. Other facilities like steamer services, the opening of telegraph system and the construction of Bengal Railway together with first wave of investment in tea planting in Assam and in East Bengal expedited this growth.[30] But this rising trend of growth of banking facilities in East Bengal was suddenly crushed by the communal riot and political disturbance of the second half of 1946.[31]

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[30] Abedin, *Commercial Bangking in Bangladesh* , P. 55.
[31] Ibid., p. 66.

Therefore it is clear that the banking system of India in the British period (1846-1946) developed to a great deal. However, the idea of public sector banking did not come into the picture. A number of banking institutions were engaged in business under private ownership achieving great success.

3.2.1   Banking during the Pakistan period (1947-1970)

The then colonial rulers were compelled to declare the partition plan of British India due to the socio-political conditions of this region. The plan was declared on June 03, 1947 and implemented on August 14, 1947 by dividing the country into two independent dominions of India and Pakistan which included East Bengal. This partition came as a great shock to the banking system of Bangladesh because of shifting (Erstwhile East Pakistan) of head offices and bank resources from this region to India by non-Muslims who mainly owned those.[32] Before partition there were as many as 22 scheduled banks in this region, of which 10 were Bangladeshi, 11 were Indian and 1 was foreign scheduled bank of Bangladesh (the then East Bengal) who transferred their head offices to India before the 14th August, 1947 and totally closed their operations by 1951.[33] By 1952 the number of Indian scheduled banks operating in the East Pakistan came down to six only and the number of non scheduled banks was tossed by 1950 to 45 by 1957 and to only 15 by 1970.

Thus immediately after the partition of India a serious crisis of banking sector arose in Bangladesh (then East Pakistan). The crisis was also acute in case of Pakistan (then West Pakistan) banking at the initial stage but they overcame the problem gradually.[34] The Australasia Bank already had its head office at Lahore while Habib Bank Limited shifted its head office from Bombay to Lahore. Other banks like Bank of Bahawalpur Limited, Muslim Commercial Bank Limited and National Bank of Pakistan were also established during 1948-1949.But it took considerable time on the part of those banks to open their branches in Bangladesh.[35] As a result, out of 25 branches of Pakistani scheduled banks in 1948, only 2 were located in Bangladesh (the then East Pakistan). No new banks were established in Bangladesh before 1959.

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[32] Abedin, *Commercial Banking in Bangladesh*, p. 67.
[33] Ibid.
[34] Ibid.
[35] Ibid., p. 68.

The declining trend of the number of bank branches in Bangladesh was continued until 1950. But this declining trend was arrested by the opening of new branches of the national bank of Pakistan mainly to finance the processing and exporting Jute, tea and lather.

Bangladesh (the then East Pakistan) experienced a rapid expansion of bank branches following the establishment of two Bangalee managed banks. The First one was established in 1959 named as Eastern Mercantile Bank limited which headquarter had in Chittagong. The second one was named as Eastern Banking Corporation Limited established in 1965 with its head office in Dhaka. In addition, four new scheduled banks started banking activities during 1958-1963. These were United Bank limited, Standard Bank limited. Commerce Bank limited and Union Bank limited. The union Bank limited headquartered in Chittagong though its managing authority was non Bangladeshi. The numbers of bank branches were increased considerably in Bangladesh during 1960-1970 due to opening the branches of newly established bank and the continuation of branch expansion program by the older ones. As a result, by the mid of 1970 there were 20 scheduled and 15 non- scheduled banks in Bangladesh region.[36] So, it is clear that the period of Pakistani rule (1947-1970) was the period of private banking. The main objective of the economic policy of Pakistan was to scheme quick economic progress through the accumulation of resources and concentration to the hands of private capitalists who were presumed to invest their surplus for productive purpose.[37]

3.2.2 Banking System in Bangladesh (After Independence)

After independence in 1971, Bangladesh inherited three categories of commercial banking companies from Pakistan. With a network of 1089 branches they operated in different parts of the country. Among the 1089 branches, two Bangladeshi banks had 155 branches, 10 Pakistani banks had 920 branches and 3 foreign banks had 14 branches.[38] So, until 1971 Bangladesh had the long experience of private sector banking for a period of nearly one and a half century (1846-1971).[39] The Pakistani scheduled banks owned and managed by distinguished family groups and financial magnates,[40] who had left

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[36] Abedin, *Commercial Banking in Bangladesh*, p. 70.

[37] Mohammad Nurul Islam, "Effectiveness of Motivation Programs of Public Sector Banking in Bangladesh: A Study of Janata Bank", PhD Dissertation, Institute of Bangladesh Studies (IBS), Rajshahi University, Bangladesh, 1997, p. 67.

[38] Abedin, *Commercial Banking in Bangladesh*, p. 79.

[39] M. Zainul Abedin, Performance of Private Sector Banks in Bangladesh, *Journal of the Institute of Bangladesh*, Vol. 18 (1995), p. 215.

[40] GoB, *Resume of the activities of the Financial Intuitions in Bangladesh* (First Issue), (Dhaka: 1973), p. 10.

Bangladesh in the wake of liberation after they had already transferred the resources to West Pakistan. The owners of Union Bank Limited had also shifted its head office from Chittagong in Bangladesh to Pakistan. Immediately after the independence government of Bangladesh nationalized the whole banking system to reconstruct the war-torn banking sector of Bangladesh. Under the Bangladesh Bank Nationalization Order 1972 vide P.O 126 of 1972[41] all the banks were merged and grouped into six commercial banks. Foreign banks were excluded from the nationalization program. The following table shows the merging pattern and structure of their authorized and paid- up capital.

Table 3.2
Merging pattern and structure of authorized and paid up capital of NCBs in 1972.

(Amount in million taka)

Serial No	Name of the Bank	Inclusion of the Pakistani Bank	Authorized capital	Paid-up capital
1	Sonali Bank Ltd.	1. National Bank of Pakistan 2. Bank of Bahawalpur 3. ThePremier Bank Ltd.	50	20 (40)
2	Janata Bank	4. United Bank Ltd. 5. Union Bank	50	15 (30)
3	Agrani Bank Ltd.	6. Habib Bank Ltd. 7. Commerce Bank Ltd	50	10 (20)
4	Rupali Bank Ltd.	8. Muslim Commercial Bank Ltd. 9. Standard Bank Ltd. 10.Australasia Bank Ltd.	50	10 (20)
		Bangladeshi Banks Renamed		
5	Pubali Bank Ltd.	11. Eastern Mercantile Bank Ltd.	50	10 (20)
6	Uttara Bank Ltd.	12. Eastern Banking Corporation Ltd.	50	10 (20)

Note: Figures in the parentheses show the paid up capital as percentages of authority

Source: GoB, Resume of the Activities of Financial Institutions in Bangladesh (First Issue), (Dhaka 1973) P. 11-12.

The objectives of nationalization were not clearly specified in the Bangladesh Bank Nationalization Order, 1972. Later on it was explained by Abedin who opined that the objective of nationalization was to provide financial assistance to the larger number of small entrepreneurs, businessmen, farmers, artisans etc. and to ensure the equitable distribution of wealth, economic power and opportunities in the country.[42]

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[41] GoB, "The Bangladesh Bank Order 1972", *The Bangladesh Gazette Extraordinary* (Dhaka: President's Order No. 126 of 1972, October 1972).

[42] Abedin, *Commercial Banking in Bangladesh*, p. 81.

Moreover, two specialized banks- Bangladesh Shilpa Bank (BSB) and Bangladesh Krishi Bank (BKB) were also established by the government under the Bangladesh Shilpa Bank Order, 1972 (P.O. 129 of 1972) and Bangladesh Krishi Bank order, 1973 (P.O. 27 of 1973) with absorbing the assets of the then Industrial Development Bank of Pakistan and Agricultural Development Bank of Pakistan respectively. Therefore, nationalization was done to recognize banks along with the industries for the greater interest of people of the newly emerged country.

After independence, the inadequacy of physical and social infrastructure, a low industrial and technological base, lack of private entrepreneurship and an underdeveloped capital market provided the ground for active participation of the public sector in the development process. But over the years, it has been experienced that public sector has become inefficient and is losing concern. State owned banks neither could achieve the goal i.e. commercial profitability nor could they render the necessary services to the society.[43] With this backdrop, there has been a visible change in the policy of the government in favor of privatization since 1976.[44] Moreover, The World Bank and other donor agencies in the 1980s insisted the governments of less developed countries to adopt privatization as a step towards development of their economies. However, the main objectives of privatization policy were: (1) to reduce the deficit of the government to meet the continuous loss of the public enterprises, (ii) to improve the operative efficiency of enterprises and (iii) to introduce competitiveness in all spheres of economic activities. As a result, it was decided in 1981 and permission was given to set up new banks and insurance companies in the private sector.[45] Simultaneously, government denationalized some of the nationalized banks in order to create confidence among private entrepreneurs regarding the government commitment to privatization of the economy. [46] As a result, six new banks were given license to operate their business. These six new banks came into

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[43] Mohammad Jahangir Hossain, "A study on the Performance of Public and Private sector Commercial Banks in Bangladesh", Ph.D. Dissertation, Institute of Bangladesh Studies (IBS), Rajshahi University, Bangladesh. 2000, p. 25.

[44] Sayed Ahmed Khan, "Privatisation: An Evaluation for the banking sector in Bangladesh", *Bank Parikrama*, vol. 15 & 16 (1990 & 1991), p. 98.

[45] GOB, Report of the National Commission on Money, Banking and Credit (1986) Cited in M. Zainal Abedin, *Commercial Banking in Bangladesh*, p. 84.

[46] Abedin, *Commercial Banking in Bangladesh*, p. 84.

being within 1983. As part of denationalization process Uttra Bank and Pubali Bank were fully denationalized while Rupali Bank partially disinvested. The statement of six newly established private commercial banks, two denationalized banks and a partially disinvested bank is given below in the table.

Table 3.3
Newly Established PCBs, Denationalized and partially Disinvested Banks of Bangladesh as on 31 December 1983.

Serial No	Private Commercial Banks (PCBs)
1	Arab Bangladesh Bank Ltd. (ABBL) Started operation on April 12, 1982
2	National Bank Ltd. (NBL) Started operation on March 23, 1983
3	The City Bank Ltd. (CBL) Started operation on March 27, 1983
4	Islami Bank Bangladesh Ltd. (IBBL) Started operation on March 30, 1983
5	United Commercial Bank Ltd. (UCBL) Started Operation on June 27, 1983
6	International Finance Investment and Commerce Bank Ltd. (IFIC) Started operation on June 24, 1983
	Denationalized
1	Pubali Bank Ltd. (PBL) established in 1959. Nationalized in 1972 and privatized on June 1983.
2	Uttara Bank Ltd. (PBL) established in 1959. Nationalized in 1972, and privatized on September 1983.
	Partially Disinvested
1	Rupali Bank Ltd. (RPL) established in 1948 Nationalized in 1972 and partially disinvested on December 14, 1986.

Source: GoB. Bank O Arthic Pratishthanshamuher Karzabali 2004-2005 (Resume of the Activities of Financial Institutions in Bangladesh 2004-2005), pp. 34-76.

During the time of 1987 to 1996 nine more private banks were given permission to operate in this sector. Those were the ICB Islamic Bank Ltd. (1987) ex Al Baraka Bank Bangladesh Ltd., Eastern Bank Ltd. (1992), National Credit and Commerce Bank Ltd. (1993), Prime Bank Ltd. (1995), Southeast Bank Ltd. (1995), Dhaka Bank Ltd. (1995), Al -Arafah Islami Bank Limited (1995), Social Investment Bank Limited (1995) and Dutch-Bangla Bank Limited (1996).[47] In addition to this, from 1999 to 2001, 13 new private commercial banks commenced their operations. These are Mercantile Bank Ltd. (1999),

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[47] Mohammad Khalequzzaman, *Higher Banking & Insurance*, 4th ed. (Dhaka: The Jamuna Publishers, 2006), pp. 93-94.

Standard Bank Ltd. (1999), One Bank Ltd. (1999), Export Import Bank of Bangladesh (EXIM) (1999) Ltd., Bangladesh Commerce Bank Ltd.(1999), Mutual Trust Bank Ltd. (1999), First Security Bank Ltd., (1999) The Premier Bank Ltd., (1999) Bank Asia Ltd., (1999) The Trust Bank Ltd. (2001), Shahjalal Islami Bank Ltd. (2001), Jamuna Bank Ltd. (2001), and BRAC Bank Ltd. (2001). From 2002 to 2011 no private commercial bank was given permission to operate. At last in the year 2012 six new private commercial banks were given permission to start the business and some of them started their business.[48] These are Union Bank Ltd., Modhumoti Bank Ltd.,The Farmers Bank Ltd., Meghna Bank Ltd., Midland Bank Ltd., South Bangla Agriculture Bank Ltd. and three Non Resident Bangladeshi (NRB) Commercial banks have also got permission to operate commercial banking in Bangladesh. The following exhibit shows bird's eye view of the structure of private sector commercial banks in Bangladesh:

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[48]   http://www.career-in-bangladesh.blogpost.com/2012/04/bangladesh-bank-approves-6-new-private. htm/#UVJK2aJHK-K, Accessed on April 01, 2013.

Figure 3.1
Bird's Eye View of Scheduled Commercial Banks in Bangladesh

Scheduled Banks

State Owned/Nationalized Commercial Banks (SCBs/NCBs)

Private Commercial Banks (PCBs)

Specialized Banks (SBs)

- Sonali Bank Ltd.
- Janata Bank Ltd.
- Agrani Bank Ltd.
- Rupali Bank Ltd.

- Bangladesh Development Bank Ltd.
- Bangladesh Krishi Bank
- Rajshahi Krishi Unnayan Bank
- Karmasangsthan Bank
- Ansar VDP Unnyan Bank
- Bangladesh Somobay Bank Limited (Cooperative Bank)
- BASIC Bank Limited
- Grameen Bank
- Progoti Co-operative Landmortgage Bank Limited (Progoti Bank)

Domestic Commercial Banks

Partially Disinvested Bank (Rupali Bank Ltd.)

Foreign Commercial Banks

New Born PCBs

Denationalized Banks:
1. Pubali Bank Ltd.
2. Uttra Bank Ltd.

Bank Alfalah
Citibank N.A.
Commercial Bank of Ceylon PLC
Habib Bank Limited
HSBC (The Hongkong and Shanghai Banking Corporation Ltd.)
National Bank of Pakistan
Standard Chartered Bank
State Bank of India
Woori Bank

Conventional PCBs

Islamic PCBs

AB Bank Limited
Bangladesh Commerce Bank Ltd.
Midland Bank Ltd.
Bank Asia Ltd.
South Bangla Agriculture Bank Ltd.
BRAC Bank Ltd.
Meghna bank Ltd.
Dhaka Bank Ltd.
Farmers Bank Ltd.
Dutch-Bangla Bank Ltd.
Eastern Bank Ltd.
IFIC Bank Ltd.
Jamuna Bank Ltd.
Mercantile Bank Ltd.
Mutual Trust Bank Ltd.
National Bank Ltd.

NCC Bank Ltd.
One Bank Ltd.
Prime Bank Ltd.
Pubali Bank Ltd.
Social Investment Bank Ltd.
Southeast Bank Ltd.
Standard Bank Ltd.
The City Bank Ltd.
The Premier Bank Ltd.
Trust Bank Ltd.
United Commercial Bank Ltd.
Uttara Bank Ltd.

Islami Bangladesh Ltd.
Al-Arafah Islami Bank Ltd.
Exim Bank Ltd.
First Security Islami Bank Ltd.
Shahjalal Islamic Bank Ltd.
Social Islami Bank Ltd.
ICB Islamic Bank Ltd.
Union Bank Ltd.

Source: Bangladesh Banks Annual Report (Dhaka: Bangladesh Bank, 2011), pp. 250-251.

Banking sector of Bangladesh reached in the present position not in a day. It has to overcome a lot of ups and downs. After the separation of British India a great vacuum was created in the banking sector of Bangladesh (then east Bengal and later on East Pakistan) because of shifting of head offices and bank resources from this region to India by non–Muslims who mainly owned those. As a result, banking business in this region (the then East Pakistan) showed a declining trend just after partition. But it showed an increasing trend especially from 1959-60 to 1969-70.[49] The total number of the bank branches initially decreased from 148 in 1949-50 to 145 in 1955-56 and then increased to 160 in 1959-60 to 545 in 1964-65 and to 1042 in 1969-70.[50]

Banking sector of Bangladesh again left a serious crisis in the wake of liberation when the owners and top executives left Bangladesh with the resources. At that time three categories of banking companies with a network of 1089[51] branches were operating in different regions of Bangladesh. After liberation banking sector got pace of development. Government of Bangladesh nationalized all commercial banks except three foreign commercial banks. At that time nationalization was the demand of time and required to manage monetary and credit system and to maintain a high level of production and employment.[52] After nationalization expansion program of NCBs were functioning smoothly. As a result number of bank branches increased from 1305 in 1973 to 3718 in 1981.[53]

As a part of government's persuasion to boost up the private sector and to allow it to play a greater role in the national economy since 1976, it was decided in 1981 to establish commercial banks in private sector. As a result, six new private commercial banks (NCBs) came into being. So, history of PCBs in Bangladesh after independence, started from 1982 with the establishment of these PCBs. With the back drop of the poor performance of NCBs, PCBs were established but in reality most of the banks failed to reach the target of growth. Rehman criticizes that PCBs have neither brought any relief to the banking system nor ensured that PCBs will operate more disciplined way than the NCBs.[54] In spite of criticism number of PCBs are increasing from its inception. At the

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[49] Abedin, *Commercial Banking in Bangladesh*, p. 69.

[50] Ibid.

[51] Ibid.

[52] Haradhan Sarker, Productivity in Commercial Bank: Concepts and Related Issues, *Bank Parikrama*, Vol 15 & 16 (1990 & 1991), p. 129.

[53] Abedin, *Commercial Banking in Bangladesh*, p. 84.

[54] Rehman Sobhan, ed., *"Privatization in Bangladesh: An Agenda in Search of Policy"*, (Dhaka: The United Press Limited, 2005), p. 29

time of inception the number of PCBs was only 6. But now the number of PCB is 30 including islamic banks.[55] In case of branch expansion, positive growth trend is observed. In the year 1985 the number of branches of PCBs was 653[56] that rose to 942[57] in 1993 and 1510 in the year 2003. And now, it is 3055[58] in the year 2011.

In the recent years PCBs are showing better performance in terms of branch expansion, mobilizing deposits and total assets than those of NCBs. In the year 2003, both NCBs and PCBs are staying side by side in terms of total assets and deposits mobilization (Table 3.5 and 3.6). In that year NCBs hold 41.7% of industry assets (banking) and PCBs hold 40.8% of that assets.[59] In the case of deposit collection NCBs hold 46% and PCBs hold 41.1% of market share.[60] But from the year 2004 it is shown that the performance of PCBs are better in terms of branch expansion, total assets and deposits mobilization than those of NCBs. In the table 3.4 it has been shown that in 2004 PCBs opened 40 new branches in comparison to 9 existing branches closed by the NCBs. As government enterprise, Development Financial Institutions (DFIs) opened only 9 new branches.

In the year 2011 performance of PCBs was far better than that of NCBs in terms of branches expansion, total assets and deposits mobilization. It is seen from the table 3.4 that NCBs opened only 33 new branches in comparison to 245 new branches opened by PCBs.[61] In this year (2011) PCBs hold 60% of total industry assets and 60.8%[62] of total deposits. Whereas NCBs hold 27.8% of industry assets and 27.4% of total deposits[63] which is less than half of PCBs market share. So, it can be said that in the recent years PCBs are showing better performance than that of NCBs.

3.3   Present Status of Banking Sector (2001-2011)

Banking sector especially commercial banking in Bangladesh showed mixed growth trend (both upward and downward) in terms of branch expansion, assets accumulation and deposit mobilization. But this growth trend differs in NCBs, PCBs, DFIs and FCBs. From following tables and graphs we get a clear picture.

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[55] *Schedule Banks Statistics April – June 2012* (Dhaka: Bangladesh Bank, 2012), p. 2.
[56] Abedin, "*Performance of Private Sector Banks in Bangladesh*", p. 218.
[57] Ibid.
[58] *Bangladesh Bank Annual Report 2011-12*, p. 32.
[59] *Bangladesh Bank Annual Report 2003-2004* (Dhaka: Bangladesh Bank, 2004), p. 29.
[60] Ibid.
[61] Ibid.
[62] Ibid.
[63] Ibid.

Table 3.4
Number of Bank Branches

Year	NCBs	DFIs	PCBs	FCBs	Total
2001	3608	1298	1331	34	6271
2002	3496	1311	1398	31	6236
2003	3397	1314	1510	32	6253
2004	3388	1328	1550	37	6303
2005	3393	1340	1638	41	6412
2006	3384	1354	1776	48	6562
2007	3383	1359	1922	53	6717
2008	3386	1362	2082	56	6886
2009	3387	1365	2285	58	7095
2010	3404	1382	2810	62	7658
2011	3437	1406	3055	63	7961

Source: All the figures are tabulated from the Annual Report of Bangladesh Bank from 2001-2011.

From this Table 5.4 it is clear that the total number of bank branches has increased every year. But the rate of expansion is different for each category, namely NCBs, DFIs, PCBs and FCBs. In case of NCBs it shows negative trend from the year 2001 to 2004 and the overall growth trend is also negative. If it is compared between the year 2001 and 2011, it shows a negative growth trend of -4.74%. But in case of PCBs it shows strong positive trend. Between the years 2001 to 2011 it shows positive growth trend of 129.53%.In case DFIs it is 8.32% (between 2001 and 2011) and in the case of FCBs the growth rate is 85.29% which are also reflected in the following graph 3.1.

Figure 3.1
Growth Trend of Branches of Different Scheduled Banks
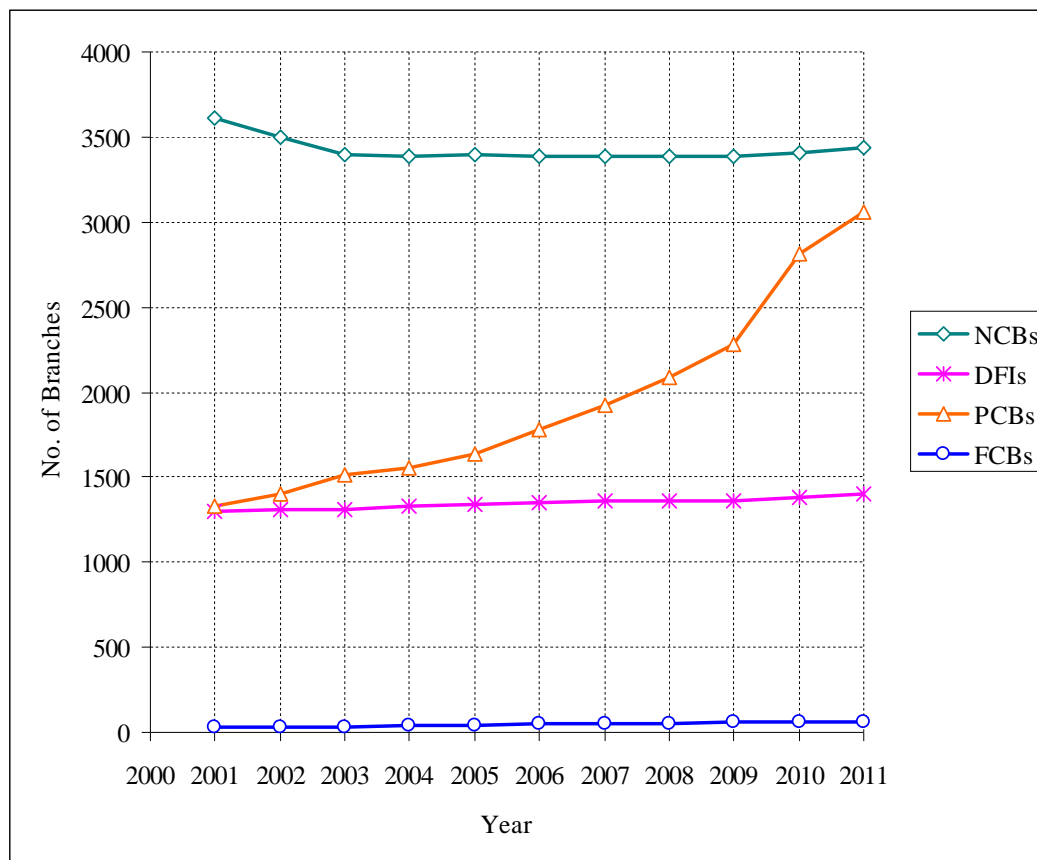
Source: Table 3.4

In the above line graph number of branches is shown in vertical axis (x-axis) and year is shown in horizontal axis (y-axis). In case of NCBs the line shows slowly downward movement and at end of the decade shows very slow upward movement of the line. But In the case of PCBs it shows smooth upward movement. The year 2009 to 2010 PCBs show a very high growth trend. DFIs and FCBs show slowly upward trend of growth. However, the following Table 3.5 shows the total assets of scheduled banks of Bangladesh.

Table 3.5
Total Asset (In Billion Taka)

Year	NCBs	DFIs	PCBs	FCBs	Total
2001	595.32	150.72	446.41	87.78	1280.23
2002	662.08	166.63	525.46	98.89	1453.06
2003	631.6	154.5	617.8	110.1	1514
2004	683.7	167.9	749.3	124.6	1725.5
2005	763.1	197.2	934.3	148.2	2042.8
2006	786.7	187.2	1147.8	284.9	2406.6
2007	917.9	201.7	1426.6	227.7	2773.9
2008	1030.9	222.3	1794.5	265.8	3313.5
2009	1135.6	261.9	2275.7	292.6	3965.8
2010	1384.3	295.4	2854.6	320.8	4855.1
2011	1629.2	328.8	3524.2	385.4	5867.6

Source: All the figures are tabulated from the Annual Report of Bangladesh Bank from 2001-2011.

The above table shows a positive trend irrespective of categories of banks in terms of total assets. It shows that growth rate of 11.21% for NCBs, 10.55% for DFIs, 17.71% for PCBs and 12.66% for FCBs in the year 2002 than the previous year. In the year 2011 growth rate of NCBs, DFIs, PCBs and FCBs are 17.69%, 11.31%, 23.46% and 20.14% respectively than the previous year. Only NCBs show a negative trend in the year 2003. All other commercial banks show a positive and upward movement in the last decade which is a good sign for the banking industry as well as for the economy of the country. It is observed from the table that growth rate of PCBs is high among the banks which reflects the soundness of its management.

Figure 3.2
Growth Trend of Total Assets of Different Scheduled Banks
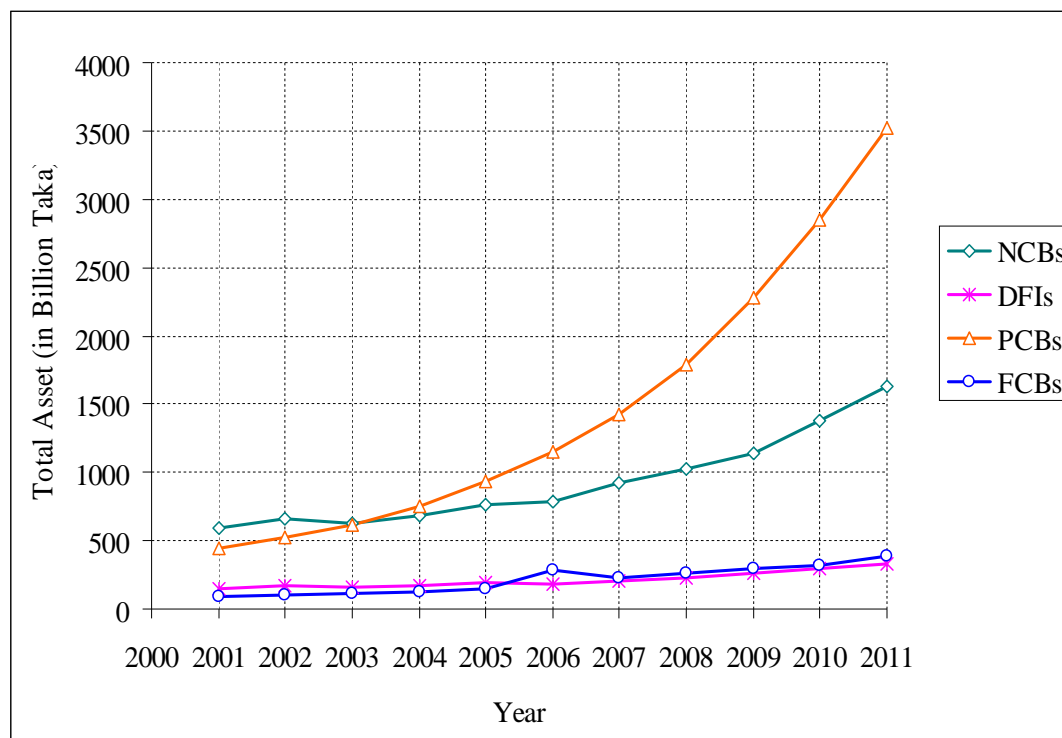
Source: Table 3.5

In the above line graph strong upward movement of curve reflects the soundness of PCBs in accumulating assets. Form the year 2006 it showed a remarkable upward movement of the curve though from the starting year (2001) it showed slow upward trend. In the case of NCBs there is a fluctuation in the curve up to 2004. After that it shows upward trend of the curve. But it is always moving at the beneath of PCBs' curve. Curve of DFIs and FCBs showed slow upward movement and staying side by side. Though the number of branches of FCBs is very few compared to those of DFIs, but its curve is staying upon the curve of DFIs from the year 2005.

In terms of deposit mobilization the comparative position of NCBs, PCBs, FCBs and DFIs are stated in the following Table 3.6.

Table 3.6
Deposits (in Billion Taka)

Year	NCBs	DFIs	PCBs	FCBs	Total
2001	486.97	53.96	348.91	65.53	955.37
2002	515.06	59.53	377.08	71.86	1023.53
2003	525	62.6	468.2	84.5	1140.3
2004	567.5	75.1	588	95.5	1326.1
2005	621.3	89.5	731.3	112.6	1554.7
2006	654.1	100.2	955.5	150.8	1860.6
2007	699.7	115.6	1150.2	183.4	2148.9
2008	758.8	137.8	1450.7	214.1	2561.4
2009	869.1	161.1	1792.4	215	3037.6
2010	1044.9	183.4	2266.5	227.1	3721.9
2011	1235.6	214.4	2787.5	272.2	4509.7

Source: All the figures are tabulated from the Annual Report of Bangladesh Bank from 2001-2011.

The above table depicts that at the beginning of the decade (2001) market share of NCBs is higher than those of PCB, FCBs and DFIs in terms of deposit mobilization. At that time market shares of NCBs, DFIs, PCBs and FCBs were 50.92%, 5.64%, 36.49% and 6.85% respectively.[64] But from the year 2004 PCBs have exceeded the NCBs and at the end of 2011 the market share of NCBs, DFIs, PCBs and FCBs are 27.4%, 4.8%, 61.8%, and 6% which show the soundness of PCBs in mobilizing deposits.[65] In the year 2002 growth rate of NCBs, DFIs, PCBs and FCBs were 5.77%, 10.32%, 8.07% and 9.66% respectively than the year 2001. But in the year 2011 the growth rates of NCBs, DFIs, PCBs and FCBs are 18.25%, 16.90%, 22.98%, and 19.86% respectively. However, at the end of the decade we get a positive message of hope irrespective of category of banks in mobilizing deposits. Figure 3.3 shows more details.

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[64] *Bangladesh Bank Annual Report 2002-2003* (Dhaka: Bangladesh Bank), p. 29.
[65] *Bangladesh Bank Annual Report 2011-2012* (Dhaka: Bangladesh Bank), p. 32.

Figure 3.3
Growth Trend of Deposits of Different Scheduled Banks
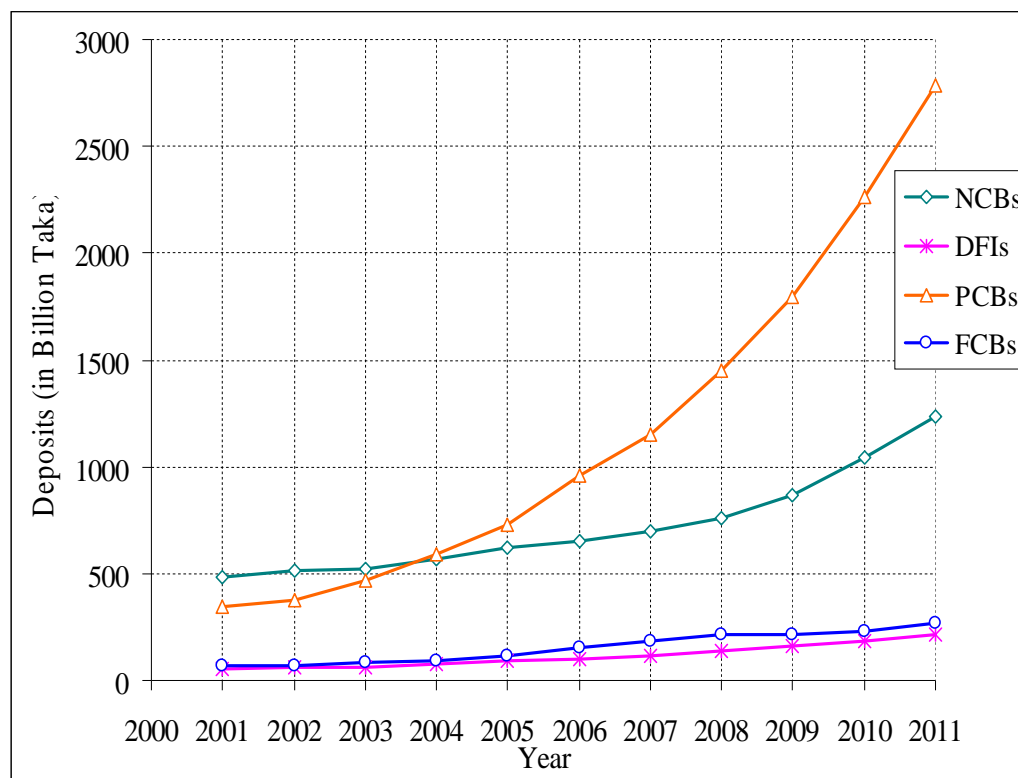
Source: Table 3.6

In this line graph it has been depicted that though the starting point of PCBs was under the line of NCBs but it (PCB) overlapped the NCBs' in 2004. From the year 2005 very strong upward movement of the curve is observed which means that proper attention has been given in mobilizing deposits. DFIs and FCBs started their journey from the same point but from the year 2005 FCBs were staying upon the DFIs' curve in spite of having more branches network of DFIs. So, at the end of the decade we got a message that overall performance of PCBs was better in terms deposit mobilization than other categories of scheduled banks. One point is mentionable here that there is no fluctuation in the curve of NCBs, DFIs, PCBs and FCBs which means that all the scheduled banks are performing better than their previous year in the case of deposit mobilization.

To obtain a better understanding of the scope and diversity as well as the significance of the historical background of private sector commercial banking in Bangladesh, the above discussion depicted a broad scenario. In addition, this section also focused on the origin

and evolution of private sector banks in Bangladesh. Furthermore, a complete list of all domestic private commercial banks has also been included in this part that gives the readers an outlook about the growth of PCBs in Bangladesh.

3.4   United Commercial Bank Limited: Its Evolution, Objectives, Functions and Organization Structure

3.4.1   Evolution of UCBL

United Commercial Bank Limited is a first generation private sector bank in Bangladesh. After getting independence, the then government of Bangladesh nationalized all banks except three foreign banks. The objective of nationalization was to ensure social profitability with little commercial profitability. But after a decade it is found that public sector commercial banks failed to achieve its objective. With this backdrop, government of Bangladesh has given license to operate private sector banking in Bangladesh. At that time six commercial banks were given license. These are: (1) AB Bank Limited, (2) National Bank Limited, (3) The City Bank Limited, (4) Islami Bank Bangladesh Limited, (5) IFIC Bank Limited, (6) United Commercial Bank Limited.

United Commercial Bank Limited (UCBL) started its journey in the year 1983 with an initial paid up of TK. 35.50 million with the objective of excellence in customer service with pleasure and happiness. The bank was incorporated on 26 June 1983 as a limited company and formally started its commercial operation after getting the certificate of commencement of business on 27 June of the same year.

It was listed with Dhaka Stock Exchange (DSE) on 30 November 1986 and with the Chittagong Stock Exchange (CSE) on 15 November 1995. It also obtained license to open offshore banking unit on 9 June 2010. Presently the bank has one unit of offshore banking in Dhaka in full pledged functioning which formally commenced its operation on 10 November 2010. The bank has two subsidiaries. These are: (1) UCB Securities Limited established on 28 January 2010 as a private limited company under the Companies act 1994 with objective of providing stock brokerage and other related services, and (2) UCB Investment Limited established on 3 August 2011 also as a private limited company with a vision to be a leading merchant bank in the country.

3.4.2 Vision and Mission of UCBL

Vision

Vision is a desired future state where the organization wants to reach in future.[66] The vision of UCBL is to be the bank of first choice through maximizing value for its clients, shareholders and employees and contributing to the national economy with social commitment.

Mission

The mission of UCBL is to offer financial solutions that create, manage and increase its clients' wealth while improving the quality of life in the communities it serves.

With this vision and mission it has some core values. These core values are as follows:

- It puts its customers first
- It emphasizes on professional ethics
- It maintains quality at all levels
- It believes in being a responsible corporate citizen
- It stays what it believes in
- It fosters participative management

3.4.3 Functions of United Commercial Bank Limited

Commercial banks have come to play a significant role in the development of countries. In fact, without the evolution and well functioning of commercial banking in the 18th and the 19th centuries, industrial revolution would not have taken place in England. It will be equally true to state that without the development of sound commercial banking, underdeveloped countries cannot hope to join the race of advancement. For industrial development it requires the use of capital which would not be possible without the existence of banks to provide the necessary finance to acquire capital.

Commercial banks in Bangladesh are also playing such role through performing all the ordinary functions under the control and supervision of Bangladesh Bank. The commercial banks which are owned and managed under private ownership are called Private Commercial Banks (PCBs). United Commercial Bank Limited (UCBL) is one of

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[66] John W. Newstorm and Keith Davis, *Organizational Behavior: Human Behavior at Work* 10th ed. (New Delhi: McGraw-Hill Companies, Inc. 1999), p. 28.

the first generation private sector commercial banks in Bangladesh. Yet there is a difference in performance between private commercial banks and nationalized banks. UCBL has to fulfill different expectations of general people. With a common goal to maximize profit and customer satisfaction, it is continuously trying to achieve state of the art of services, financial packages, and transaction facilities. Like other PCBs in Bangladesh, it has also come forward with a generous response to meet their social obligations to the society and facilitate rural economy. For the above purpose all the commercial banks including UCBL have to perform some common functions. However, the functions of commercial banks as well as UCBL can be summarized as follows:

(a) Receiving of Deposits

(b) Making Loans and Advances

(c) Money Creation

(d) Agency Services

(e) General Utility Services

(f) Overseas Treading Services

(g) Information and Other Services

(a) Receiving of Deposits

The most important function of the commercial banks is to attract and receive deposits from the public.[67] The success of commercial banks like UCBL largely depends upon the mobilization of deposits. Because they do business with other peoples' money[68] who deposited these money in the form of saving. No growth can be achieved unless savings are efficiently channeled into investment. The way to do the job is to collect this saving and deposite the collected savings with the bank. In the narrow sense it (deposit) is considered as the fundamental product of banking industry[69] since the inception of banking system.

Deposits received by the commercial banks are of various types, - fixed deposits, savings deposits, current deposits and recurring deposits. All these deposits are deposited in two types of account. One is interest bearing deposit account and another is non-interest bearing deposit account. All types of deposit facilities are available in the United Commercial Bank Limited (UCBL).

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[67] T. T. Sethi, Money, *Banking and International Trade*, Fully rev. and enlarged ed. (Delhi: S Chand & Company Ltd., 2004), p. 174.

[68] Abedin, *Commercial Banking in Bangladesh*, p. 121.

[69] Ibid.

(1) Interest Bearing Deposit Account

Interest-bearing account gets the interest against the deposit. The bank must pay specific percentage of interest on such account. There are many types of interest-bearing deposits account that are narrated below.

(a) Savings Deposits Account

This is meant mainly for professional men and middle class people to help them deposit their small savings. Mishra opines that this type of account is suitable for middle-income group who can save certain amount during a certain period.[70] It can be opened without any introduction. Money can be deposited at any time but the maximum cannot go beyond a certain limit. There is a restriction on the amount that can be withdrawn at a particular time or during a week. If the customer wishes to withdraw more than the specified amount at one time, he has to give prior notice. Interest is allowed on the credit balance of this account. The rate of interest is higher than the rate of interest on the current deposits and less than that on fixed deposit

In UCBL, savings deposit account can be opened with a minimum initial amount which is subject to vary from time to time. However, it is Tk. 500/- for both urban and rural branches. A depositor may deposit cash, cheques, demand drafts, payment orders, dividend warrant, interest warrant etc. in his/her account at any working hour of the bank. Besides, a minimum of Tk. 345/- and Tk. 920/- yearly charged for maintaining the saving and current account respectively. The account may not be retained where the balance is below Tk. 500/- for both urban and rural areas. UCBL newly introduced a special saving account for women and student with initial deposit of Tk. 100/- only. However, no interest is paid on the balance in excess of Tk. 10 lac for individual saving account and Tk. 20 lac for joint saving account. All PCBs follow the same rule except foreign commercial banks for varying deposit. Almost all banks offer around 6% interest on savings account.

(b) Fixed Deposit Account

Fixed deposits or time deposits are the deposits with the bank for a specified period of time and they can be withdrawn only after the expiry of the said period. A customer may withdraw the deposit before the maturity with sacrificing the interest. The interest rate

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[70] Mishra, *Money Banking International Trade and Public Finance*, p. 248.

depends on the time agreed upon. The longer the maturity period, the higher the interest rate and vice versa. From the point of view of safety and interest, fixed deposits are preferable. In Bangladesh, the tenure of time deposit started from three months to three years or more. Interest rate of fixed deposit is 8% to 11.5% which is negotiable and depends upon the amount of deposit and period of time[71].

It is mentioned that no introduction is necessary to open a fixed deposit account and the Fixed Deposit Receipt (FDR) which is given as a proof of deposit is not a negotiable instrument and it cannot be transferred by endorsement. Generally, the people who have idle money or savings and they want to invest their money in safety and risk free sector can open such type of account. Thus, we have seen that a banker receives deposits that he has to repay according to his promise and make them available to those people who are really in need of these deposits.[72] Beside these two main depository accounts, United Commercial Bank Limited performs a variety of other depository account such as Short Term Saving Deposit (S.T.D.), Foreign Currency Deposit Account (e.g. UCB NRB Saving, UCB NRB DPS plus etc.), Monthly Saving Scheme, Special Deposit Scheme etc. By offering these saving products, UCBL acquired a total deposit of Tk. 139,485 million at the end of year 2011 compared to Tk. 113,071 million at the end of the preceding year and the growth rate is 23.36 %.

(2) Non-interest Bearing Deposit Account

Non-interest bearing accounts are those accounts for which bank does not pay any interest or profit for the deposited amount. Moreover, bank charges a fee for rendering service. Current account is normally known as non-interest bearing account in the baking arena. It is a typical account which provides some transactional facilities to its account holder. A Current Deposit Account (CD A/C) holder or a customer can withdraw and deposit money as much as he/she needs in a day. Current account can be opened in the name of individuals or organizations having the legal capacities to make a contract. Current account is opened by bank or banker after obtaining the references from respectable parties about the integrity and respectability of the proposed customer.[73] Current account

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[71] Abedin, *Commercial Banking in Bangladesh*, p. 124.

[72] Shekhar, *Banking Theory and Practice*, p. 7.

[73] K. C. Shekhar and Lekshmy Shekhar, *Banking Theory and Practice*, 9th ed., (New Delhi: Vikas Publishing House Pvt. Ltd., 2007), p. 502.

can be opened with minimum amount of taka 1000.00 for both urban and rural branches. The account holder has to declare (a) nominee(s) to whom the balance is to be paid in his/her expiry. This sort of authority is given by the banking company act to the account holder. UCBL provides the following types of CD account for its customers:[74]

    (1) Individual,

    (2) Joint,

    (3) Proprietorship,

    (4) Partnership,

    (5) Company, and

    (6) Club, Society etc.

(B) Making Loans Advances

Commercial Banks, especially private commercial banks perform their activities with a view to earning profit. The effective way of achieving the goal of earning profit is to invest the money deposited with them in the promising sectors comparatively at a higher rate of interest than the interest rate offered to its depositors. Making loans and advances is the typical way of doing the above mentioned job. Making loans and advances is the way of providing capital to commerce and industry. So, it (loans and advances) is considered the basic form of investment of commercial banks and businessmen largely depend on it.[75] In the modern competitive banking environment, the functions of any commercial banks are increasing both in volume and in complexity that have made the banking system more challenging. Thus, as an important function of private commercial banks, UCBL offers and grants different types of loans and advances to different levels of customers.

At present UCBL is offering different types of loan and advance products under two broad heading. These are: (1) General Products, and (2) Retail Products. Under the general products UCBL offers agriculture loan, term loan for small, medium and large scale industry, working capital for industrial sector, export and import loan, cash credit(CC), commercial lending, house building loan, transport loan, loan against FDR, DPS/MMS, ICB units etc. Under retail products UCBL offers advance against salary, home loan, household durable loan, hospitalization loan, marriage loan, doctors' loan, education loan, travel loan, CNG conversion loan, auto loan and credit card etc. Loans

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[74] Mishra, *Money Banking International Trade and Public Finance*, p.248.
[75] Ibid. p.285.

and advances of UCBL increased by Tk. 21,945 million during the year 2011 and stood at Tk. 115,506 million which was Tk. 93,561 million in 2010 showing a substantial growth of 23.46 percent over the previous year.[76] In the year 2011 it distributed 34% loans and advances in industry sector and 29% in commercial sector.

In case of sanctioning loan, UCBL follows the guidelines of Bangladesh Bank (BB) and thinks about the recovery. At present the bank also reduces the ratio of nonperforming loan. In 2011 ratio on non performing loan was 1.7% which was much lower than the industry average.[77] At the end of the year 2011, credit deposit ratio of the bank was 82.81% which was 82.87% at the closing year.[78]

(C) Creation of Credit and Money Supply

Banks are the crucial part of service industry. It provides financial services to the society. By providing this financial service it plays an important role in the economy.

Creation of credit is a special function of commercial banks and it is created on the basis of deposits collected by the bank.[79]

For, industrial development it requires the use of capital which will not be possible without the existence of banks that provide the necessary finance to acquire capital. Besides, industrial development will be impossible without the existence of markets. But how can markets are extended without the services of commercial banks?

In this section, we shall deal with the important services provided by commercial banks and show how banks play a significant role in the economic development of nations.

    i) Banks are necessary for trade and industry: All economic progress in the last 200 years or so has been based on extensive trade and industrialization, which could not have taken place without the use of money. But money does not mean coins and currency notes only since this form is only a small proportion of the total volume of money supply. It is the bank deposits on which cheques can be issued that constitute the important sources of money. In all large transactions, payments are not made in

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[76] *Annual Report 2011* (Dkaka: United Commercial Bank Ltd., 2011), p. 63.
[77] Ibid.
[78] Ibid.
[79] Mishra, *Money Banking International Trade and Public Finance*, p. 303.

terms of money but in terms of cheques and drafts. Between countries, trade is financed through bill of exchange which is discounted (i.e., bought) by banks. Without the use of the bank cheque, the bank draft and the bill of exchange, internal trade and international trade could not have developed, and without such trade, specialization and industrial development could not have taken place.

ii) Banks help in distribution of funds between regions. This way they try to reduce regional disparity.

(D) Agency Functions

Agency functions are those functions which are performed by the bank on behalf of its customers. Commercial banks perform certain functions as an agent for and on behalf of their customers. Shekhar and Shekhar described, "A commercial bank undertakes the payment of subscriptions, premium, rent etc. and collects cheques, bills of exchange, promissory notes etc. on behalf of its customers. It also acts as a correspondent or representative of its customers, other banks and financial corporations."[80] Mishra opines that a commercial bank performs some agency functions which are as follows.[81] (Shown in Table 3.7)

Table 3.7
Agency Functions of Commercial Bank

Sl. No.	Agency Functions of Commercial Bank
1	**Collection and Payment of Dues:** collect cheques, bills, promissory notes, subscriptions, rents, income tax, insurance premium, interest or dividend etc.
2	**Purchase and sale of security:** furnish necessary information about the investment of funds, purchase and sale of securities on behalf of customers, and act as broker of purchasing and selling of securities etc.
3	**As Trustee and Attorney:** act as trustee and attorney of their customers, advise on the complicated matter, valuable articles are kept with banks , and act as administrator etc.

Being a private commercial bank, UCBL performs some functions on behalf of its stakeholders especially for customers. The agency functions performed by UCBL are collection and payment of promissory notes, cheques, bills, interest, dividends, rent etc. Remitting on behalf of customers by Payment Order (P.O), Telegraphic Transfer (T.T), or

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[80] Shekhar and Shekhar, *Banking Theory and Practice*, p. 6.
[81] Mishra, *Money Banking International Trade and Public Finance*, p.251.

Demand Draft (D.D) etc. UCBL also buys and sells shares, bonds, securities etc. on behalf of its customers. These functions are specially performed by the UCB Securities Limited established on 28 January 2010 and UCB Investment Limited established on 3 August. UCBL is also acting as executor, guarantor, trustee, and attorney for its customers and as correspondent, agent, or representative of its clients. In brief, it is serving other corporate, small, or individual business as an external mean in its financial operations in effective and efficient way.

(E) Miscellaneous Functions

The Bank Company Act of 1991 empowers the central bank to issue licenses to carry out banking business in Bangladesh. Bangladesh Bank monitors the performance of the banking sector using the CAMELS framework (CAMELS: capital adequacy, asset quality, management soundness, earnings, liquidity and sensitivity to market risk). Banks are subject to periodic comprehensive inspections and ad-hoc special inspections.

To encourage production and enhance national income by the transference of surplus capital from regions where it is not wanted so much, to those regions where it can be more usefully and efficiently employed. This distribution of funds between regions has the effect of opening up backward regions and paying the way for their economic development. Figure 3.4 displays corporate functional structure of UCBL.

Figure 3.4
Corporate Functional Structure
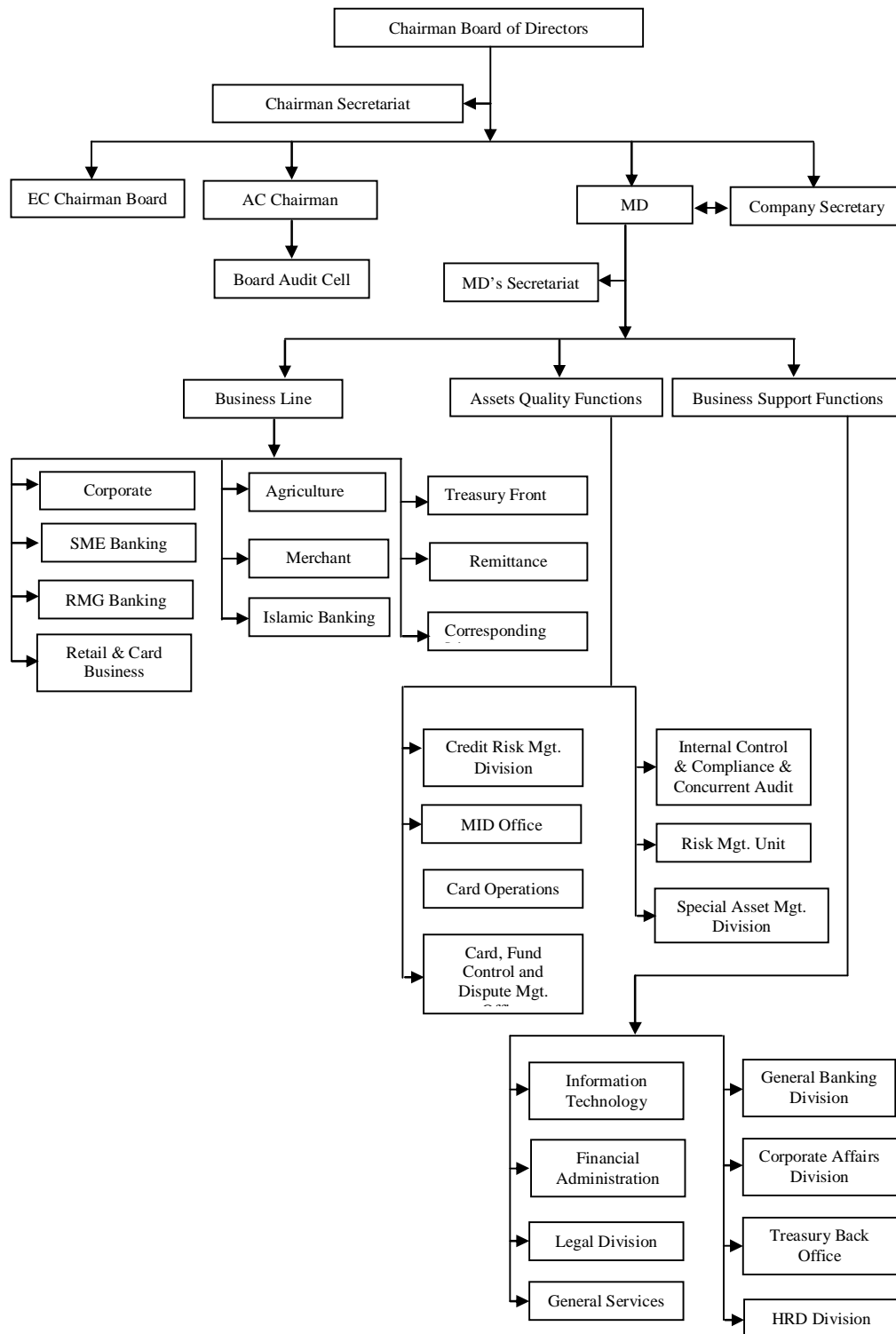
Source: Rule Book, Corporate Policy Planning, UCBL, P. 12.

Figure 3.5
Lines of Authority in the Organizational Structure of United Commercial Bank Limited

```
┌─────────────────────────────┐
│          Chairman           │
└─────────────┬───────────────┘
              ▼
┌─────────────────────────────┐
│      Managing Director      │
└─────────────┬───────────────┘
              ▼
┌─────────────────────────────┐
│    Add. Managing Director   │
└─────────────┬───────────────┘
              ▼
┌─────────────────────────────┐
│      Deputy Managing        │
└─────────────┬───────────────┘
              ▼
┌─────────────────────────────┐
│  Senior Executive Vice      │
│         President           │
└─────────────┬───────────────┘
              ▼
┌─────────────────────────────┐
│  Executive Vice President   │
└─────────────┬───────────────┘
              ▼
┌─────────────────────────────┐
│    Senior Vice President    │
└─────────────┬───────────────┘
              ▼
┌─────────────────────────────┐
│     First Vice President    │
└─────────────┬───────────────┘
              ▼
┌─────────────────────────────┐
│       Vice President        │
└─────────────┬───────────────┘
              ▼
┌─────────────────────────────┐
│      First Asst. Vice       │
└─────────────┬───────────────┘
              ▼
┌─────────────────────────────┐
│     Asst. Vice President    │
└─────────────┬───────────────┘
              ▼
┌─────────────────────────────┐
│  Senior Executive Officer   │
└─────────────┬───────────────┘
              ▼
┌─────────────────────────────┐
│      Executive Officer      │
└─────────────┬───────────────┘
              ▼
┌─────────────────────────────┐                    Cash Grades
│       Senior Officer        │──────┐     ┌─────────────────────────────┐
└─────────────┬───────────────┘      └─────│     Senior Cash Officer     │
              ▼                            └─────────────┬───────────────┘
┌─────────────────────────────┐                         ▼
│     Management Trainee      │──────┐     ┌─────────────────────────────┐
└─────────────┬───────────────┘      └─────│        Officer Cash         │
              ▼                            └─────────────┬───────────────┘
┌─────────────────────────────┐                         ▼
│          Officer            │──────┐     ┌─────────────────────────────┐
└─────────────┬───────────────┘      └─────│        Cash Officer         │
              ▼                            └─────────────┬───────────────┘
┌─────────────────────────────┐                         ▼
│       Trainee Officer       │──────┐     ┌─────────────────────────────┐
└─────────────┬───────────────┘      └─────│   Assistant Officer Cash    │
              ▼                            └─────────────────────────────┘
┌─────────────────────────────┐
│       Junior Officer        │──────┘
└─────────────────────────────┘
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Source: Field survey.

3.4.4 Comparative Scenario of six first generation private sector banks in last five years

To know the present scenario of six first generation private sector banks for the last five years the following Table 3.8, 3.9 and 3.10 are presented bellow.

Table 3.8
Number of branches of six first generation private sector banks in last five years

Year	UCBL	AB Bank Ltd.	NBL	IBBL	IFIC	City Bank Ltd.
2006	84	68	79	176	65	78
2007	84	71	101	186	69	83
2008	84	72	106	206	74	83
2009	98	78	131	231	82	87
2010	107	82	154	251	95	88

[**Source:** All the figures are accumulated from the annual report of above mentioned banks for the year 2010 and Resume of the Activities of Financial Institutions in Bangladesh 2010-2011.]

It is found in the comparative Table 3.8 that in terms of number of bank branches IBBL holds the top most position among the six first generation PCBs where its average growth rate of branch expansion is 15%. Second position held by NBL where its average growth rate of branch expansion is also 15% and third position held by UCBL where its average branch expansion rate is 4.6%. IFIC and City Bank Limited hold the fourth and fifth position respectively. AB Bank Ltd. holds the sixth position where annual growth rate of branch expansion is 2.8% which is also the lowest rate among the PCBs.

Table 3.9
Number of employee of six first generation private sector banks in last five years

Year	UCBL	AB Bank Ltd.	NBL	IBBL	IFIC	City Bank Ltd.
2006	2029	1590	2432	7459	2014	1989
2007	2082	1725	2737	8426	1979	1991
2008	2292	1804	2960	9397	2110	2134
2009	2508	1952	2960	9588	2193	2424
2010	2738	2008	3442	10349	2315	2685

[**Source:** All the figures are accumulated from the annual report of above mentioned banks for the year 2010 and Resume of the Activities of Financial Institutions in Bangladesh 2010-2011.]

In respect of number of employees IBBL held the top position among the six banks like the number of bank branches where per branch employees in 2010 was 41.23. Second position was held by NBL whereas the third position was held by UCBL. The fourth, fifth and sixth position were held by City Bank Ltd., IFIC and AB Bank Ltd. respectively.

Table 3.10

The number of employees of six first generation private sector commercial banks in Bangladesh and their average simple growth rates (ASGR) for the last five years.

Bank Name	2006	2007	2008	2009	2010	ASGR
UCBL	2029	2082 (2.61)	2292 (10.09)	2508 (9.42)	2738 (9.17)	7.82%
AB Bank Ltd.	1590	1725 (8.49)	1804 (8.58)	1952 (8.20)	2008 (2.87)	7.03%
NBL	2432	2737 (12.54)	2960 (8.15)	2960 (0.00)	3442 (16.28)	9.24%
IBBL	7459	8426 (12.96)	9397 (11.52)	9588 (2.03)	10349 (7.94)	8.62%
IFIC	2014	1979 (-1.74)	2110 (6.62)	2193 (3.93)	2315 (5.56)	3.59%
City Bank Ltd.	1989	1991 (0.10)	2134 (7.18)	2424 (13.59)	2685 (10.77)	3.09%

[**Source:** All the figures are accumulated from the annual report of above mentioned banks for the year 2010 and Resume of the Activities of Financial Institutions in Bangladesh 2010-2011.]

Table 3.10 depicts that in terms of ASGR, NBL holds the highest position among the six banks (9.24%). IBBL is occupying the second position because its ASGR is 8.62% and the third position is occupied by UCBL (7.82%). AB Bank Ltd. is holding the fourth position where ASGR (7.03%) is close to UCBL. Respectively the Fifth and sixth position is held by IFIC (3.59) and City Bank Ltd. (3.09%).

3.5 Growth of UCBL

Growth means increase in size, number or volume. It is the process of growing physically, mentally or emotionally.[82] It also means an increase in the size, amount or degree of something.[83] In case of financial organization especially for commercial banks, it means the increase in the amount of assets and liabilities, deposits, loans and advances, income and expenditure, export and import, gross profit and net profit, number of employees, number of branches etc. Since its inception, United Commercial Bank Limited (UCBL) has been able to show a worth mentioning growth in terms of number of employees, number of bank branches, volume of deposits, loans and advances, investment, profit, export and import business, collection of foreign remittance etc. This is a very encouraging and remarkable indication for a private commercial bank which wants to turn its mission and vision into veracity. PCBs were established with the backdrop of NCBs where they (NCBs) could neither achieve the goal of social welfare

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[82] A S Hornby, *Oxford Advanced Learner's Dictionary of Current English*, 8[th] ed. (Oxford: Oxford University Press), p. 687.
[83] Ibid.

nor they could render the services for they were meant for, rather increasingly becoming losing concern for the economy.[84] PCBs were established with the objective of ensuring better services to the customers, to improve operative efficiency among the competitors, to introduce competitiveness in all spheres of economic activities and to improve performance. It is an obligation of PCBs that they maintain a continuous growth in their activities. To know how well UCBL is progressing in respect to visions, missions and objectives, we must evaluate its functional development in regards to number of bank branches, deposits and advances, income and expenditure, number of employees and many other aspects. It gives us a vivid picture of the overall performance of the bank and tells us to what extent UCBL has achieved its objectives. However, the significance of studying the growth trend of banking facilities of UCBL and its relationship with customer satisfaction and commercial benefits of it cannot be ignored.

3.5.1 Growth in Number of Bank Branches

Among the classification of banking system, branch banking system is mostly common all over the world. In Bangladesh all commercial banks are doing their business through branch banking system. So, it is very important for a private bank to expand its branches by which it can reach to the large number of customers. Expansion of bank branches is the only process for UCBL through which it can provide services to common people of the country. United Commercial Bank Limited is one of the first generation PCBs of Bangladesh which maintains a twin objective of maximizing profits as well as the satisfaction of the customers. This is why, it is continuously expanding its network of branches to bring large area under its coverage. To validate UCBL's competitiveness in the banking industry, the researcher would like to explore the growth of branches which is shown in the **figure 3.7**

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[84] Abdur Raquib, "A Decade of Private Banking in Bangladesh", *Bank Parikrama*, vol. 18, nos. 1 & 2 (March & June 1993), p. 65.

Figure 3.6
Growth of Branches of UCBL
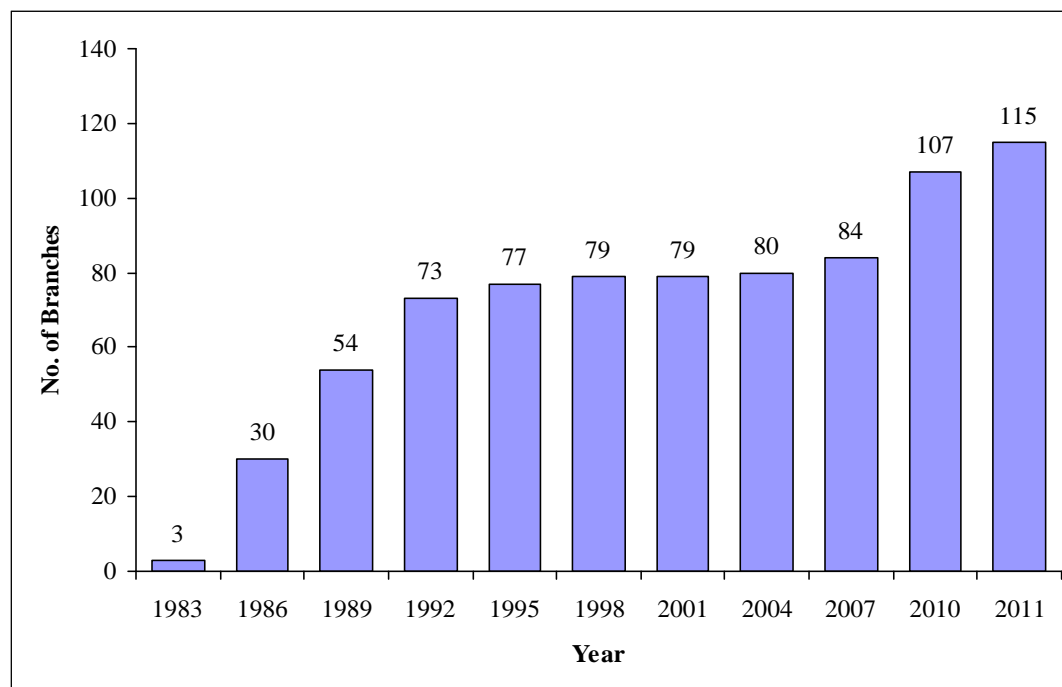
Source: All the figures are tabulated from Annual Report of United Commercial Bank Limited from 1983 to 2011.

From the **graph 3.7**, it is seen that from the year of 1983, the year of inception, UCBL enjoyed a standard growth rate of branches which was continued up to 1995. From the year 1995 to 1998 it experienced a very slow growth. But from the year 1998 to 2001 the growth was stagnant that means the growth rate was zero during that period. Again it experienced a sound growth which was started from the year 2004 to 2011. This pace of growth of expansion in branches is still continuing and at the end of 2012 the number of bank branches was 130.[85] To get a clear scenario of growth of bank branches of UCBL we should look at the following Table 3.11

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[85] *Annual Report 2012* (Dhaka: United Commercial bank Limited, 2012), p. 42.

Table 3.11
Growth of Bank Branches

Year	No. of Branches	Growth (%)
1983	3	-
1984	16	433.33
1985	24	50.00
1986	30	25.00
1987	40	33.33
1988	50	25.00
1989	54	8.00
1990	64	18.52
1991	70	9.38
1992	73	4.29
1993	73	0.00
1994	75	2.74
1995	77	2.67
1996	78	1.30
1997	79	1.28
1998	79	0.00
1999	79	0.00
2000	79	0.00
2001	79	0.00
2002	80	1.27
2003	80	0.00
2004	80	0.00
2005	80	0.00
2006	84	5.00
2007	84	0.00
2008	84	0.00
2009	98	16.67
2010	107	9.18
2011	115	7.48
Average growth rate		3.86

Source: All the figures are tabulated from the Annual Reports of United Commercial Bank Limited from 1983 to 2011.

In the above table it is seen that from the year of inception the bank experienced remarkable growth in 1992. From the year 1994 to 1997 UCBL experienced very slow growth. But during the year 1998 to 2005 it faced a bitter experience of zero growth rates except the year 2002. In the year 2006 it enjoyed a growth rate of 5% than the previous year where the following two years (2007, 2008) have no growth. Again it enjoyed a standard growth rate of 16.67% from the previous year in 2009 and the trend is continuing till now. At the end of 2012 the bank branches reached 130 where 15 branches

increased than the previous year.[86] Therefore, it can be said that UCBL experienced ups and downs in case of branch expansion.

To analyze the market position of UCBL among the 1st generation PCBs in Bangladesh in terms of growth of bank branches the following **Table 3.12** shows average simple growth which gives us comparative picture.

Table 3.12
Average Simple Growth of Branches of 1st Generation PCBs

Name of Bank	No. of Branches in 2008	No. of Branches in 2009	No. of Branches in 2010	Average Simple Growth Rate (ASGR)
UCBL	84	98	107	12.93%
AB Bank Ltd.	72	78	82	6.73%
NBL	106	131	154	20.57%
IBBL	206	231	251	10.40%
IFIC bank Ltd.	74	82	95	13.33%
City Bank Ltd.	83	87	88	2.99%

ASGR calculated for the period of 2008-2010.

Source: All the figures are tabulated from the annual report of above mentioned bank from 2008-2010.

From the above table it is seen that the last three years performance of UCBL in regards to branch expansion is satisfactory among the 1st generation PCBs where its average simple growth rate is 12.93% which is the third highest among the PCBs.

3.5.2   Growth of Human Resources

Manpower or human resources is considered as the critical resource of an organization. It is a gateway to success of an organization that acts as the key element for any organization in order to reach its target.[87] Without skilled and efficient human resource better customer services are impossible in the service industry like bank. Human Resources (HR) play a crucial role in reducing labor cost[88] through which low-priced product is offered in the market to retain the market share in the industry. The same opinion is also expressed by the most progressive employers and senior managers that see

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[86] *Annual Report 2012* (Dhaka: United Commercial Bank Limited, 2012), p. 42

[87] A. T. M. Abdus Shahid, "Manpower Planning in Banks", *Bank Parikrama*, vol. 12, no. 2 (June 1987), p. 108.

[88] Gary Dessler, *Human Resource Management*, 7th ed. (New Delhi: Prentice Hall of India Private Limited, 2000), p. 17.

the human resource as the most critical asset or resource.[89] In this era of increasingly competitive global financial environment, all sorts of resources and technology can be duplicated or imitated. But HR is the only resource which is impossible to imitate or duplicate by the competitors of the same industry. This is why, all the service oriented organizations including financial organization are giving more emphasis on the creation, development and maintenance of talent, diverse and dynamic HR pool who will bring the dream of organization into reality. However, the growth of HR of UCBL is depicted in the **figure 3.7.**

Figure 3.7
Growth of HR of UCBL
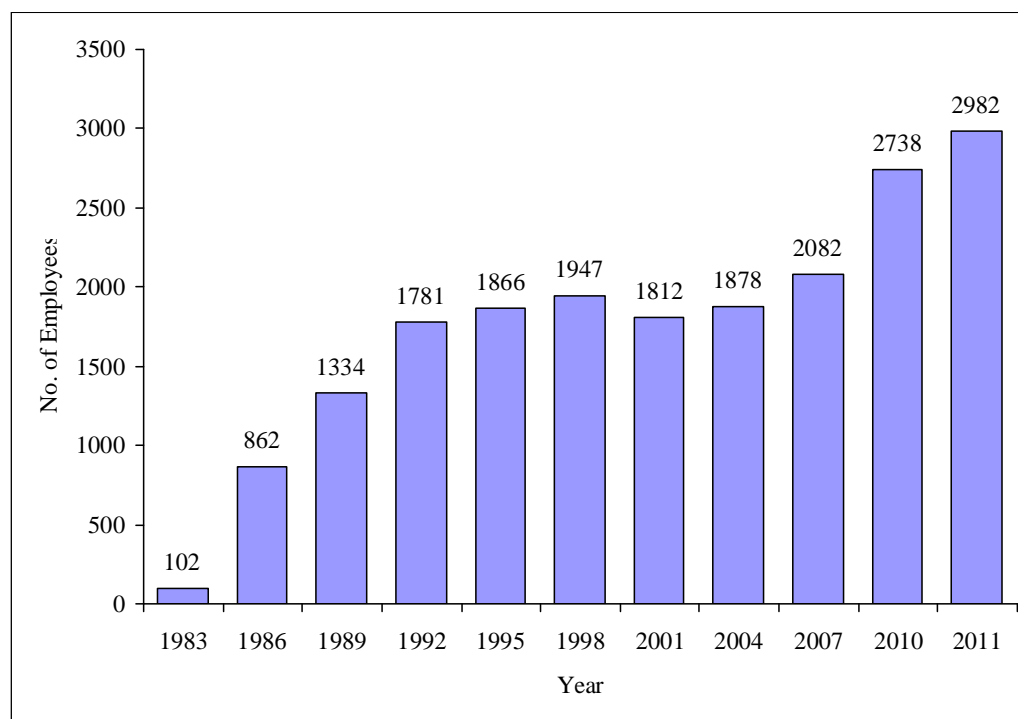
Source: All the figures are tabulated from Annual Report of United Commercial Bank Limited from 1983 to 2011.

From the above graph it is seen that UCBL enjoyed stable growth from its inception. This trend is continued up to the year 1998. But a breakthrough is observed from the year 1998 to 2001. It is seen that the growth rate of bank branches was almost zero during that time. So there is a positive relationship between the growth rate of bank branches and HR in case of UCBL. After 2001 to till now UCBL is enjoying a stable growth in terms of

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[89] Islam and Khan, *Fundamentals of Management*, p. 127.

number of HR. The following **table 3.13** gives a detailed picture of year wise growth of HR of UCBL.

Table 3.13
Growth of Employees

Year	No. of Employees	Growth (%)
1983	102	-
1984	379	271.57
1985	645	70.18
1986	862	33.64
1987	1063	23.32
1988	1255	18.06
1989	1334	6.29
1990	1534	14.99
1991	1706	11.21
1992	1781	4.40
1993	1695	-4.83
1994	1805	6.49
1995	1866	3.38
1996	1938	3.86
1997	1948	0.52
1998	1947	-0.05
1999	1878	-3.54
2000	1842	-1.92
2001	1812	-1.63
2002	1819	0.39
2003	1874	3.02
2004	1878	0.21
2005	1949	3.78
2006	2029	4.10
2007	2082	2.61
2008	2292	10.09
2009	2508	9.42
2010	2738	9.17
2011	2982	8.91
Average growth rate		18.3

Source: All the figures are tabulated from the annual reports of United Commercial Bank Limited from 1983 to 2011.

From the Table 3.13, it is observed that UCBL experienced backward movement in case of HR growth in the year 1993 and 1998 – 2001.Except those years it enjoyed a standard growth of HR throughout its time span. To get an idea regarding the growth of HR of UCBL among the 1st generation PCBs the **Table 3.14** below gives a vivid picture.

Table 3.14
Average Simple growth of HR of 1st Generation PCBs

Bank Name	2006	2007	2008	2009	2010	ASGR
UCBL	2029	2082 (2.61)	2292 (10.09)	2508 (9.42)	2738 (9.17)	7.82%
AB Bank Ltd.	1590	1725 (8.49)	1804 (8.58)	1952 (8.20)	2008 (2.87)	7.03%
NBL	2432	2737 (12.54)	2960 (8.15)	2960 (0.00)	3442 (16.28)	9.24%
IBBL	7459	8426 (12.96)	9397 (11.52)	9588 (2.03)	10349 (7.94)	8.615
IFIC	2014	1979 (-1.74)	2110 (6.62)	2193 (3.93)	2315 (5.56)	3.59%
City Bank Ltd.	1989	1991 (0.10)	2134 (7.18)	2424 (13.59)	2685 (10.77)	3.09

Source: All the figures are tabulated from the annual report of above mentioned banks from 2006 to 2010. Figures in the parentheses show the changes in percentage.

From the Table 3.14 it is observed that in the last five years (2006-2010) NBL experienced the highest average simple growth (ASGR) 9.24%. IBBL holds the second position and then UCBL. So, UCBL achieved third highest ASGR (7.82%) which can be treated as progressing growth.

3.5.3   Growth of Deposits

Deposit is one of the important and critical aspects which are related to existence of the bank. It is considered as an important indicator of performance for bank and non bank financial organizations. Indeed all other functions of banks highly depend upon the mobilization of deposits and they do business with other people's money.[90] As per privatization policy of the government, it is the obligation of PCBs to mobilize scattered savings of the mass people and turn these savings into capital. It is almost impossible for banks to achieve its goals and mission if they fail to mobilize optimum level of deposit in a stipulated time span. This is why, all the PCBs including UCBL included it in the mission statement of their organization and express the significance of deposit collection. To give emphasis on deposit collection UCBL consider it as an important criterion of employee performance.

At present, performance of PCBs in terms of deposit mobilization is far better than NCBs. Alam and Riyadh also opine that PCBS are far in advance than NCBs in terms of deposit

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[90] M. Zainul Abedin, *Commercial Banking in Bangladesh*, (Dhaka: National Institute of Local Government, 1990), p. 121.

collection.[91] It is seen that in 2001 NCBs hold 50.92% (Tk.486.97 billion) of total industry deposits and PCBs hold 36.49% (Tk.348.91 billion).[92] In the year 2004, it is almost same that NCBs hold 42.8% and PCBs hold 44.3% of total industry deposit.[93] But in 2011 PCBs hold 61.8% and NCBs hold 27.4% of total industry deposit which is more than double of NCBs.[94] As a member of 1st generation PCBs UCBL is also trying its best to collect more deposits to expedite its development. However, to see the status of deposits mobilization of UCBL following **figure 3.8** can be observed.

Figure 3.8
Growth of Deposits (In Million Tk.)
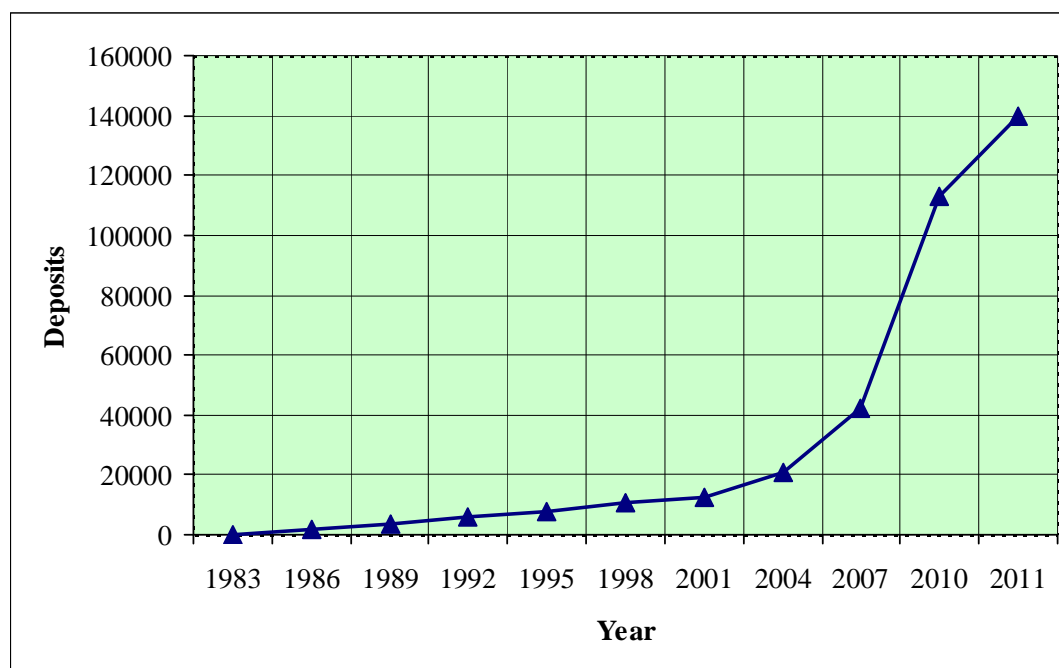
Source: All the figures are tabulated from Annual Report of United Commercial Bank Limited from 1983 to 2011 and Table 3.15.

In the above graph it is seen that UCBL enjoyed a satisfactory growth in regards to deposit collection throughout its life span. There are a little bit ups and downs between the years 1998 to 2011. Except this, UCBL enjoyed upward growth trend in its deposits mobilization. The impressive growth of deposits collection took place from the year 2007

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[91] Jahangir Alam and Al Nahian Riyadh, "Measuring Competitiveness of Banks in Bangladesh", *Journal of the Institute of Bankers Bangladesh*, vol. 50, no. 1. (January-June, 20030), p. 34-35.
[92] *Annual Report* 2001-2002 (Dhaka: Bangladesh Bank, 2002), p. 29.
[93] *Annual Report* 2004-2005 (Dhaka: Bangladesh Bank, 2005), p. 29.
[94] *Annual Report* 2011-2012 (Dhaka: Bangladesh Bank, 2012), p. 32.

to 2011 which is reflected in the above graph. To get more detailed picture regarding the growth of deposits the following **table 3.15** of simple growth is analyzed.

Table 3.15
Growth of Deposits

Year	Deposits (Million Tk.)	Growth (%)
1983	226.13	-
1984	1061.00	369.20
1985	1464.44	38.02
1986	2051.10	40.06
1987	2568.49	25.23
1988	3327.45	29.55
1989	3845.50	15.57
1990	5002.59	30.09
1991	5780.11	15.54
1992	5769.06	-0.19
1993	6150.93	6.62
1994	7341.66	19.36
1995	7707.78	4.99
1996	8497.48	10.25
1997	9187.16	8.12
1998	10,899.90	18.64
1999	10,059.85	-7.71
2000	12,387.47	23.14
2001	12,245.87	-1.14
2002	16,417.29	34.06
2003	17,413.34	6.07
2004	20,970.00	20.42
2005	24,559.00	17.11
2006	33,016.00	34.44
2007	42,296.00	28.11
2008	54,485.00	28.82
2009	77,730.00	42.66
2010	1,13,071.00	46.47
2011	1,39,485.00	23.36
Average growth rate		33.102

Source: All the figures are tabulated from the annual reports of United Commercial Bank Limited from 1983 to 2011.

The above table depicts that UCBL experienced a stable growth in relation to mobilization of deposits from the year 1983, the year of its inception to 2011 with a little exception. The exception years were 1992, 1999 and 2001. In the last few years it achieved impressive growth of deposits. For example, in the year 2010 UCBL is able to achieve 46.47% growth in deposits from the previous year. The average growth rate is 33.102%.

3.5.4   Growth in Loans and Advances

Growth in loans and advances is an important measure to evaluate the performance of commercial banks. The primary function of a commercial bank is that of broker or dealer of money. The core profit earning activity of banks is to earn interest income or profit by extending loans and advances from the fund collected as deposits.[95] Loans and advances of banks have paramount economic importance which forms a part of money supply and is considered as the circulation of blood in the nerves of dynamic and growing economy.[96] So, from early stage of its business, banks deal with loans and advances which are playing multifold benefits to the banks themselves, to the customers, and to the country by extending their help in trade, commerce, and industry and infrastructure development. So, it is quite difficult for any business concern to operate or expand business without loans and advances from bank. The following graph gives an idea regarding growth in loans and advances of UCBL.

Figure 3.9
Growth in Loans and Advances (In Million Tk.)

Source: All the figures are tabulated from Annual Report of United Commercial Bank Limited from 1983 to 2011 and Table 3.16.

[95] A. R. Khan, *Bank Management* (Dhaka: Rubby Publication, 2008), p. 142.
[96] Abedin, *Commercial Banking in Bangladesh*, p. 151.

From the above figure it is seen that there is a balanced growth in loans and advances of UCBL that was rising at a progressive rate without very little exceptions. However, this curve leaped to a remarkable rate from the year 2004 to 2011 which is expressed by the vertical curve in the growth line. So, it is said that UCBL enjoyed a satisfactory growth in terms of loans and advances. To understand the growth trend of loans and advances, we should analyze the following **table 3.16** of UCBL.

Table 3.16
Simple Growth Rate in Loans and Advances

(In million taka)

Year	Loans and Advances	SGR (%)
1983	81.21	-
1984	520.10	540.44
1985	866.26	66.56
1986	1248.69	44.15
1987	1989.98	59.37
1988	1888.76	-5.09
1989	2364.75	25.20
1990	3034.39	28.32
1991	3365.60	10.92
1992	4048.83	20.30
1993	3833.04	-5.33
1994	4379.75	14.26
1995	4717.43	7.71
1996	4798.99	1.73
1997	5152.56	7.37
1998	5,554.16	7.79
1999	8,557.91	54.08
2000	9,443.87	10.35
2001	10,941.98	15.86
2002	11,826.08	8.08
2003	14,396.00	21.73
2004	15,385.00	6.87
2005	20,211.00	31.37
2006	26,110.00	29.19
2007	37,566.00	43.88
2008	44,446.00	18.31
2009	61,692.00	38.80
2010	93,561.00	51.66
2011	1,15,506.00	23.46
Average growth rate		42.05

Source: All the figures are tabulated from the annual reports of United Commercial Bank Limited from 1983 to 2011.

From the above table it is depicted that UCBL enjoyed a stable growth in terms of loans and advances throughout its time span from 1983 to 2011 without a little deviation in 1988 and 1993 where there is a negative growth. It is seen that UCBL enjoyed enormous growth in initial years 1984 (540.44%), 1985(66.56%), 1986(44.15%) and 1987(59.37%). From 1988 to 1998 it experienced ups and downs in growth of loans and advances. From 1999 to till now UCBL experienced a satisfactory growth in regards to loans and advances. However, in 2012 UBCL's loans and advances increased by Tk. 20,565.32 million and stood at Tk. 136,071.65 million which was Tk. 115,506.33 million in 2011 showing a considerable growth of 17.80% over the previous year.[97] The average growth rate is 42.05%.

3.5.5 Growth of Import

In the context of globalization and free market economy no nation or country is sufficient enough to meet its need. Each country has to depend upon another country for its own sake. For this, almost all the countries in the world are engaged in foreign trade or business or export-import business. Banks play a pivotal role to keep up with international business or foreign trade including export and import business of a country. Without banks, it is quite impossible to conduct international transaction between two or more countries. For an import based economy like that of Bangladesh, banks have a large impact upon the economy in assisting the import business. In this case the main service provided by the banks is the issue of Letter of Credit (L/C) through which banks give assurance to exporter in favour of the importer to pay a specified amount after receiving prescribed documents. Another way of helping import business is providing credit to the importer, transaction of currencies, discounting of L/C etc. UCBL also plays an important role in issuing L/C and financing export business.

The following **figure 3.10** gives an idea regarding the growth trend of import business of UCBL. The graph shows gradual upward movement of growth line up to the year 2001 with little ups and downs. After 2001 it is seen that UCBL enjoyed strong upward movement of growth line. The highest level of import business has been recorded in the

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[97] *Annual Report 2012* (Dhaka: United Commercial Bank Limited, 2012), p. 67.

time span of 2007 to 2010 though there is a little deviation in 2008 and 2009 which is shown in the table below. However, to get a vivid picture the following **table 3.17** of year to year simple growth can be seen.

Figure 3.10
Growth Trend of UCBL Contribution to Import Business
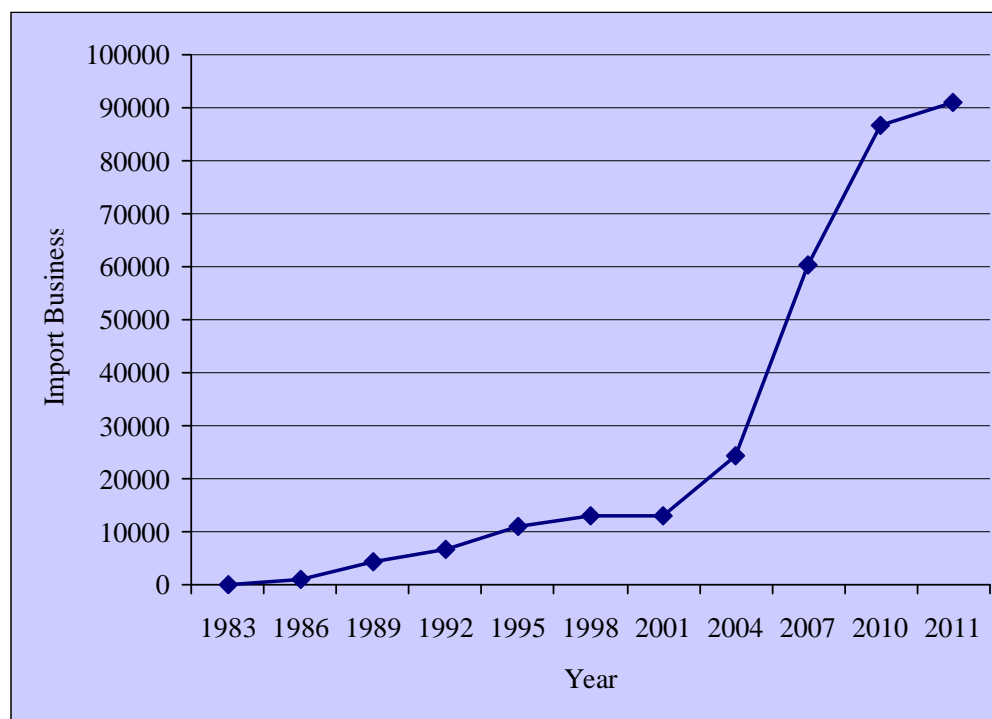
Source: All the figures are tabulated from the Annual Reports of United Commercial Bank Limited from 1983 to 2011and Table 3.17.

Table 3.17
Growth of Imports

Year	Import Business (In million Taka)	Growth (%)
1983	103.69	-
1984	1330.00	1182.67
1985	1345.60	1.17
1986	1000.00	-25.68
1987	2356.00	135.60
1988	2890.70	22.70
1989	4235.68	46.53
1990	4381.30	3.44
1991	5297.20	20.90
1992	6535.23	23.37
1993	5244.00	-19.76
1994	8297.20	58.22
1995	10956.00	32.04
1996	8377.50	-23.54
1997	10176.70	21.48
1998	13,049.90	28.23
1999	14,150.90	8.44
2000	12,534.40	-11.42
2001	13,132.90	4.77
2002	14,975.30	14.03
2003	18,487.90	23.46
2004	24,386.00	31.90
2005	29,408.00	20.59
2006	39,853.00	35.52
2007	60,329.00	51.38
2008	60,009.00	-0.53
2009	58,857.00	-1.92
2010	86,667.00	47.25
2011	90,919.70	4.91
Average growth rate		61.99

Source: All the figures are tabulated from the Annual Reports of United Commercial Bank Limited from 1983 to 2011.

In the above year to year simple growth table, it is observed that UCBL enjoyed a massive growth in the year 1984 (1182.67%), just after its inception. It is also observed that there are some deviations in the simple growth UCBL in the years 1986, 1993, 1996, 2000. There is also a very nominal fluctuation in 2008 and 2009. Except those years

UCBL enjoyed standard growth rate in import business throughout its life span. The average growth rate is 61.99%.

3.5.6   Growth of Export

As it has been mentioned earlier that international trade or foreign trade i.e. exports and imports can come to pass with the services provided by the banks. By extending support and services to the export business, banks can play a significant role in the economic and social development of a country like Bangladesh. To boost up the foreign earning, banks provide the necessary funds to the exporters to enable them to execute export orders. By facilitating communication, transaction and providing assurance for safety, banks create a flexible atmosphere where local entrepreneurs and exporters can export their products and services to international market and bring large amount of foreign currency which could be utilized for the development of a country like Bangladesh.

Though Bangladesh is an export oriented country, there are a number of potential industries such as leather goods, readymade garments, customized software, frozen foods, jute and jute goods etc. In these sectors we cannot neglect the importance of banks that can take Bangladeshi export business to a new shape. By extending back to back L/C, loans against L/C, finance for 100% export oriented industry, cash credit against hypothecation, cash credit against pledge, credit against bill for collection facilitating exchange of currency through electronic transfer, SWIFT etc. banks expedite the national export growth of Bangladesh.

In our country both NCBs and PCBs provide financial services to export business from where the exporter gets financial assistance to produce and export goods and services to international market. In the field of export financing, PCBs are more efficient and flexible in providing customer services and provide a number of lucrative packages to their clients on a competitive margin of interest. So, it can be said that they are quite proficient in fulfilling the needs of the customers more efficiently, timely and sharply. However, to get a picture of UCBL export business the following **figure 3.11** can be depicted.

Figure 3.11
Growth Trend of UCBL Export Business
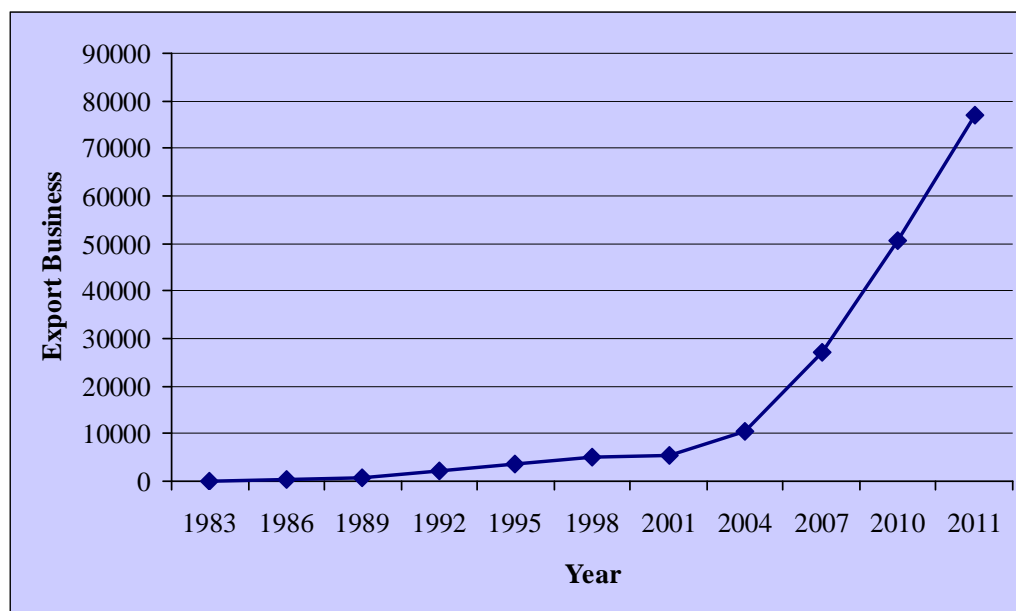
Source: All the figures are tabulated from the Annual Reports of United Commercial Bank Limited from 1983 to 2011 and Table 3.18.

From the above graph it is observed that from the year 1983 to 2002 UCBL experienced the slow growth of export business. From 2003 to 2011 UCBL enjoyed a satisfactory growth which is reflected in sharp upward movement of the growth curve. Though it is not clearly reflected in the growth line, UCBL enjoyed the highest rate of growth in 1984 in terms of percentage (4735.53%). However, to get a detailed picture of growth trend of export in the following **table 3.18** can be analyzed.

It is seen in the table that UCBL is able to manage progressive growth rate from its very inception. The exceptional years were 1996 and 2001 where it experienced negative growth rate of 2.78% and 26.04% respectively. It is also seen that UCBL enjoyed remarkable growth from the year 2003 to 2011 with only exception of the year 2009. However, from the year 2003 to 2011 its average simple growth rate was 34.31% which was higher than industry average.

Table 3.18
Growth of Exports

Year	Export Business (In million Taka)	SGR (%)
1983	1.52	
1984	73.50	4735.53
1985	134.09	82.44
1986	260.03	93.92
1987	380.50	46.33
1988	436.50	14.72
1989	716.73	64.20
1990	1,094.40	52.69
1991	1,570.40	43.49
1992	2,142.88	36.45
1993	2,250.70	5.03
1994	2,952.20	31.17
1995	3,566.50	20.81
1996	3,467.40	-2.78
1997	4,529.20	30.62
1998	5,192.40	14.64
1999	5,616.50	8.17
2000	7,178.90	27.82
2001	5,309.30	-26.04
2002	5,620.90	5.87
2003	7,492.10	33.29
2004	10,470.00	39.75
2005	14,785.00	41.21
2006	20,803.00	40.70
2007	27,230.00	30.89
2008	36,500.00	34.04
2009	38,519.00	5.53
2010	50,712.10	31.65
2011	76,962.80	51.76
Average growth rate		

Source: All the figures are tabulated from the Annual Reports of United Commercial Bank Limited from 1983 to 2011.

3.5.7 Growth of Investment

Growth of investment is another important criterion to measure the performance of financial organization like the banks. It is true for both PCBs as well as NCBs. It is the way to earn interest income for the banks. A bank can invest its money in a number of areas to utilize its money to maximum level. Now a days most of the business organizations irrespective of nature are depending on the investment of banks. So, it is essential for commercial banks to keep pace with the growth of investment because without sufficient

investment their whole existence comes under difficulty. For this reason, the commercial bank, particularly every PCB gives emphasis on escalating its investment. Banks can invest their money in a number of areas or sectors. However, these sectors can be divided into two parts, such as (1) Government sector and (2) Other sector.[98]

Government sector includes treasury bonds, prize bonds and government securities. Other sectors include shares in listed companies, shares in un-listed companies, debentures, convertible zero coupon bonds etc.[99]

As a member of PCBs, UBCL also invests in both sectors. It is seen that UCBL has invested Tk.19,383 million of which 83.58% has been invested in government part and 16.42% has been invested in other parts.[100] However, to get an outlook of the scenario of investment of UCBL the following **figure 3.12** of years of accomplishment can be seen.

In the following bar chart it is seen UCBL enjoyed a gradual upward growth of investment, though it enjoyed slow growth from its inception to 2004. But after 2004 to 2011 it showed good performance in the field of investment.
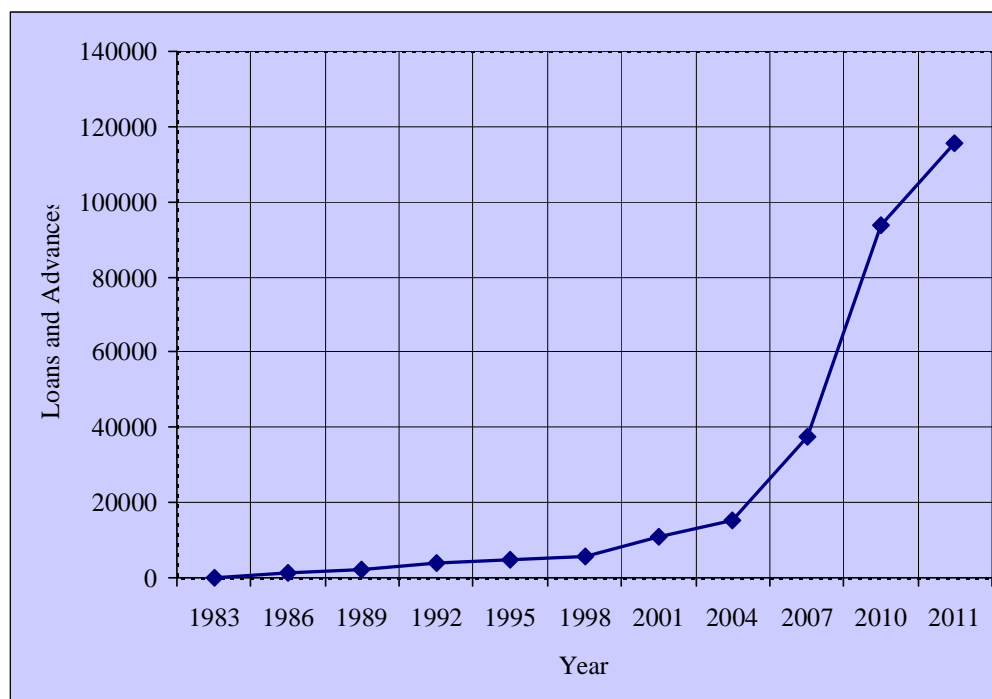
Figure 3.12
Growth Trend of UCBL Investment (In Million Tk.)
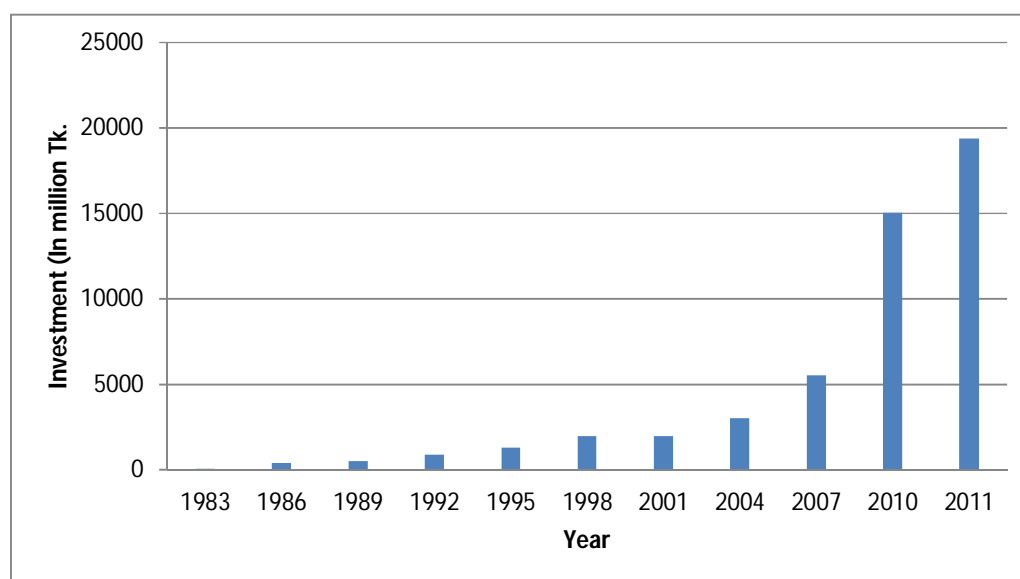
Source: All the figures are tabulated from the Annual Reports of United Commercial Bank Limited from 1983 to 2011 and Table 3.19.

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[98] *Annual Report 2011* (Dhaka: United Commercial Bank Limited, 2011) p. 104.
[99] Ibid., p. 129.
[100] Ibid., p. 104.

To get more detailed information regarding the growth trend of investment the **table 3.19** below can be seen. It is observed in the growth table that with some negative growth UCBL experienced steady growth in terms of investment. However, it is seen that between 1984 and 2011 it experienced negative growth for 11 times which was not a good performance at all for UCBL. But it enjoyed positive growth for 17 (between 1984 and 2011) times which were much higher than those of negative growth. For example, in 2010 the simple growth rate was 61.01% that was higher than 2009 and in 2012 the growth rate was 34.60% that was higher than 2011. So, it can be said that the overall performance of growth in regards to investment is satisfactory.

Table 3.19
Growth of Investment

Year	Investment (In million Tk.)	SGR (%)
1983	46.01	-
1984	182.34	296.31
1985	224.10	22.90
1986	388.44	73.33
1987	217.81	-43.93
1988	967.69	344.28
1989	505.04	-47.81
1990	999.13	97.83
1991	1488.02	48.93
1992	864.55	-41.90
1993	973.69	12.62
1994	1146.74	17.77
1995	1278.12	11.46
1996	1207.87	-5.50
1997	1191.10	-1.39
1998	1,958.85	64.46
1999	1,555.14	-20.61
2000	2,162.92	39.08
2001	1,961.58	-9.31
2002	3,961.60	101.96
2003	3,021.67	-23.73
2004	3,020.00	-0.06
2005	2,877.00	-4.74
2006	6101.00	112.06
2007	5,518.00	-9.56
2008	7, 201.00	3.50
2009	9,346.00	29.79
2010	15,048.00	61.01
2011	19,383.00	28.81
Average growth rate		41.34

Source: All the figures are tabulated from the annual reports of United Commercial Bank Limited from 1983 to 2011.

3.5.8   Growth in Gross Income

Commercial banks hold a very important position in the functioning of an economy. They facilitate the flow of goods and services from producer to the consumer and keep the economy active. Like this, gross income holds such a crucial position in the very functioning of banks, financial and non-financial business organization to keep the organization active. Any sort of business organization without irrespective of nature has to generate income so as to create saving and investment, implement its strategy, retaining competitive position and survive in the business. It is so imperative for financial organizations especially for PCBs to generate income at a reasonable level as they have obligations to their stakeholders like shareholders, investors, depositors, society etc. to give them uninterrupted return on their input. A PCB digs up income from a number of sources such as credit allocation, providing services to the customers, loans and investment etc. However, the following **figure 3.13** shows growth in gross income of UCBL from its inception year 1983 to the year 2011.

From the bar graph it is observed that just after its inception UCBL enjoyed a satisfactory growth of total income up to 1989 where from 1983 to 1986 it achieved a huge growth. From 1986 to 1989 it has managed to achieve almost double growth than previous year (Tk.233.02 million in 1986 and Tk.412.2 million in 1989). Like this, it experienced a quite satisfactory growth in case of total income through its life span. However, to get a detailed statement of growth of total income the following **table 3.20** can be seen.

In the table of simple growth it is seen that UCBL enjoyed a pleasing growth from its very inception. In the year 1984, just after inception, it achieved a growth of 1391.18%. However, it is able to achieve growth throughout the time span (1983-2011). However, there we notice increasing or decreasing trends with few exceptions in 1889 (-2.60%), 1992(-2.91%), 1993(-0.26%) and 1994(-3.37%) where it experienced negative growth. In the recent past it enjoyed very satisfactory growth in terms of total income. In comparison with positive growths, negative growths are nominal. Therefore, the overall performance in terms of total income is satisfactory.

Figure 3.13
Growth Trend of Gross/Total Income of UCBL

Growth Trend of Gross Income (In Million Tk.)

Year	Value
2011	15,352
2010	13,487
2007	6,052
2004	2,554
2001	1,727.06
1998	984.36
1995	727.76
1992	666.35
1989	412.2
1986	233.02
1983	5.33

Source: All the figures are tabulated from the Annual Reports of United Commercial Bank Limited from 1983 to 2011 and Table 3.20.

Table 3.20
Growth of Gross Income

Year	Gross Income (In Million Tk.)	Growth (%)
1983	5.33	-
1984	79.48	1391.18
1985	167.69	110.98
1986	233.02	38.96
1987	353.03	51.50
1988	423.19	19.87
1989	412.20	-2.60
1990	590.63	43.29
1991	686.29	16.20
1992	666.35	-2.91
1993	664.65	-0.26
1994	642.24	-3.37
1995	727.76	13.32
1996	847.45	16.45
1997	887.19	4.69
1998	984.36	10.95
1999	1098.76	11.62
2000	1401.87	27.59
2001	1727.06	23.20
2002	1766.31	2.27
2003	2197.20	24.39
2004	2554.00	16.24
2005	3188.00	24.82
2006	4118.00	29.17
2007	6052.00	46.96
2008	7850.00	29.71
2009	9540.00	21.53
2010	13487.00	41.37
2011	15,352.00	13.83
Average growth rate		72.18

Source: All the figures are tabulated from the annual reports of United Commercial Bank Limited from 1983 to 2011.

However, to know the competitive position of total income among the six first generation PCBs, it should be considered the total income of other PCBs of 1[st] generation. The following **table 3.21** gives a competitive picture of total income of them.

Table 3.21
Simple Growth Rate of Gross Income of 1st Generation PCBs

Name of Bank	2007	2008	2009	2010	ASGR
AB Bank Ltd (ABBL)	8,487	11,485 (35.32%)	14,407 (25.44%)	17,257 (19.78%)	26.85%
National Bank Ltd. (NBL)	7,183	8,893 (23.81%)	11,006 (23.76%)	18,612 (69.11%)	38.89%
City Bank Ltd. (CBL)	5,807	6,543 (12.67%)	8,040 (22.88%)	10,818 (34.55%)	23.37%
Islami Bank Bangladesh Ltd. (IBBL)	17,699	24,230 (39.90%)	25,404 (4.85%)	30,129 (18.60%)	21.12%
IFIC Bank Ltd. (IFICBL)	5,196	5,526 (6.35%)	6,494 (17.52%)	8,321 (28.13%)	17.33%
United Commercial Bank Ltd. (UCBL)	6,052	7,850 (29.71%)	9,540 (21.53%)	13,487 (41.37%)	30.87%

Figures in the parentheses indicate the growth rate in percentage.

Source: All the figures are tabulated from GoB, *Bank O Arthic Pratisthansamuher Karjabali*, 2007-08, 2008-09, 2009-10, 2010-11.

In the above table it is depicted that IBBL holds the leading position in terms of gross income for the last four consecutive years (2007-2010). Therefore, in case of evaluation of performance of PCBs in view of growth of gross income, IBBL is the leading one in Bangladesh. NBL and ABBL hold the 2nd and 3rd position respectively in relation to volume of gross income among the six 1st generation PCBs. In this end, UCBL holds the 4th position. So, it can be said that in comparison with IBBL, NBL and ABBL, UCBL does not have satisfactory growth rate. But if it is looked at the average simple growth rate (ASGR) of these PCBs (from the year 2007-2010), UCBL holds the second highest position (30.87%). Thus it can be said that UCBL's performance in terms of growth of gross income is satisfactory.

3.5.9 Growth in Gross Expenditure

By expenditure, it is generally meant that it has a negative impact on the performance of organization. But it is not always true. To increase the capacity and capability, an organization has to incur expenditure. So, growth in expenditure is also an important factor for a financial organization like bank. To increase the number of branches, to acquire and maintain modern technology, to attract, retain, develop and motivate efficient human resources, a bank has to incur expenditure. In general, expenditure is considered as the adjoining proxy of all the inputs used for the operation of a bank.[101] So, an increase in

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[101] M. Zainul Abedin, Mihir Kumar Roy and Fakhrul A. Mustafi, "A Preliminary Notes on Measurement of Productivity in the Commercial Banks in Bangladesh". *Bank Parikrama*, Special Issue, Nos. 3 & 4 (September & December 1987), p. 6.

its gross expenditure does not necessarily mean that the bank has become inefficient or substandard. Most of the organizations including banks are expected to enhance gross income and reduce the gross expenditure to maximize profit. While doing so, the organization has to bear in mind that without intensifying business operation, developing capacity and attracting, developing and maintaining human resources, it would be very complex to prolong competitive position in market place. However, from the **figure 3.14** it can be observed that UCBL experienced gradually increasing growth trend in gross expenditure from its inception to till now except 1995. In 1995 its gross expenditure decreased by Tk.78.03 million than previous year (1992). From then, growth trend is increasing till now. An interesting matter is that from 1986 to 2004 the total expenditure increased in an average rate except 1995. But from 2004 it increased in a high rate (137.71% from 2004-2007 and 117.03% from 2007-2010) with the race of gross income (figure 3.13). However, to know about gross expenditure in detailed the table 3.22 can be seen.

Figure 3.14
Growth Trend of Gross/Total Expenditure of UCBL
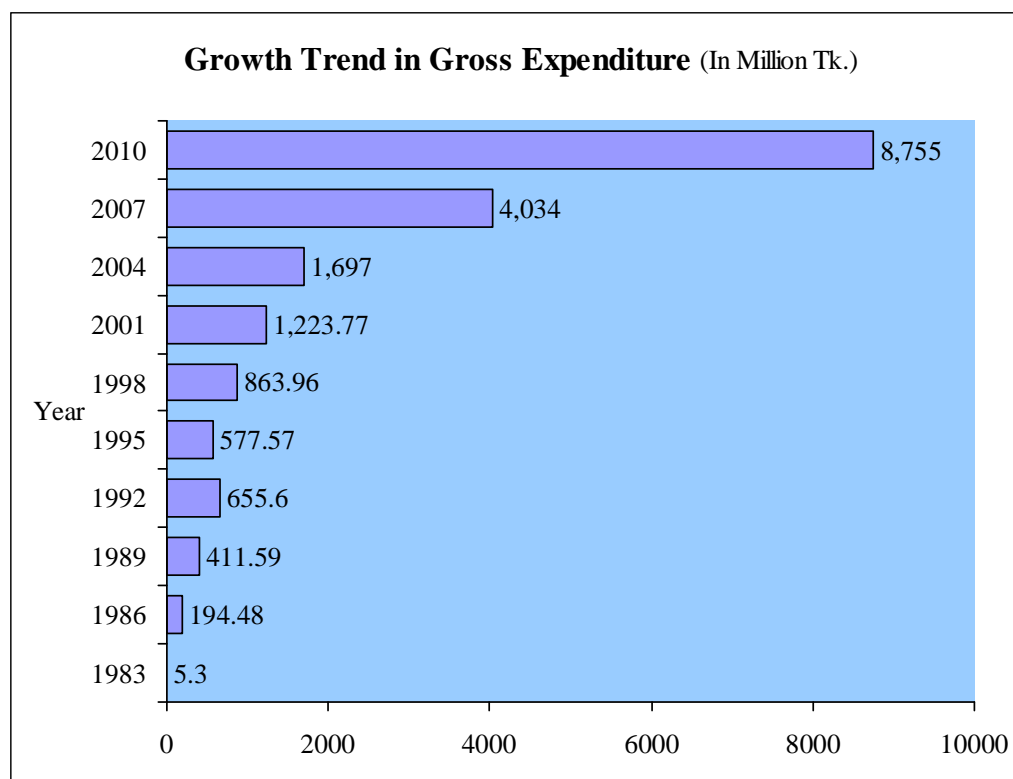
Growth Trend in Gross Expenditure (In Million Tk.)

Year	Value
2010	8,755
2007	4,034
2004	1,697
2001	1,223.77
1998	863.96
1995	577.57
1992	655.6
1989	411.59
1986	194.48
1983	5.3

Source: All the figures are tabulated from the annual reports of United Commercial Bank Limited from 1983 to 2010 and table 3.22.

In the table 3.22, it is seen that UCBL experienced gradual increasing growth trend from 1983, the year of establishment to till now except a negligible negative growth in the years 1993, 1994 and 1995. From 1983 to 1988 the growth rate was gradually decreasing. It is also observed that from 1995 to till now UCBL experienced zigzag growth trend in terms of gross expenditure. So, UCBL should be more efficient in cost management and pay more attention on it.

Table 3.22
Growth of Expenditure

Year	Gross Expenditure (In Million Tk.)	Growth (%)
1983	5.30	-
1984	65.16	1129.43
1985	125.38	92.42
1986	194.48	55.11
1987	288.89	48.54
1988	343.56	18.92
1989	411.59	19.80
1990	518.45	25.96
1991	650.78	25.52
1992	655.60	0.74
1993	610.09	-6.94
1994	582.14	-4.58
1995	577.57	-0.79
1996	644.02	11.51
1997	766.90	19.08
1998	863.96	12.66
1999	987.74	14.33
2000	1,095.68	10.93
2001	1,223.77	11.69
2002	1,311.39	7.16
2003	1,493.00	13.85
2004	1,697.00	13.66
2005	2,036.00	19.98
2006	2,797.00	37.38
2007	4,034.00	44.23
2008	5,400.00	33.86
2009	6,415.00	18.80
2010	8,755.00	36.48
Average growth rate		63.32

Source: All the figures are tabulated from the annual reports of United Commercial Bank Limited from 1983 to 2010.

3.5.10 Growth of Net Profit

All the commercial concerns including bank and non-banking financial organizations have the obligation to its owners and other stakeholders (shareholders, investors, employees, government and the society) to provide return on their equity. So, all of them have to concentrate on the maximization of net profit which is considered as the key indicator of success of an organization. Maximization of net profit also shows the financial strength of organization which is very much required to build up the trust of existing customers on the bank and attract new customers. In case of bank including PCB it is very much true. Besides, as a financial mediator, it must be required to raise fund from internal source to retain the competitive position in the market. Therefore, maximization of net profit or increase in net profit is a fundamental scale to judge the comparative strength of a bank. However, to judge the position of UCBL in relation to growth of net profit the following **figure 3.15** can be observed.

Figure 3.15
Growth Trend of Net Profit of UCBL (In Million Tk.)
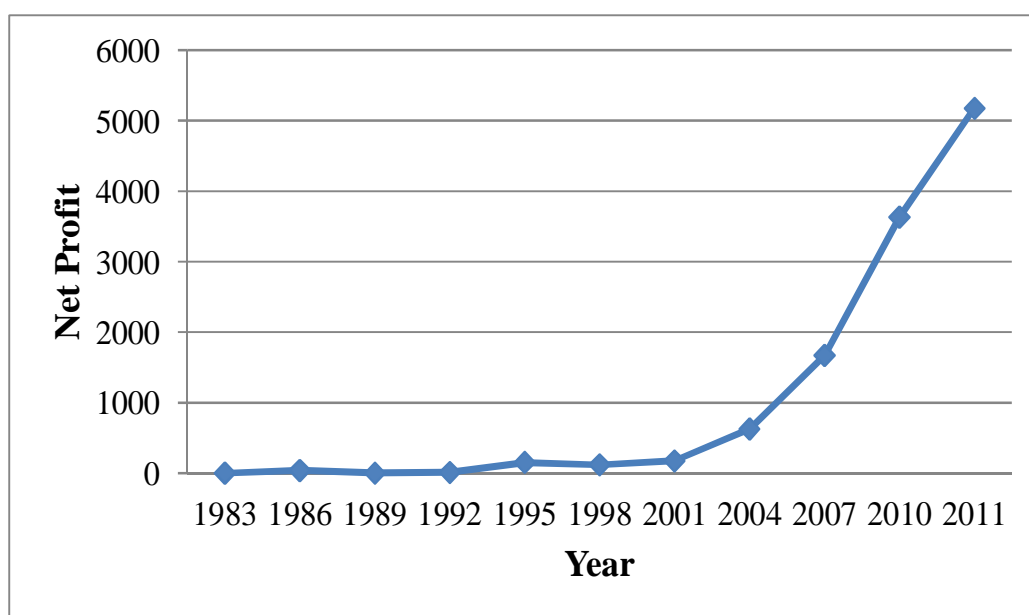
Source: All the figures are tabulated from the annual reports of United Commercial Bank Limited from 1983 to 2011 and table 3.23.

The above line graph exhibits the trend of net profit of UCBL for the period of 1983 to 2010. It is seen in the graph that there is ups and downs in trend line from 19983 to 2001.

After 2001 the growth line was gradually increasing and it enjoyed a remarkable growth of 117.78% from 2007 to 2010 period in spite of negative growth in 2008 (table 3.23). To get detailed information regarding the simple growth rate of net profit, the following **table 3.23** can be seen.

Table 3.23
Growth of Net Profit

Year	Net Profit (In Million Tk.)	Growth (%)
1983	0.03	-
1984	14.32	47633.33
1985	42.31	195.46
1986	38.54	-8.91
1987	64.14	66.42
1988	79.63	24.15
1989	0.61	-99.23
1990	72.18	11732.79
1991	35.51	-50.80
1992	10.75	-69.73
1993	54.56	407.53
1994	60.10	10.15
1995	150.19	149.90
1996	203.43	35.45
1997	120.20	-40.91
1998	120.40	0.17
1999	111.02	-7.79
2000	22.89	-79.38
2001	175.03	664.66
2002	154.92	-11.49
2003	416.77	169.02
2004	626.00	50.20
2005	852.00	36.10
2006	1,321.00	55.05
2007	1,668.00	26.27
2008	1,463.00	-12.29
2009	1,542.00	5.40
2010	3,632.60	135.58
2011	5,172.91	42.40
Average growth rate		476.33

Source: All the figures are tabulated from the annual reports of United Commercial Bank Limited from 1983 to 2011.
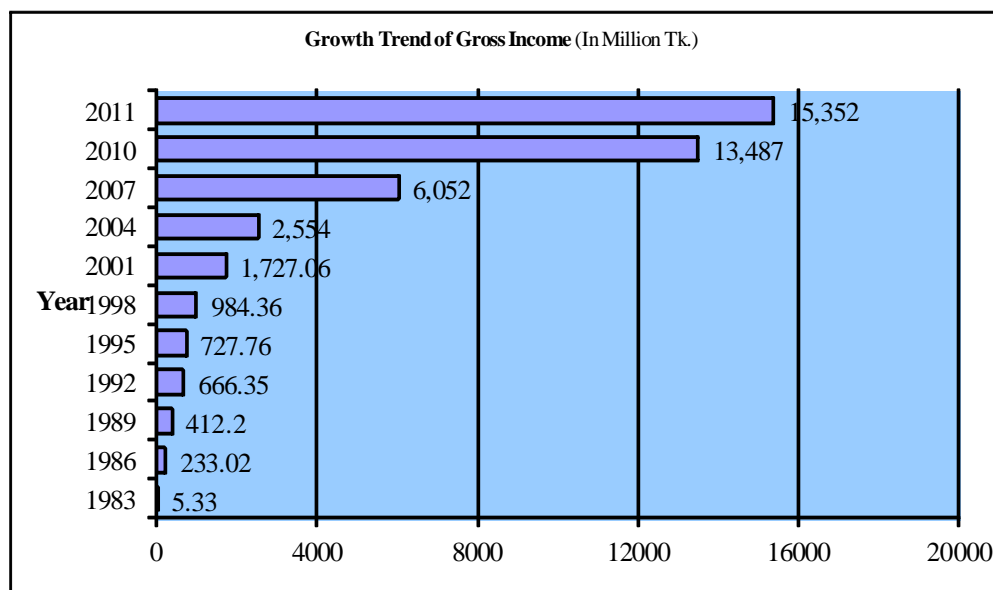
In the above table 3.23, it is shown that there is a fluctuation in the simple growth of net profit of UCBL. It is observed that it experienced negative growth for 9 times from the

period of 1983 to 2011 which was not expected for a private commercial bank in the competitive business environment. However, in some years it also enjoyed a huge growth from the previous years (1984; 47633.33%, 1985; 195.46%, 1990; 11732.79%, 1993 407.53%, 1995; 149.90%, 2001; 664.66%, 2003; 169.02%, 2010 135.58%). Therefore, it can be said that being a profit oriented financial organization, such kind of fluctuation is not expected and UCBL should pay more attention to it.

3.5.11 Remittance

The foreign exchange or foreign currency sent by the expatriates to their home country from abroad is known as remittance. It is very much crucial to sustain the growth and maintaining the overall balance of the economy of a developing country like Bangladesh.[102] Political instability in the Middle Eastern countries[103] and stagnant situation of foreign direct investment (FDI), expedite the demand for remittance. It is considered as the second highest sector of foreign exchange earnings after readymade garments (RMG). So, remittance has emerged as the key driver of economic growth and poverty reduction in Bangladesh.[104]

Remittance is a part of foreign trade. Under the shadow of foreign trade, it works side by side with export and import. By providing remittance service, banks and other financial and non financial organizations assist Bangladeshi expatriates to send the foreign currency earned by them. In the case of mobilizing remittance, PCBs are the proficient, trustworthy, time convenient and reliable source. So, PCBs have a noteworthy role in economy of Bangladesh in collecting remittance. However, to know the UCBL's position in collecting remittance the following Table 3.24 can be observed.

It is seen in the table that growth trend of remittance mobilization of UCBL for the last five years (from 2007 to 2011) is satisfactory. In 2008 it enjoyed huge growth of 128.42% (Tk.2510.8 million worth) than 2007. In 2009 and 2010 it experienced a stable growth of around 10% (figure 3.16). But in 2011 it enjoyed huge growth of 208.19% which is also reflected by the straight upward trend of the curve in the figure 3.16.

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[102] Unnayan Onneshan, Economic Policy Unit, *Bangladesh Economic Update*, vol.3, no. 10 (October 2012), p. 3.
[103] Ibid.
[104] Sheikh Abdur Rahim and Md. Asraful Alam, "Foreign Remittance Income in Bangladesh: Opportunities and Challenges", *Asian Business Review*, vol.2, no. 2 (2013), p. 22.

Table 3.24
Simple Growth of Remittance Collected by UCBL

Year	Remittance (In Million Tk.)	Growth (%)
2007	1955.20	-
2008	4466.00	128.42
2009	4914.00	10.03
2010	5452.10	10.95
2011	16802.80	208.19
Average growth rate		89.40

Source: All the figures are tabulated from the Annual Report of UCBL from 2007 to 2011

Figure 3.16
Growth Trend of Remittance Collection

	1	2	3	4	5
Year	2007	2008	2009	2010	2011
Remittance (In Million Tk.)	1955.2	4466	4914	5452.1	16802.8
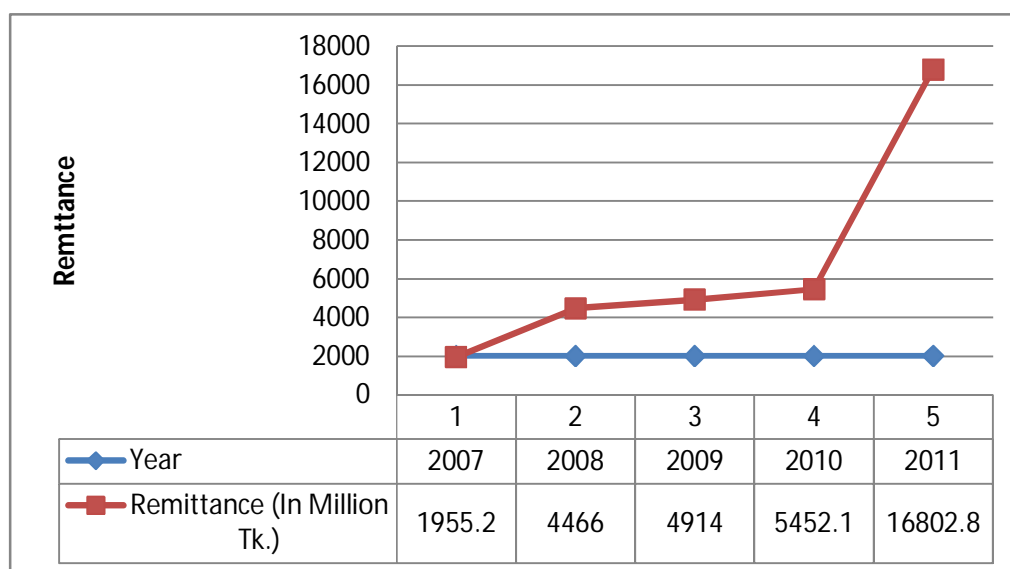
Source: All the figures are tabulated from the Annual Report of UCBL from 2007 to 2011 and Table 3.24.

3.5.12 Other Activities

As a commercial entity UCBL performed the above mentioned activities which are considered most important for all PCBs. There are some other activities which have significant impact on operation and performance of all PCBs including UCBL. These are social and socio-economic activities of UCBL. Though business organization generates profit through economic transaction, it is not out of the society. It has to perform its

activity within social environment. Therefore, UCBL has some moral obligation and responsibility towards the society. It has moral debt for social commitment to integrate social, environmental and economic concerns into its values and every day functions.[105] From this view point like other PCBs, UCBL is performing a number of activities to uplift the society and its distressed people. However, the areas of its corporate social responsibility (CSR) are education, health, environment, disaster management, art and culture, sports and socio-economic development.[106] As part of its CRS in education sector, it has launched scholarship for poor and brilliant students, education promotion scheme, education for under privileged children and donation to educational institutions. It is also donating in health sector. It has made a donation of Tk.15.00 lac to the dental department of BIRDEM hospital to install a complete dental unit and implant surgical kit.[107] However, it spent an amount of Tk. 5.5 crore in respect to CRS for the tenure of 01 January 2011 to 31 December 2011.[108] To address the environmental issues with a high level of consideration, it has put emphasis on green banking. In this regard, the board of directors of UCBL formulated a green banking policy and environmental risk management policy.[109] Under this policy bank considers the environmental issues in allocating loans and advances or investing in any project. Moreover, it is also investing in agriculture sector for sustainable development of the agro-based economy by boosting agro-production and generating rural employment.[110] In the light of that view, each year UCBL extends the amount of rural loan. For instance, in 2008 the amount of rural loan was Tk. 880.81 million and in 2009 it was Tk. 1864.32 million. In 2010, 2011 and 2012 the amount was Tk. 3917.26 million, Tk. 5414.13 million and Tk. 7072.36 million respectively. The bank formulated and approved comprehensive Agricultural Credit Policy and Tk.1.98 billion has also been fixed for disbursement as agricultural credit by the bank in the Fiscal Year 2011-2012.[111]

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[105] *Annual Report 2011* (Dhaka: United Commercial Bank Limited, 2011), p. 84.

[106] Ibid, p. 84; *Annual Report 2011*(Dhaka: Prime Bank Limited, 2011), pp. 136-155; *Annual Report 2012* (Dhaka: Eastern Bank Ltd., 2012), pp. 97-99.

[107] Ibid, p. 85.

[108] Ibid.

[109] Ibid, p. 88.

[110] Ibid, p. 89.

[111] Ibid.

3.6 Conclusion

From this chapter we can know about the origin and development of banking system as well background from where the banking system started in the sub-continent. Origin and development of banking system in Bangladesh in the pre and post liberation era has also been discussed in this chapter with special emphasis on private sector commercial banks which started their journey during the 1980s with the establishment of six commercial banks in private ownership and management. A comparative position in terms of branch expansion, deposits mobilization and assets accumulation among NCBs, PCBs, DFIs and FCBs also has been stated for the last eleven years (2001-2011) in this chapter. In addition, evolution, functions, organizational structure, growth and development of various activities of United Commercial Bank have also been discussed in more meticulously.

Chapter Four
Present Scenario of HRM Practices in UCBL

4.1 Prelude

Human resources of a company are important capital and are playing an important role in the operation of an organization. Every organization whether profit or not for profit, is made up of people and its human resources. An organization is nothing without human resources. Human resource management (HRM) is linked with all the managerial functions involved in planning for recruiting, selecting, developing, utilizing, rewarding, and maximizing the potential of the human resources in an organization. HRM is defined as a process for the development of abilities and the attitude of the individuals, leading to personal growth and self actualization which enables the individual to contribute towards the achievement of organizational goals. Human resource (HR) management is designing management systems to ensure that human talent is used effectively and efficiently to accomplish organizational goals.[1]

In recent years, human resources have been recognized as an important source of sustained competitive advantage. In order to develop a sustainable competitive advantage, organization must create resource in a manner that is rare, non- imitable, and non-substitutable.

The banking industry is highly competitive. The banks are not only competing with one another, but also with non-bank financial institutions. Banking sector alone accounts for a substantial share of assets of the financial system. It is a powerful medium of socio economic development in developing countries like Bangladesh.[2] A well organized and managed banking system can play a pivotal role in the development of the country through its effective financial services.   Success of the bank in most cases depends upon the amount of quality services provided by the employees of bank.[3]

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[1] Robert L. Mathis and John H. Jackson, *Human Resource Management*, 13th ed., (Mason: South-Western Cengage Learning, 2010), p. 4.

[2] Sadia Afroj, "Ongoing Corporate Human Resource Management Practice in Banking Sector of Bangladesh", *Global Journal of Management and Business Research*, vol. 12, no. 1 (2012), p. 105.

[3] Khaled Mahmud and Sharmin Idris, "The Impact of Human Resource Management Practices on Turnover of Bank Employees in Bangladesh", *World Review of Business and Research*, vol. 1, no. 2, (May 2011), p. 72.

Changing business environment in knowledge economy has made an adoption of human resource management imperative for competitive advantage. HRM practices are being increasingly considered as major contributory factors in financial performance of organization.[4] The efficiency of national investment depends on the complementary roles of both the private and public banks and this financial sector requires a highly skilled manpower and quality information to undertake this vast range of tasks.[5] For banks in Bangladesh to survive in a hypercompetitive environment needs to design and maintain effective HR practices that encourage the high performance of bankers. HRM practices differ from organization to organization. Even it differs among the organizations of same industry. However, HRM practices of UCBL are discussed below.

4.2   Recruitment and Selection

a) Recruitment

Every organization irrespective of nature tries to recruit the best employees or personnel for sustainable development and growth. The importance of recruiting the best work force has become increasingly important as the emphasis on people as the prime source of competitive advantage has grown.[6] Recruitment is the process of finding and attracting capable applicants for employment.[7] Another author defined it as the process of discovering potential candidates for actual or anticipated organizational vacancies.[8] The process begins when new recruits are sought and ends when their applications are submitted. The result of recruitment process is a pool of applicants from whom new employees are selected.

Generally, recruiters follow several steps with identifying job opening through human resource planning (HRP) or requests by managers. The HRP can be especially helpful because it shows the recruiter both present openings and those expected in future. After identifying job openings, the recruiter learns what each job requires by reviewing the job

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[4] Tahir Masood Qureshi et al., "Do human resource management practices have an impact on financial performance of banks?" *African Journal of Business Management*, vol. 4(7) (4 July 2010), p. 1281.

[5] Mahmud and Idris, p. 72.

[6] Ian Beardwell, Len Holden and Tim Claydon, ed. *Human Resource Management: A contemporary Approach*, 4th ed. (New Delhi: Prentice Hall, 2004), p. 190.

[7] William B. Werther Jr. and Keith Davis, *Human Resource and Personnel Management* (New York: McGraw Hill Inc., 1996), p. 195.

[8] David A. Decenzo and Stephen P. Robins, *Human Resource Management*, 6th ed., (New Delhi: John Wiley and Sons. Inc., 1999), p. 156.

analysis information, particularly the job description and job specification. Job description is a written statement that explains the duties, working conditions and other aspect of a specified job.[9] On the other hand, job specification describes what the job demands from the employee who does it and the human skills those are required.[10] This information tells the recruiter the characteristics of both the job and the people who will fill them.

There are a number of constraints and challenges in the way of recruitment. These are organizational policies, human resource plans, affirmative action plans, recruiter habits, environmental conditions, job requirements, costs of recruitment and incentives etc.

There are two types of sources from where the employer or recruiter recruits potential candidates. These are: (1) Internal source which includes employee referrals, promotion etc. and (2) External source that includes employment agencies, professional search firms, educational institutions, professional associations, labour organization, advertisement in print and electronic media, training institute etc. The goals of recruitment are to attract and retain the interest of right candidates, and the projection of a positive image of the organization to those who come in contact with it.[11] Figure 4.1 shows the summary of recruitment process.

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[9] Werther and Davis, p. 135.
[10] Ibid, p. 140.
[11] Mahmud and Idris, p. 137.

Figure 4.1
Summary of Recruitment Process

Human Resource Planning		Job analysis information		METHODS OF RECRUITMENT	SATISFACTORY RECRUITS MAKE FORMAL APPLICATION

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Human Resource          JOB        Job analysis         JOB        METHODS OF      SATISFACTORY
Planning                           information                     RECRUITMENT     RECRUITS MAKE
                                                                                   FORMAL
                        OPENING                                                    APPLICATION

Affirmative                        Managers                        INDUCEMENTS
Action plans                       Comments

Specific requests       IDENTIFIED                     REQUIREMENTS
of managers
```

Employer Source	**Referral Source**
• Walk-ins	• State Agencies
• Employee referrals	• Private agencies
• Advertising	• Search firms
Other Institutions	**Miscellaneous**
• Educational Institutions	• Temporary help firms
• Personnel Associations	• Leased employees
• Labour Organization	• Departing employees
• Military Operations	• Open house
• Government Programs	• International recruiting

Source: William B. Werther Jr. and Keith Davis, *Human Resource Management* (New York: McGraw Hill, Inc., 1996), p. 215.

Recruitment in UCBL

In UCBL recruitment decision is made at corporate level. The corporate body decides what positions will have to fill and how to fill the immediate as well as future requirements. The total procedure is designed to cover all positions from lower level to top level. The corporate human resource department decides the expansion process of their employment requirement. It prepares a detailed plan how to hire, screen the employees and where to put them. On the basis of new branches, number of vacant positions and introduction of new product in the market, recruitment decision is taken.

Though not in very formal way, UCBL also prepare job analysis. There are job description and job specification. If we look at the recruitment advertisement in print or electronic media, we observe that the advertisement is divided in two parts. In the first

part the duties and responsibilities of job are stated. In the second part requirements needed for performing the job i.e. educational, physical and technical qualifications are stated. In the recruitment process human resource department serve the vacancy announcement in the print, electronic media and on-line system. Most of the PCBs including UCBL now invite job application through on-line process. In this recruitment notice or advertisement qualified candidates are encouraged to apply for the position available. After receiving the application, the process of recruitment is completed.

b) Selection

Recruitment seeks to create a pool of suitable applicants. Once that has been assembled the selection process begins.[12] It is a tool in the hands of management to differentiate the qualified and unqualified applicants by applying various techniques such as interviews and tests etc. The aim of selection is to find such a person who accepts the position and who gives satisfactory service and performance in the long term.[13] It is evident that mistakes in selection can have very serious consequences for corporate effectiveness. Such mistakes may very adversely affect colleagues, subordinates and clients.[14] Employee incompetence may lead to costly mistakes, loss and waste of valuable time and resources, accidents, avoidable expenditure on training etc.

Selection is the process of making a "hire" or "no hire" decision regarding each applicant for a job.[15] The ultimate purpose of selection is placement, or fitting a person to the right job. Selection is the process of choosing individuals with the correct qualifications needed to fill jobs in an organization.[16] Selection process starts only after the application from the prospective employees and receiving by concern department or person i.e., human resource department of an organization.

The application are screened out at each step and those who are found fit for the job are selected finally. The process typically involves determining the characteristics required

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[12] Werther and Davis, p. 229.

[13] John Stredwick, *An Introduction to Human Resource Management*, 2nd ed. (London: Elsevier, 2010), p. 163.

[14] Shaun Tyson, *Essentials of Human Resource Management*, 5th ed. (London: Elsevier, 2006), p. 161.

[15] Luis R. Gomej-Mejia, David B. Balkin and Robert L. Cardy, *Managing Human Resources*, 7th Ed. (New Delhi: Pearson Education, Inc., 2012), p. 171.

[16] Mathis and Jackson, p. 214.

for effective job performance and then measuring applicants on those characteristics, which are typically based on a job analysis.[17]

In the selection process the selection authority has to face a number of challenges, such as organizational policies, labour market growth, equal employment opportunity laws, service rules, other legal constraints, ethical consideration etc.

Selection in UCBL

Selection process in UCBL starts with the receiving of application from the prospective employees. Actually UCBL selects its employees in three categories. These are:

- Staffs: Driver, Messenger, Security guard, MLSS etc.

- Officers: Cash Grade (Assistant Cash Officer to Senior Officer Cash), Management Trainee Officer (MTO) and Trainee Officer (MT).

- Executive with relevant banking experience: First Assistant Vice President (FAVP) to Deputy Managing Director (DMD).

Staffs are selected through outsourcing. They are selected from different organizations on a contact basis.

In selecting officers, Human Resource Management Department (HRMD) of UCBL, at first screens the applications whether they fulfill the job specification i.e. required qualifications and skills or not. After screening, HRMD issue interview card in the name of selective applicants and invite them to appear at the written exam. The applicants who obtain minimum mark in written test determined by the HRD called for viva-voce exam. Adding the score both written and viva-voce exam, final merit list is prepared. On the basis of final merit list, selection decision is taken finally. Figure 4.2 displays the selection process.

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[17] Gomej-Mejia, Balkin and Cardy, p. 171.

Figure 4.2
Selection Process

Failed to meet minimum qualification		Initial Screening
Failed to complete application or failed to job specification		Completed Application
		Passed
Failed Test		Employment Test
Failed to impress interviewer and/or meet job expectation		Comprehensive Interview
Problems encountered		Background examination if required
		Medical/Physical Examination if required
Unfit to do essential elements of job		Conditional job offer
		Permanent Job Offer

Note: Under the comprehensive approach, all steps
are completed before a hiring decision is made

Source: David A. Decenzo and Stephen P. Robbins, *Human Resource Management*, 6th ed., (Singapore: John Wiley & Sons (Asia), pte. Ltd., 1998), p. 170.

Selection of Management Trainee Officers (MTO) and Management Trainee (MT) is made through a rigorous process. It is thought that MTOs and MTs are the driving force and future leader of the bank. In case of MTOs and MTs preliminary screening is made according to job description and job specification to select qualified candidate; A rigorous written examination is held to select MTOs and MTs. The authority of UCBL handover the responsibility of examination to well recognized institutes like Institute of Business Administration (IBA, DU), and Bangladesh Institute of Bank Management (BIBM). IBA or BIBM conducts written examination, evaluates the answer scripts, prepares merit list of written examination and send it (merit list) to the bank authority. The candidate who gets standard marks in written examination is called for interview or viva-voce before selection board of UCBL. Selection board is constituted with top officials of the bank. In the interview process the board justifies a candidate from different perspective like intelligence, integrity, capacity to manage a situation, personality, communication skills, decision making capacity, depth of knowledge, smartness, initiative, extra curricular

activities etc. After the interview, the HRMD prepares final merit list. Job offer is made to a certain number of candidates and invite them to attend medical board for physical examination. After physical examination, final job offer letter is sent to the candidate.

Selection of executives is done through head hunting or talent search process. This job is done by the research and development (R&D) team of HRMD. Sometimes HRMD also offers job through the advertisement in the newspaper or internet. In this case, prior banking experience is one of the basic criteria for selection. Emphasis is also given on business growth, planning capacity, leadership quality, decision making capacity etc. Generally, no written test is conducted for selection. The candidates face the selection board or interview panels that comprise of designated high officials of the bank. If the selection board is satisfied with the candidate final job offer is made.

Selection of Managing Director (MD) is different from other executives and employees. For appointing or selecting a person as MD, prior approval of Bangladesh Bank is required for all PCBs including UCBL. Post of MD is a contractual job. No MD can be appointed more than two terms. The total length of service of an MD is eight years in two terms. It is the rule of Bangladesh Bank. Board of Directors of the UCBL appoints or selects MD.

4.3   Training and Development

a) Training

Employee training is commonly used as a means to increase performance. In developing human resources training has no alternative. The gap between employee performance levels and standards for that performance is commonly addressed with training. Training typically focuses on providing employees with specific skills or helping them to correct deficiencies in their performance.[18] After a comprehensive orientation and proper job placement, new employees may not be able to perform satisfactorily. Often they must be trained in the duties that they are expected to do. Even experienced employees in new jobs need training to improve their performance.[19]

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[18] W. Fitzerland, "Training versus Development", *Training & Development*, vol. 64(1992), p. 81-84, *In* Gomej-Mejia, Balkin and Cardy, p. 258.
[19] Werther and Davis, p. 306.

Training is the process of learning the techniques or skills and attitude to perform the present job. It is more specific in nature. It is linked with human resource performance and performance appraisal, and career development.[20] Training is the systematic modification of behaviour through learning which occurs as a result of education, instruction, development and planned experience. Training was defined in a greater detail by the Manpower Services Commission of UK in 1981 as follow:

> A planned process to modify attitude, knowledge or skill behaviour through learning experience to achieve effective performance in an activity or range of activities. Its purpose, in the work situation is to develop the abilities of the individual and to satisfy the current and future manpower needs of the organization.

Training and Development is "planned learning" with focus on identifying and developing the key competencies needed by individuals to perform well in their current and future jobs[21]. So, training is the way to give new or present employees the knowledge, skills, attitude and specific behaviour need to perform their duties and responsibilities of job for which they have been selected.

There are four types of training, such as required and regular training, job/technical training, developmental and career training and finally interpersonal and problem solving training. Two types of training techniques are widely used. These are on-the job training (OJT), and off-the job training.

The most common types of trainings at all levels in an organization are on the job training because it is flexible and relevant to what employees do. Well planned and well executed OJT can be very effective.[22] It means learning a job by actually performing it.[23] Virtually every employee, from clerk to chief executive officer (CEO), gets OJT when he/she joins in an organization. It is less costly to operate and take employees places of actual work situations. OJT techniques are: job instruction training, job rotation, apprenticeship and coaching.

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[20] Shhahid, p. 100.

[21] McLagan, "Models for HRD practice", *Training and Development Journal*, vol. 41 (9), (1989), pp. 49-59, *Cited In* Robert C Projosi, ed., *The 2005 Pfeiffer Annual Human Resource Management* (San Francisco: John Wiley and Sons, 2005), p. 96.

[22] Kathryn Tyler, "15 ways to train on the job", *HR Magazine*, (September 2008), pp. 105-108, *In* Mathis and Jackson, p. 268.

[23] Gary Dessler, *Human Resource Management*, 7th ed. (New Delhi: Prentice Hall of India Private Ltd., 2000) p. 256.

Off-the job training is a training technique which is taken place outside the actual work situation. Off-the job training covers a number of techniques, such as classroom lecture, video presentation, vestibule training, programmed vestibule training, programmed instruction and laboratory training etc.

b) Development of Employees

Development of employees is currently termed as HR development, by design, is more future oriented and more concerned with education than employee job specific training. By education it means that employee development activities attempt to install sound reasoning process - to enhance one's ability to understand and interpret knowledge rather than imparting a body of facts or teaching a specific set of motor skills.[24] Development therefore, focuses more on employee's personal growth.

Development can be thought as growing capabilities that go beyond those required by current job. Development represents efforts to improve employee's ability to handle a variety of assignments and to cultivate employee's capabilities beyond those required by the present job.[25]

There are some commonly and important capabilities that may require development including an action orientation, quality decision making skills, ethical values, and technical skills.[26] Employee development includes: Personal skill development, Management development and leadership development etc. A number of scholars are given training and development simultaneously. But there are some sort of differences between training and development. Figure 4.3 shows points of training versus development.

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[24] Decenzo and Robin, p. 232.
[25] Mathis and Jackson, p. 303.
[26] Ibid.

Figure 4.3
Training versus Development

Focus	* Learn specific behaviour and actions * Demonstrate techniques and process	⇔	* Understand information concepts and context * Develop judgment * Expand capacities for assignments
Time Frame	Shorter term	⇔	Longer term
Effectiveness measures	* Performance appraisal * Cost benefit analysis * Certification	⇔	* Availability of qualified people when needed * Possibility of promotion from within * HR based competitive advantage

Source: Mathis and Jackson, *Human Resource Management*, 13th ed., 2010, p. 304.

A number of employee development or HR development approaches are used to develop employees or HR of an organization. These are job site approach that includes (Coaching, Committees, job rotation, assistant to job), off-site approach (includes class room courses, seminars, outdoor training, sabbatical/leaves) and learning organization includes corporate universities, career development centers, e-development.

Training and Development in UCBL

To cope up with the challenges of globalization, human resource has been considered as one of the most important factors in today's hypercompetitive market place. Human capital of Bangladeshi commercial banks is playing a significant role in economic growth by contributing their knowledge, skills and efforts. Employee training and development is an integral part of the productivity of any bank like UCBL.

At UCBL employee learning (acquired through training) and development are steered by three hubs.

- ▪ Internal Training Program by UCBL Training Institute

- External Training program (both local and foreign)

- Functional excellence program steered by respective branches and divisional heads.

After selecting fresh officers and MTOs, three days orientation program is conducted by bank's own institute. Then they are posted in different branches and department. In the respective department or branch, newly recruited employees learn the skills and knowledge through doing the job under the supervision of branch or departmental head. This way of imparting knowledge and skills comes under the approach of on-the job training. After a certain period newly appointed officer and MTOs are called for basic foundation training. Foundation training is conducted by the training institute of UCBL. Sometime fresh officers and MTOs are sent to BIBM for foundation training.

Training of UCBL can be classified into the following categories:

- Basic / Foundation Training ;

- Core competency development training which covers cash operation, sales, general banking, credit, SME, foreign trade etc. ;

- Business competency development training which covers anti money laundering and combating financing to terrorism, Branch management, Implementation of Basel II, etc. ;

- General Competency Development Training Which covers Language skills, performance management, coaching, and leading and negotiation skills.

The mission of the bank is to face business challenges what may come and win at the market place by bringing in creative business solutions satisfying valued customers need. The bank firmly believes in this mission statement and its objective is to bring in competitive advantage through consolidation of best HR practices and scale newer heights in human quality and capability and work culture based on values.

Part of its employee development, UCBL focuses on leadership development. Following leadership development model is formulated and taken by UCBL:

Figure 4.4
Leadership Development Model of UCBL

(a) Professional Competence

Core competence

General competence

Behavioural competence

Knowledge/skills required in core job

Knowledge/skills of social subjects needed in business

Behavioural abilities

Managerial competence

Behavioural competence

Business Leaders

World class level   Growth Level   Developing Level   Foundation Level   Leadership Levels

Level-4   Level-3   Level-2   Level-1
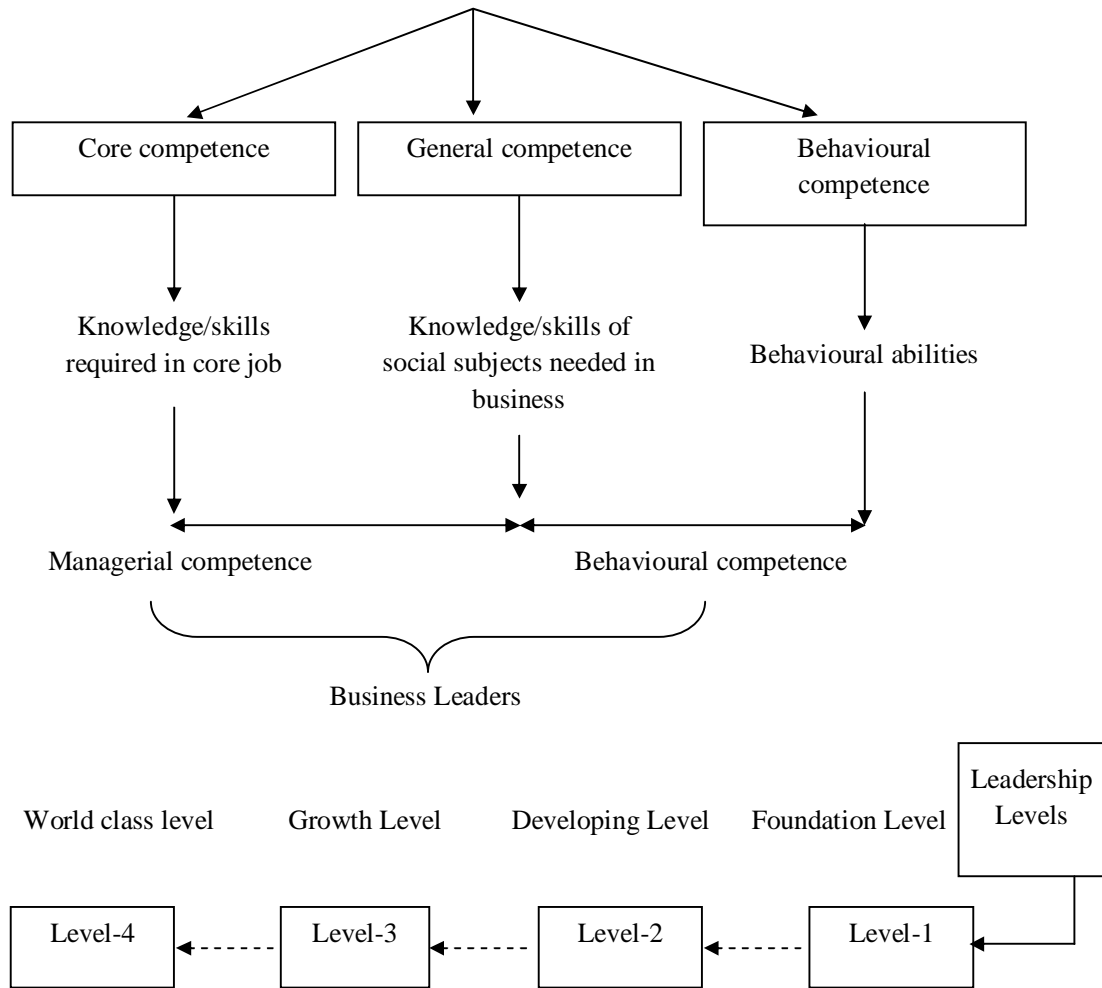
Source: Annual Report of UCBL of 2011.

(b) Leadership development at different layers of the organization
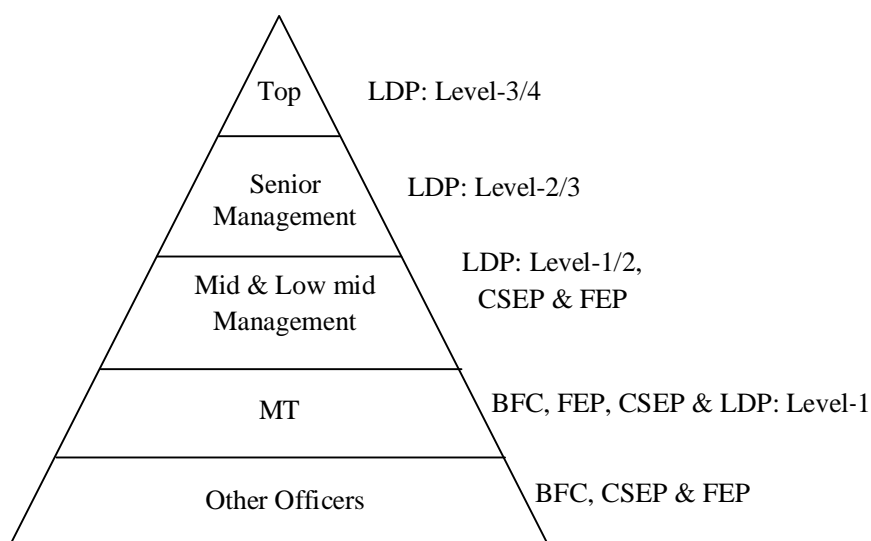
Source: Annual Report of UCBL of 2011

LDP = Leadership Development Program, FEP = Functional Excellence Program, CSEP = Customer Service Excellence Program & BFC = Basic Foundation Course.

Table 4.1 shows increasing trend of expenditure on training

Table 4.1
Expenditure incurred for Training (including seminar)

Year	Amount in Tk.	Change in %
2006	3,60,637	-
2007	3,76,045	2.44
2008	11,64,764	209.74
2009	16,82,429	44.44
2010	87,56,651	420.48
2011	2,76,67,204	215.96

Source: Annual Reports of UCBL of different years

Table 4.2 displays the increasing number of participants in training programs. UCBL puts more and more importance on training over the years.

Table 4.2
Year wise training and participants of UCBL

Year	Number of in House Training	Number of participants
2002	9	181
2003	36	1091
2004	10	273
2005	34	900
2006	12	435
2007	32	979
2008	15	718
2009	61	1745
2010	73	2346
2011	99 (including seminars)	3674

Source: Annual Reports of UCBL of different years

4.4 Motivation

Motivation is an important aspect of modern organizational management. Without proper motivation of employees, no organization can achieve its objectives.

The term motivation comes from the latin word 'movers' which means to move. This meaning is supported by the following formal definitions given by Berelson and Steiner [27] "a motive is an inner state that energizes, activates, or moves (hence motivation), and directs and channels behaviour towards goals. It is a basic psychological process that includes the need-drive-incentive sequence or cycle.[28] Motivation can be defined in terms of some outward behaviour. People who are motivated exert a greater effort to perform some task than those who are not motivated. Actually it is the inner drive that inspires the person or employee to perform the task emphatically so that personal goals can be achieved through the achievement of organizational goal. So, it can be defined as that energizes, directs and sustains human behaviour.[29] In HRM the term refers to persons who desire to do the best possible job or exert the maximum effort to perform assigned tasks.[30] An important feature of motivation is that it is the behaviour directed toward goal.

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[27] Bernard Berelson and Gray A. Stainer, *Human Behaviour*, (New York: Brace and Ward Inc. 1964), p. 240, *Cited In* A. B. M. Mohiuddin khan, "Workers Motivation with reference to Rajshahi Textile Mills Ltd", *Journal of the Institute of Bangladesh Studies*, vol. 21(998), p. 89.
[28] Nurullah, p. 209.
[29] R. Steers, *Introduction to organizational Behaviour*, 2nd ed., (Glenview, IL: Scott, Forceman, 1984), *In* Gomer Mejia, Blkin and Candy, p. 61.
[30] Gomej Mejia, Balkind and Candy, p. 61.

Depending on how motivated people are, it may further determine the effort that they put into there work and therefore increase the standard of the output.

Motivation Process

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┌─────────────┐      ┌─────────────┐         ┌─────────────┐      ┌─────────────┐
│ Unsatisfied │ ───► │Increased drive│ ┄┄┄► │  Satisfied  │ ───► │  Decreased  │
│    needs    │      │  (tension)  │         │    needs    │      │   tension   │
└─────────────┘      └─────────────┘         └─────────────┘      └─────────────┘
                            │                                            ▲
                            ▼                                            │
                    ┌──────────┐    ┌────────────┐  ┌──────────────┐  ┌──────────────┐
                    │  Effort  │──► │ Performance │─►│Organizational│─►│Individual goals│
                    └──────────┘    └────────────┘  │    goals     │  └──────────────┘
                                                     └──────────────┘
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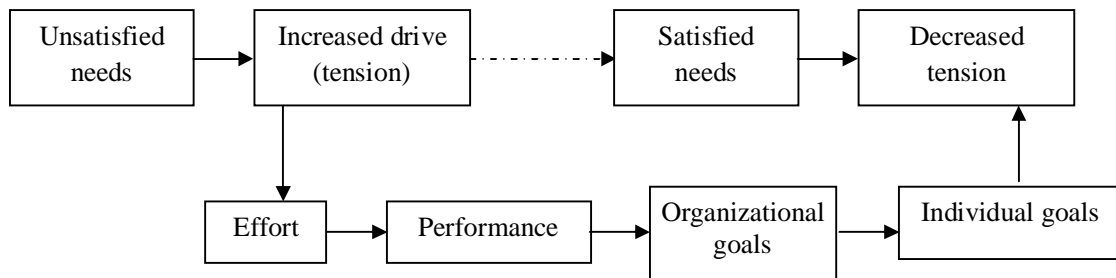
Source: Decenzo and Robins, *Human Resource Management*, 6th ed., (New Delhi: John Wiley and Sons, Inc., 1999), p. 109.

There are four major approaches to the theoretical development of work motivation. They are content theories, process theories, equity theories and attribution theories. The content theories mainly contain Maslow's need hierarchy model, Herzberg's two factor model, and Alderfer ERG model. The process theories are most closely concern to the works of Voom, porter and Lawler. The other two approaches relating to contemporary theories are Adam's equity model and Kelly's attribution model. In addition to four approaches, there are other emerging models such as control model and agency model.

There are two ways of giving motivation. These are: (1) Positive ways, and (2) Negative ways. Positive ways include financial incentives and non-financial incentives.

Financial incentives are yearly increment, bonus, pension, gratuity, provident fund, housing loan, insurance premium. Profit or gain sharing, TA and DA, festival allowance, special grants for family member etc. Non-financial incentives include participation, quality of work life, job enrichment, recognition and reward, praise, job security, autonomy, promotion, training facilities, foreign trip, member of a prestigious club, housing facility, education facility for children, transportation facility etc.

Negative ways of motivation include demotion, transfer, decrease of salary, suspension, fear of firing and shouting, other disciplinary action etc.

Motivation in UCBL

UCBL believes that an efficient team of employees with proper motivation can provide the bank competitive advantages to achieve its goals though it does not follow any specific theory or model.

UCBL provides both financial and non-financial incentives to its employees. As **financial incentives** UCBL provides:

- Festival Bonus,
- Contributory provident fund,
- Incentive Bonus (Based on branch as well as individual performance),
- Special increment,
- Special pay for officers (Introduced from 2009),
- Special grant for treatment,
- Gratuity,
- Welfare fund,
- Group insurance,
- Housing loan with a very nominal interest rate and
- Honorarium for passing Banking diploma.

Non-Financial incentives are:
- Foreign trip,
- Foreign Training,
- Extra-ordinary promotion,
- Extra-ordinary leave,
- Yearly tour etc.

4.5   Compensation

Compensation means the rewards which an employee receives from his/her employee in exchange of his/her services to the organization. In other words, compensation refers to all forms of payments or rewards which go to employees and arising from their employment.[31] By compensation, most of the employers attempt to provide fair remuneration for the knowledge, skills and abilities of their employees.[32]

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[31] Dessler, p. 421.
[32] Sharmin, p. 138.

It is important from the side of employers as well as employees. It is very crucial to the employees because it is the main reason for which a person works. Employee's living standard, status in the society, level of motivation, loyalty to the organization and productivity are also influenced by compensation.[33] Sometimes, compensation is called remuneration package, total compensation or rewards, Total compensation has three components:[34] (i) Base compensation, (ii) Pay incentives and (iii) Indirect compensation benefits. Another scholar[35] states that compensation management embraces direct compensation, which includes ways and salaries, and increasingly, incentives and gain sharing, and indirect compensation includes fringe benefits. Compensation Management must meet several objectives.[36] These are acquiring qualified personnel, retain present employees, ensure equity, reward desired behaviour, control costs, comply with legal regulation, facilitate under standing etc. In practice, compensation has three main components: (i) Salary and wages, (ii) Incentives and, (iii) Fringe benefits.

The term 'wage' refers to payment of remuneration to employees/workers who work on hourly or daily basis. On the other hand, salary refers to the payment of remuneration to the clerical, supervisory and managerial employees who work on weekly, monthly or yearly basis. Salary and wages are basic compensation devices and the cost of many other elements in compensation package is determined by salary and wages.[37] In determination of salary and wages following points must be considered.[38] Supply of and Demand for employees' skills and knowledge, influence of labour organization (trade union), firm's ability to pay, productivity of the firms, cost of living and government regulation, pay structure of other related organization for example other PCBs and foreign commercial banks operating in Bangladesh.

Compensation in UCBL

UCBL, as a first generation private commercial bank in Bangladesh, provides a competitive compensation package to its employees. Its compensation or remuneration package has also three components. These are: (a) Basic salary (b) Incentives and (c) Fringe benefits.

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[33] K. Aswathappa, *Human Resource Management: Text and Cases* (Delhi: Tata Mcgraw-Hill Publishing Company Ltd., 2008), p. 98.
[34] Gomej-Mejia, Balkin and Cardy, p. 312.
[35] Werther and Davis, p. 413.
[36] Ibid., p. 414.
[37] Hena and Prince, p. 118.
[38] Ibid.

Basic pay is determined by corporate body of the bank who consider the cost of living, productivity of the bank, ability to pay of the bank, pay structure of other related organizations in the same industry, standard of living of employees and price of the commodity of the country.

Every year UCBL pays incentives to its employees. But it differs from year to year. Because payment of incentives depends upon the amount of profit that the bank realizes in that particular year. UCBL also provides extra-ordinary incentives for outstanding performance.

Fringe benefits includes house rent allowance, medical allowance, conveyance allowance, festival bonus, extra ordinary promotion for outstanding performer, contributory provident fund, gratuity, welfare fund, special increment for officers, entertainment allowance, cash risk allowance, risk allowance, charge allowance etc.

In determination of compensation package UCBL conducts a market survey. Compensation and benefits team of UCBL under HRMD does this market research and proposes compensation package to the top management. It revises its compensation in every one and a half year to two years. Moreover, it considers market inflation during the declaration of annual increment.

4.6   Performance Appraisal

Performance Appraisal is a critical activity of human management. Performance appraisal means evaluating the standard of jobs performed by the employees against predetermined standard. It is the process by which organizations evaluate job performance.[39] Performance appraisal is the identification, measurement and management of human performance in organization.[40] When the process is done correctly, employees, their supervisors, the HR department and ultimately, the organization are benefited. Performance appraisal is the process of determining how well employees do their jobs relative to a standard and communicating that information to them.[41]

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[39] Werther and Davis, p. 338.
[40] Gomej-Mejia, Blakin and Cardy, p. 245.
[41] Matis and Jackson, p. 320.

Performance appraisal (PA) has a number of uses. These are performance improvement, compensation adjustments, placement decisions, determining training and development needs, career planning and development, staffing process deficiencies, informational inaccuracies, job design errors, equal employment opportunity, external challenges, and feedback to human resources.

To perform the task of appraising performance of employees, the following challenges or problems may occur: the hello effect, legal constraints, error of central tendency, the leniency and strictness biases, cross cultural biases, personal prejudice, unclear standards, the regency effect etc.

Two approaches of measuring performance are post-oriented appraisal approach (includes rating scale, checklists, forced choice method, critical incident method, behaviorally anchored rating scales, field interview method, performance test and observations, comparative evaluation method), and future oriented approach (includes self appraisals, management by objectives (MBO), psychological appraisals and assessment centers etc.). It depends upon the organization which method will be used in appraising performance of its employees.

There are three types of information required for measuring performance of employees. These are: trait-based Information like attitude, team work, initiative, creativity, etc.; behaviour-based information like customer satisfaction which focuses on specific behaviour that lead to job success and finally results-based information which considers employees job accomplishments (e.g., sales volume, cost reduction, units produced, etc.)[42]

Performance Appraisal in UCBL

UCBL appraises the performance of its employees every year. In general, it follows the merit rating scale and for managers it follows the 360 degree appraisal method. It appraises the performance of employees to take decision regarding promotion, training and development, replacement in case of deficiencies, firing, recruitment etc.

UCBL appraises performance through annual confidential report (ACR). Employees are appraised or evaluated by their branch manager or departmental head. Following points are considered in making appraisal:

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[42] Matis and Jackson, p. 326.

Banking diploma: It is a professional qualification for bankers. Persons who pass diploma get good marks or points.

Desk performance: Departmental head or branch manager considers an employee's desk performance how well he/she performs his/her desk job.

Educational Qualification: Evaluator also considers an employee's academic qualification; employee who possesses MBA or MBM and gets good marks or points.

Business Motivation: Business motivation means motivating the investor, exporter, importer or person who is engaged in business and other financial activities and making them client of bank by motivational efforts. Employee who does this job perfectly gets good point.

Deposit Mobilization or Procurement: Deposit mobilization is another important criterion of judging employee performance. An employee gets good point if he is able to mobilize large amount of deposit.

Leadership quality: It is one of the major criteria of evaluating or measuring performance. Leadership quality is judged for making future leader of the banks. Employee with good leadership quality gets good points.

The evaluation/appraising process is done on a 100 marks/point scale. The point or marks are distributed among criteria according to their merit. How many points/marks are allocated for each criterion is determined by corporate body of the bank.

4.7 Employee Relation

Employee relation means relationship between employee and supervisor/manager, employee and employee or employer and employee in the work place. Employee relations are concerned with generally managing employment relationship and developing a positive contract. In particular they deal with terms and conditions of employment, issues arising from employment, providing employees with a voice and communicating with employees.[43] So, having good employee-relation means providing fair and consistent

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[43] Michael Armstrong, *Armstrong's Essential Human Resource Management Practice: A Guide to people Management*, (London: Kogan Page, 2010), p. 294.

treatment to all employees so that they will be committed to the organization.[44] So, employee-relation is generally used to describe the relationship that exists between the management of an undertaking and its work people in the collective sense.[45] Employee relations consist of all those areas of human resource management that involve relationship with employees directly and/or through collective agreements where trade unions are recognized.[46]

Employee relations practice includes formal process, procedures and channels of communication. The elements of employee-relation consist of the formal and informal employment policies and practices of the organization and the development negotiation and application of formal systems, rules and procedures for collective bargaining, handling disputes and regulating employment.

For maintaining a congenial atmosphere all the stakeholders of the organization should be conscious. For the better interest of the organization they realize each other with utmost good faith, dignity and mutual respect. All of them should keep it in mind that to gain competitive advantages for organizational success; there is no substitute of good employee/industrial relations.

Employee Relations in UCBL

UCBL is a first generation private Commercial Bank (PCB) in Bangladesh. It has 119 branches throughout the country. It has around 3000 (three thousand) employees of different categories. The employees also come from different region, religion and family back ground, but there is no conflicting relation among employees. However, the state of employees' relations is as follows:

- There is no formal or informal employee union in UCBL. It is also the picture of all PCBs of Bangladesh.

- An employee can easily inform his job related issues to his branch manager, department head or immediate boss.

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[44] J. Coyle Shapiro and L. Shore, "The employee organization relationship: Where do we go from here*?", Human Resource Management Review*, vol. 17, pp. 169–179, *In* Gomej-Mejia, Balkin and Cardy, *Managing Human Resource*, p. 437.

[45] Micheal J. Bolla and Steven Goss Turner, *Human Resource Management in the Hospitality Industry: An Introductory Guide* (London: Elsevier, 2005), p. 190.

[46] Michal Armstrong, *A Handbook of Human Resource Management Practice* (London: Kogan Page Limited, 2000), p. 675.

▪ Every year it arranges get together program at different level where every body is allowed to express his/her opinion.

4.8 Opinions of Employees on various Aspects of HRM practices.

However, HRM practices in UCBL and opinions of bankers (Executives and Officers) regarding these practices are discussed in the following sections. Table 4.3 presents opinions regarding the efficiency of present HR pattern.

Table 4.3
Opinions regarding the efficiency of present HR Pattern

Designation	Opinion		Total
	Yes	No	
Executive	27 (90)	3 (10)	30(100)
Officers	109 (72.7)	41 (27.3)	150(100)
Total	136(75.56)	44(24.44)	180(100)
χ^2 = 3.82, df=1, P= .051			

Source: Field survey (Figures in parentheses indicate percentage)

From the table 4.3 it is observed that about 75% (136 out of 180) of the respondents reply positively regarding the efficiency of existing HR pool of UCBL. They think that present human resources of UCBL are efficient to perform jobs. On the contrary, about 25% of respondents reply that present HR pool is not efficient enough to perform their jobs.

Table 4.4
Employees' opinions regarding the following HR activities of UCBL (5 point scale)

HR Activities	Design.	5	4	3	2	1	Total	
Human Resources at UCBL are very efficient	Executive	9 (30)	18(60)	1(3.3)	2(6.7)	×	30 (100)	χ^2=9.15, df= 4, P= .057
	Officers	28(18.7)	66 (44)	28(18.7)	19(12.7)	9 (6)	150(100)	
	Total	37(20.6)	84(46.7)	29(16.1)	21(11.7)	9 (5)	180(100)	
Recruitment and Selection are fair and efficient	Executive	1(3.3)	22(73.3)	7 (23.3)	×	×	30 (100)	χ^2=6.6, df=4, p= .159
	Officers	11(7.3)	74(49.3)	55(36.7)	2 (1.3)	8(5.3)	150 (100)	
	Total	12 (6.7)	96(53.3)	62(34.4)	2 (1.1)	8 (4.4)	180(100)	
Performance evaluation/appraisal of UCBL is fair	Executive	6 (20)	21 (70)	×	3 (10)	×	30 (100)	χ^2=14.4, df=4, p=.006
	Officers	21 (14)	66 (44)	49(32.7)	12 (8)	2 (1.3)	150 (100)	
	Total	27 (15)	87(48.3)	49(27.2)	15 (8.3)	2 (1.1)	180(100)	
Training and Development of UCBL are efficient enough to perform day to day job	Executive	6 (20)	21 (70)	3 (10)	×	×	30 (100)	χ^2=5.87, df=4, p=.209
	Officers	46(30.7)	76 (50)	14 (9.3)	11 (7.3)	4 (2.7)	150 (100)	
	Total	52(28.9)	96(53.3)	17 (9.4)	11 (6.1)	4 (2.2)	180(100)	
Compensation & Benefits of UCBL are competitive and good enough	Executive	×	23(76.7)	2 (6.7)	5 (16.7)	×	30 (100)	χ^2=21.2, df=4, p=.000
	Officers	19(12.7)	52(34.7)	44(29.3)	26(17.3)	9 (6)	150 (100)	
	Total	19(10.6)	75(41.7)	46(25.6)	31(17.2)	9 (5)	180(100)	
Rewarding to productive employee is good enough	Executive	2 (6.7)	8 (26.7)	17(56.7)	3 (10)	×	30 (100)	χ^2=9.01, df=4, p=.061
	Officers	8 (5.3)	56(37.3)	46(30.7)	31(20.7)	9 (6)	150 (100)	
	Total	10 (5.6)	64(35.6)	63 (35)	34(18.9)	9 (5)	180(100)	
A safe and healthy working Condition exists at UCBL	Executive	×	28(93.3)	×	2 (6.7)	×	30 (100)	χ^2=17.6, df=4, p=.001
	Officers	24 (16)	84 (56)	31(20.7)	7 (4.7)	4 (2.7)	150 (100)	
	Total	24(13.3)	112(62.2)	31(17.2)	9 (5)	4 (2.2)	180(100)	
Effective Career development planning/path exists at UCBL	Executive	4 (13.3)	15 (50)	9 (30)	2 (6.7)	×	30 (100)	χ^2=10.8, df=4, p=.029
	Officers	23(15.3)	91(60.7)	14 (9.3)	13 (8.7)	9 (6)	150 (100)	
	Total	27 (15)	10(58.9)	23(12.8)	15 (8.3)	9 (5)	180(100)	
Grievances handling systems/procedures are adequate	Executive	1 (3.3)	8 (26.7)	11(36.7)	10(33.3)	×	30 (100)	χ^2=20.2, df=4, p=.000
	Officers	9 (6)	78 (52)	44 (29.3)	11 (7.3)	8 (5.3)	150 (100)	
	Total	10 (5.6)	86 (47.8)	55 (30)	21 (11.7)	8 (4.4)	180(100)	

Source: Field Survey (Figures in the parentheses indicate percentage) [Hints: '5'Strongly Agree, '4' Agree, '3' No Comment, '2' Disagree, '1' Strongly Disagree]

In the table 4.4 it is found that 20.6% and 46.7% of the respondents respectively strongly agree and agree with the statement that human resources at UCBL are very efficient. On the other hand, 16.1% of respondents do not make any comment and 11.7% are disagreed with the statement. It is notable that executives are more positive regarding this matter (30% strongly agreed and 60% agreed). Regarding fairness of recruitment and selection

only 6.7% of respondents strongly agree with the statement and 53.3% fairly agree. But one-third (34.4%) of the respondents do not make any comment. Regarding the fairness of performance appraisal 15% of respondents strongly agreed and 48.3% fairly agree where about one-third (27.2%) respondents are indifferent. But there is a difference between the opinion of executives and officers. In case of the effectiveness of training and development more positive opinion is expressed by the respondents. About 30% and 53% strongly agree and fairly agree respectively with statement that training and development of UCBL is efficient enough to perform the day to day function of the organization. It is notable that opinion of executives differs with the opinion of officers. When they are asked about remuneration package, only 10.6% of respondents strongly agree and 41.7% fairly agree that it is competitive and good enough. On the contrary, one-fourth (25.5%) of respondents do not make any comment and 17.2% of them disagree with statement. So, it can be said that about half of the respondents either indifferent or disagreed which may significantly affect their performance that it is also justified by the χ^2 =21.2, where p<.000. In case of rewarding the productive employees, 35.5% of respondents fairly agree that it is good enough. In contrast, 35% of respondents do not make any comment and about 19% of respondents fairy disagree with statement that it is not good enough. So, authority should rethink about rewarding the productive and extra performer employees. Regarding the statement 'a safe and healthy working condition exists at UCBL', majority of the respondents agree (13.3% strongly agreed and 62.2% fairly agreed) with the statement where 17.2% of them are kept silent. About 75% (15% strongly agreed and 58.9% fairly agreed) of respondents opine that there is an effective career development planning/ path in UCBL. Regarding adequate grievance handling procedures, 47.8% of respondents fairly agree and only 5.6% strongly agree. On the contrary 30% of respondents do not make any comment and 11.7% fairly disagreed with the statement. It means that the authority should readdress the issue with more importance.

Table 4.5
Opinion regarding the effect of training on performance

Designation	Opinion					Total
	5	4	3	2	1	
Executive	11(36.7)	16(53.3)	3 (10)	×	×	30(100)
Officers	55(36.7)	80(53.3)	7 (4.7)	8(5.3)	×	150(100)
Total	66(36.7)	96(53.3)	10 (5.6)	8 (4.4)	×	180(100)
χ^2=2.88, df= 3, P= .410						

Source: Field Survey (Figures in the parentheses indicate percentage) [Hint. 5= To a great extent, 4= Moderate, 3= No idea, 2=Minimum effect, 1=No effect]

Table 4.5 shows about 90% of respondents reply that they have attended at least one training program. Regarding effect of training on the job performance, respondents are more positive. In this regard, 36.7% and 53.3% of respondents strongly agree and fairly agree respectively with the statement which reveals that training has great impact on the job performance of employees.

Table 4.6
Opinion regarding the status of UCBL's Job in comparison with similar job in government sector

Designation	Opinion			Total
	High	**Equal**	**Low**	
Executive	5(16.7)	17 (56.7)	8 (26.)	30 (100)
Officers	88 (58.7)	35 (23.3)	27 (18)	150 (100)
Total	93 (51.7)	52 (28.9)	35 (19.4)	180(100)
χ^2=19.11, df= 2, P= .000				

Source: Field survey (Figures in the parentheses indicate percentage)

From the above Table 4.6 it is depicted that majority (51.7%) of the respondents think that their performance is comparatively higher than that of other similar job in the government department and 28.9% of them think as equal as similar government job. It reflects the positive attitude of employees which may increase the level of motivation which is statistically significant where χ^2=19.11 and p<.000.

Promotion is an important matter in the professional life of an employee. Each employee expects promotion irrespective of position in his/her organizational career. It enables management to obtain the best talent available within the company to fill more senior posts and to provide employees with the opportunity to advance their careers within the company in accordance with the opportunities available and their own abilities. Opinions of employees of UCBL regarding the attractiveness of promotion policy are presented in the Table 4.7.

Table 4.7
Opinion regarding the attractiveness of Promotion Policy

Designation	Opinion			Total
	Yes	**Partly**	**No**	
Executive	1 (3.3)	27 (90)	2 (6.7)	30 (100)
Officers	23 (15.3)	91 (60.7)	36 (24)	150 (100)
Total	24 (23.3)	118 (65.6)	38 (21.1)	180(100)
χ^2=9.21, df= 2, P= .010				

Source: Field survey (Figures in the parentheses indicate percentage)

From the above table it is observed that 23.3% of respondents think that existing promotion policy is attractive while a large portion of respondents partially agree with the statement. On the contrary, 21.1% of respondents think that the existing promotion policy of UCBL is not attractive. So, it can be concluded that the top management of UCBL should rethink about the existing promotion policy.

Table 4.8
Opinion regarding Rural Banking against the Urban Banking

Designation	Opinion					Total
	V. good	Good	Balanced	Poor	V. poor	
Executive	×	4 (13.3)	8 (26.7)	13(43.3)	5 (16.7)	30(100)
Officers	28(18.7)	66(44)	20(13.3)	32(21.3)	4 (2.7)	150(100)
Total	28(15.6)	70(38.9)	28 (15.8)	45 (25)	9 (5)	180(100)
χ^2=29.14, df= 4, P= .000						

Source: Field survey (Figures in the parentheses indicate percentage)

Regarding the opinion on rural banking against urban banking only 15.6% of respondents opine that it is very good and about 39% of them think it is good. While about 16% of respondents think it is balanced and one-fourth of respondents thought the ratio between rural and urban is poor, which suggests that there is a further scope to reduce the gap between rural and urban branches of the bank (Table 4.8).

Table 4.9
Employees' Perception Regarding Employee Turnover

Designation	Opinion					Total
	V. High	High	Moderate	Low	V. Low	
Executive	×	1 (3.3)	29 (96.7)	×	×	30(100)
Officers	6 (4)	58(38.7)	77 (51.3)	9 (6)	×	150(100)
Total	6 (3.3)	59(32.8)	106(58.9)	9 (5)	×	180(100)
χ^2=21.24, df= 3, P= .000|						

Source: Field survey (Figures in the parentheses indicate percentage)

Employee turnover is an indicator of organizational performance. High rate of turnover indicates bad performance of organization. It is costly for organizations. In addition to the direct costs of recruiting, hiring, and training new employee, turnover can have negative effects that can be complex to enumerate. The loss of front desk employees, for instance, can have a negative effect on customer service and can trim down the morale of remaining employees. Moreover, employee turnover bring result in a loss of expertise and knowledge of skilled workers that is critical to the operation and development of organization.

Regarding perception of employee turnover about 33% of respondents think it as high where about 59% of them opine that it is moderate. There is a difference between the opinion of officers and executives which is justified by the value of χ2=21.24 and p<.000. As one-third of the respondents denote the turnover as high, management should be more conscious regarding employee turnover (Table 4.9).

Table 4.10
Opinion about promotion practices of UCBL (5 point scale)

Opinion	Designation	5	4	3	2	1	Total	
UCBL has a written promotion policy	Executives	14(46.7)	16(53.3)	×	×		30(100)	χ^2=7.70, df= 4, P= .103
	Officers	49(32.7)	72 (48)	24 (16)	4(2.7)	1(0.6)	150(100)	
	Total	63 (39)	88(48.9)	24(13.3)	4 (2.2)	1(0.5)	180(100)	
Promotion is fair and equitable in UCBL	Executives	1(3.3)	24(80)	5(16.7)	×	×	30(100)	χ^2=15.14, df= 4, P= .004
	Officers	16(10.7)	64(42.7)	53(35.3)	12 (8)	5(3.3)	150(100)	
	Total	17 (9.4)	88(48.9)	58(32.2)	12 (6.7)	5(2.8)	180(100)	
Promotion is given based on seniority	Executives	1(3.3)	14(46.7)	15 (50)	×	×	30(100)	χ^2=14.26, df= 4, P= .006
	Officers	25(16.7)	52(34.7)	40(26.7)	25(16.7)	8(5.3)	150(100)	
	Total	26(14.4)	66(36.7)	55(30.6)	25(13.9)	8(4.4)	180(100)	
Promotion is given based on merit	Executives	1(3.3)	15(50)	14(46.7)	×	×	30(100)	χ^2=8.19, df= 4, P= .085
	Officers	24 (16)	58(38.7)	51(34)	12 (8)	5 (3.3)	150(100)	
	Total	25(13.9)	73(40.6)	65(36.1)	12 (6.7)	5(2.8)	180(100)	
Promotion is given based on both merit and seniority	Executives	1 (3.3)	24 (80)	3 (10)	2(6.7)	×	30(100)	χ^2=14.36, df= 4, P= .006
	Officers	36 (24)	68(45.3)	27 (18)	11(7.3)	8 (5.3)	150(100)	
	Total	37(20.6)	92(51.1)	30(16.7)	13(7.2)	8(4.4)	180(100)	

Source: Field Survey (Figures in the parentheses indicate percentage) [Hints: '5'Strongly Agree, '4' Agree, '3' No Comment, '2' Disagree, '1' Strongly Disagree]

In the Table 4.10 it is observed that majority of the respondents (39% strongly agreed and 48.9% fairly agreed) agree with the statement that there is a written promotion policy in UCBL, where only 13.3% of them are kept silent regarding the statement. Regarding the fairness and equitability of promotion, 9.4% of respondents strongly agree and about 49% of respondents fairly agree while about one-third (32.2%) of respondents do not make any comment. So, it can be concluded that there is an ambiguity among the employees concerning the fairness of promotion. Regarding the basis of promotion, 14.4% and 36.7% of respondents strongly agree and fairly agree respectively with the statement that promotion is given based on seniority while 30.6% of them are remained silent and 13.9% disagree with the statement. Regarding the statement 'promotion is given based on merit' about 55% of respondents agree (13.9% strongly agree and 40.6% fairly agree) while 36.1% of them remain silent. But regarding the statement 'promotion is given base on both merit and seniority' more than 70% of respondents agree (20.6% strongly agree and 51.1% fairly agree) with the statement.

Table 4.11
Employees Opinion regarding the plan for staying in UCBL (5 point scale)

Plans	Designation	5	4	3	2	1	Total	
I intend to stay until retirement	Executives	8(26.7)	×	1(3.3)	20(66.7)	1(3.3)	30(100)	χ^2=28.41, df= 4, P= .000
	Officers	42 (28)	17(11.3)	24(16)	33(22)	34(22.7)	150(100)	
	Total	50(27.8)	17(9.4)	25(13.9)	53(29.4)	35(19.4)	180(100)	
I will leave only if exceptional opportunity turns up	Executives	1(3.3)	23(76.7)	3(10)	×	3(10)	30(100)	χ^2=17.45, df= 4, P= .002
	Officers	31(20.7)	67(44.7)	32(21.3)	14 (9.3)	6(4)	150(100)	
	Total	32(17.8)	90(50)	35(19.4)	14(7.4)	9(5)	180(100)	
I will leave if some things better turns up	Executives	1(3.3)	1(3.3)	20(66.7)	6(20)	2(6.7)	30 (100)	χ^2=20.66, df= 4, P= .000
	Officers	30(20)	48(32)	53(35.3)	10(6.7)	9(6)	150(100)	
	Total	31(17.2)	49(27.2)	73(40.6)	16(8.9)	11(6.1)	180(100)	
I intend to leave as soon as possible	Executives	×	×	4(13.3)	13(43.3)	13(43.3)	30 (100)	χ^2=14.02, df= 4, P= .007
	Officers	10(6.7)	14(9.3)	49(32.7)	46(30.7)	31(20.7)	150(100)	
	Total	10(5.6)	14(7.8)	53(29.4)	59(32.8)	44(24.4)	180(100)	

Source: Field Survey (Figures in the parentheses indicate percentage) [Hints: '5' Strongly Agree, '4' Agree, '3' No Comment, '2' Disagree, '1' Strongly Disagree]

Regarding the plan to life term stay in the organization, about 50% of respondents disagree (29.4% fairly disagree and 19.4% strongly disagree) with the statement and about 37% of them agreed (27.8% strongly agree and 9.4% fairly agree) while about 14% of respondents remain silent (Table 4.11). Regarding the plan to leave the organization if exceptional opportunity turns up, majority of the respondents agreed (17.8% strongly agreed and 50% fairly agreed) with the statement while 19.4% are kept silent. When they are asked about the plan to leave the organization if something better turns up, near about 50% of respondents agreed (17.2% strongly agreed and 27.2% fairly agreed) while a large number (40.6%) of them do not make any comment. When they are asked regarding the plan to leave the organization as soon as possible, majority of the respondents disagreed with the plan (24.4% strongly disagreed and 32.8% fairly disagreed) while about one-third of respondents remain silent. Therefore, it can be concluded that majority of respondents will leave the organization if they will get better opportunity though most of them opine that they have no plan to leave the organization right now.

When asked them about the compensation or remuneration package of UCBL, whether it is to up their satisfaction or not, respondents of different category provide different opinion. Their opinions are presented in Table 4.12.

Table 4.12
Whether existence of provisions are (components of remuneration package) up to the satisfaction of the respondents (5 point scale)

Components	Design.	5	4	3	2	1	Total	
Salary	Executives	0 (0)	25 (83.3)	5 (16.7)	0 (0)	0 (0)	30(100)	χ^2=21.3 df = 4 p<.000
	Officers	16 (10.7)	83 (55.3)	32 (21.3)	15 (10)	4 (2.7)	150(100)	
	Total	16 (8.9)	108 (60)	37 (20.6)	15 (8.3)	4 (2.2)	180(100)	
Bonus	Executives	0 (0)	27 (90)	0 (0)	3 (10)	0 (0)	30(100)	χ^2=16.77 df = 4 p<.002
	Officers	16 (10.8)	79 (53.4)	34 (23)	14 (9.5)	5 (3.4)	150(100)	
	Total	16 (9)	106 (59.6)	34 (19.1)	17 (9.6)	5 (2.8)	180(100)	
Gratuity	Executives	2 (6.7)	28 (93.3)	0 (0)	0 (0)	0 (0)	30(100)	χ^2=24.87 df = 4 p<.000
	Officers	33 (22)	66 (44)	40 (26.7)	3 (2)	8 (5.3)	150(100)	
	Total	35 (19.4)	94 (52.2)	40 (22.2)	3 (1.7)	8 (4.4)	180(100)	
Provident Fund	Executives	1 (3.3)	26 (86.7)	3 (10)	0 (0)	0 (0)	30(100)	χ^2= 11.86 df = 4 p<.018
	Officers	31 (21.1)	80 (54.4)	23 (15.6)	6 (4)	7 (4.8)	150(100)	
	Total	32 (18.1)	106 (59.9)	26 (14.7)	6 (3.4)	7 (4)	180(100)	
Pension Facility	Executives	0 (0)	12 (40.7)	18 (59.3)	0 (0)	0 (0)	30(100)	χ^2= 9.17 df = 4 p<.057
	Officers	6 (4)	52 (34.7)	60 (40)	15 (10)	17 (11.3)	150(100)	
	Total	6 (3.3)	64 (35.7)	78 (43.3)	15 (8.3)	17 (9.4)	180(100)	
Insurance Facility	Executives	0 (0)	7 (23.3)	11 (36.7)	12 (40)	0 (0)	30(100)	χ^2= 8.303 df=4 p<.081
	Officers	11 (7.5)	37 (24.5)	50 (34)	35 (23.1)	17 (10.9)	150(100)	
	Total	11 (6.1)	44 (24.4)	61 (33.9)	47 (26.1)	17 (9.5)	180(100)	
Housing Facility	Executives	1 (3.3)	7 (23.4)	10 (33.3)	10 (33.3)	2 (6.7)	30(100)	χ^2=.985 df=4 p<.916
	Officers	4 (2.7)	30 (20.1)	59 (39.6)	40 (26.8)	16 (10.7)	150(100)	
	Total	5 (2.9)	37 (20.7)	69 (38.5)	50 (27.9)	18 (10)	180(100)	
Medical Facility	Executives	1 (3.3)	29 (96.7)	0 (0)	0 (0)	0 (0)	30(100)	χ^2=22.28 df=4 p<.000
	Officers	19 (12.7)	75 (50)	29 (19.3)	20 (13.3)	7 (4.7)	150(100)	
	Total	20 (11.2)	104 (58.1)	29 (16.2)	20 (11.2)	6 (3.4)	180(100)	
Transport Facility	Executives	2 (6.7)	15 (50)	3 (10)	10 (33.3)	0 (0)	30(100)	χ^2=18.98 df=4 p<.001
	Officers	7 (4.6)	42 (28)	52 (34.7)	22 (14.7)	27 (18)	150(100)	
	Total	9 (5)	57 (31.7)	55 (30.6)	32 (17.7)	27 (15)	180(100)	

Components	Design.	5	4	3	2	1	Total	
Special Cash Reward	Executives	0 (0)	15 (50)	5 (16.7)	10 (33.3)	0 (0)	30(100)	χ^2=22.37 df=4 p<.000
	Officers	13 (8.7)	32 (21.3)	61 (40.7)	24 (16)	20 (13.3)	150(100)	
	Total	13 (7.2)	47 (26.1)	66 (36.7)	34 (18.9)	20 (11.1)	180(100)	
Lunch Subsidy	Executives	0 (0)	0 (0)	15 (50)	10 (33.3)	5 (16.7)	30(100)	χ^2=8.805 df=4 p<.066
	Officers	6 (4)	22 (14.8)	51 (34.2)	35 (23.5)	35 (23.5)	150(100)	
	Total	6 (3.4)	22 (12.3)	66 (36.9)	45 (25.1)	40 (22.3)	180(100)	
Personal Loan facility including housing loan	Executives	11 (36.7)	19 (63.3)	0 (0)	0 (0)	0 (0)	30(100)	χ^2=8.805 df=4 p<.066
	Officers	18 (12)	74 (49.3)	28 (18.7)	22 (14.7)	8 (5.3)	150(100)	
	Total	29 (16.1)	93 (51.7)	28 (15.6)	22 (12.2)	8 (4.4)	180(100)	

Source: Field Survey (Figures in the parentheses indicate percentage) [Hint: '5' Strongly Agree, '4' Agree, '3' No Comment, '2' Disagree, '1' Strongly Disagree]

In the above table it is depicted that about 70% (8.9% and 60% strongly agree and agree respectively) respondents think the salary up to their level of satisfaction, where only 10.5% disagree with statement (8.3% and 2.2 disagree and strongly disagree respectively) and 20.6% do not make any comment which is justified by the value of x^2 which is 21.3 (p<.000). Regarding bonus, gratuity and provident fund, the respondents express almost same opinion like salary. In case of pension facility or gratuity a large portion of respondents (43.3%) do not make any comment where 35.7% of them reply positively that pension facility is sufficient. So, there is confusion among the employees about pension facility. When asked about insurance and housing facility more than one-third of respondents (26.1% and 9.5% disagree and strongly disagree respectively for insurance and 27.9% and 10 % disagree and strongly disagree respectively for housing facility) do not make positive comment while a large portion of them do not have any comment in both the cases. Regarding medical facility the respondents express their satisfaction (where about 70% of respondents make positive comment). But in case of transport facility about one third of total respondents make negative comment and 30.6% of them are indifferent. In case of special cash reward and lunch subsidy almost same opinions are expressed by the respondents. On the contrary, the respondents have expressed their satisfaction (16.1% and 51.7% strongly agree and agree respectively) regarding personal loan facility including housing loan which is justified by the value of x^2 which is 8.805 (p<.066).

Working environment is one of the important factors that allow the employees to do their job enthusiastically or not. In favourable working condition workers feel motivation in doing their job. While unfavourable working condition demoralizes and frustrated the employees which ultimately affect the performance of organization. Opinions of respondents regarding the various components of favourable working environment are discussed in Table 4.13.

Table 4.13
Employees Opinion Regarding the Existence of favourable working Environment that allows the employees to work spontaneously (5 point scale)

Components	Desig.	5	4	3	2	1	Total	
Appreciation for good work done	Executives	0 (0)	3 (10)	0 (0)	25 (83.3)	2 (6.7)	30(100)	χ^2=16.97 df=4 p<.002
	Officers	8 (5.3)	9 (6)	23 (15.3)	71 (47.3)	39 (26)	150(100)	
	Total	8 (4.4)	12 (6.7)	23 (12.8)	96 (53.3)	41 (22.8)	180(100)	
Reward according to performance	Executives	1 (3.3)	10 (33.3)	16 (53.3)	3 (10)	0 (0)	30(100)	χ^2=8.589 df=4 p<.072
	Officers	20 (13.3)	60 (40)	44 (29.3)	17 (11.3)	9 (6)	150(100)	
	Total	21 (11.7)	70 (38.9)	60 (33.3)	20 (11.1)	9 (5)	180(100)	
Opportunity for training within the country and abroad	Executives	0 (0)	26 (86.7)	1 (3.3)	3 (10)	0 (0)	30(100)	χ^2=15.84 df=4 p<.003
	Officers	21 (14)	73 (48.7)	25 (16.7)	24 (10)	7 (4.7)	150(100)	
	Total	21 (11.7)	99 (55)	26 (14.4)	27 (15)	7 (3.9)	180(100)	
The benefits of the training is cost effective	Executives	4 (13.3)	19 (63.3)	7 (23.3)	0 (0)	0 (0)	30(100)	χ^2= 9.43 df=4 p<.051
	Officers	18 (12.3)	95 (63.8)	13 (8.7)	18 (12.1)	5 (3.4)	150(100)	
	Total	22 (12.3)	114 (63.7)	20 (11.2)	18 (10.1)	5 (2.8)	180(100)	
There is an effective attract and retain policy at UCBL	Executives	3 (10)	8 (26.7)	16 (53.3)	3 (10)	0 (0)	30(100)	χ^2=6.826 df=4 p<.140
	Officers	15 (10.1)	63 (42.6)	45 (30.4)	18 (12.2)	7 (4.7)	150(100)	
	Total	18 (10.1)	71 (39.9)	61 (34.3)	21 (11.8)	7 (3.9)	180(100)	
Job is more secured at UCBL/Job security is high	Executives	4 (13.3)	18 (60)	5 (16.7)	3 (10)	0 (0)	30(100)	χ^2=3.192 df=4 p<.526
	Officers	12 (8)	88 (58.7)	31 (20.7)	10 (6.7)	9 (6)	150(100)	
	Total	16 (8.9)	106 (58.9)	36 (20)	13 (7.2)	9 (5)	180(100)	
Opportunity for personal growth and development	Executives	3 (10)	24 (80)	0 (.0)	3 (10)	0 (0)	30(100)	χ^2=11.29 df=4 p<.023
	Officers	24 (16)	81 (54)	29 (19.3)	9 (6)	7 (4.7)	150(100)	
	Total	27 (15)	105 (58.3)	29 (16.1)	12 (6.7)	7 (3.9)	180(100)	

Components	Desig.	5	4	3	2	1	Total	
Opportunity for creative thinking and expression	Executives	0 (0)	10 (33.3)	17 (56.7)	3 (10)	0 (0)	30(100)	χ^2=12.17 df=4 p<.016
	Officers	9 (6)	77 (51.3)	42 (28)	11 (7.3)	11 (7.3)	150(100)	
	Total	9 (5)	87 (48.3)	59 (32.8)	14 (7.8)	11 (6.1)	180(100)	
Opportunity for participating in decision making	Executives	1 (3.3)	11 (76.7)	15 (50)	3 (10)	0 (0)	30(100)	χ^2=6.945 df=4 p<.139
	Officers	15 (10)	59 (39.3)	44 (29.3)	22 (14.7)	10 (6.7)	150(100)	
	Total	16 (8.9)	70 (38.9)	59 (32.8)	25 (13.9)	10 (5.6)	180(100)	
Opportunity to exercise power and authority	Executives	0 (0)	11 (36.7)	17 (56.7)	1 (3.3)	1 (3.3)	30(100)	χ^2=7.067 df=4 p<.132
	Officers	14 (9.5)	45 (30.4)	60 (40.5)	17 (11.5)	12 (8.1)	150(100)	
	Total	14 (7.9)	56 (31.5)	77 (43.3)	18 (10.1)	13 (7.3)	180(100)	
Opportunity for Children education and family employment	Executives	0 (0)	4 (13.3)	19 (63.3)	7 (23.3)	0 (0)	30(100)	χ^2=17.60 df=4 p<.001
	Officers	11 (7.4)	43 (28.9)	42 (28.2)	33 (22.1)	20 (13.4)	150(100)	
	Total	11 (6.1)	47 (26.3)	61 (34.1)	40 (22.3)	20 (11.2)	180(100)	
Good peer relation	Executives	8 (26.7)	19 (63.3)	3 (10)	0 (0)	0 (0)	30(100)	χ^2=8.435 df=4 p<.077
	Officers	24 (16)	72 (48)	41 (27.3)	8 (5.3)	5 (3.3)	150(100)	
	Total	32 (17.8)	91 (50.6)	44 (24.4)	8 (4.4)	5 (2.8)	180(100)	
There is a formal and written performance evaluation system for employees	Executives	6 (20)	22 (73.3)	0 (0)	2 (6.7)	0 (0)	30(100)	χ^2=6.826 df=4 p<.145
	Officers	34 (22.7)	80 (53.3)	18 (12)	10 (6.7)	8 (5.3)	150(100)	
	Total	40 (22.2)	102 (56.7)	18 (10)	12 (6.7)	8 (4.4)	180(100)	
Employees are fully informed about how performance are evaluated and get feedback	Executives	2 (6.7)	8 (26.7)	17 (56.7)	3 (10)	0 (0)	30(100)	χ^2=17.68 df=4 p<.001
	Officers	17 (11.5)	59 (39.5)	31 (20.7)	29 (19.4)	14 (9.3)	150(100)	
	Total	19 (10.6)	67 (37.3)	48 (26.7)	30 (16.7)	14 (7.7)	180(100)	

Source: Field Survey (Figures in the parentheses indicate percentage) [Hint: '5' strongly agree, '4' agree, '3' No Comment, '2' Disagree, '1' Strongly Disagree].

From the table 4.13 it is observed that majority of the respondents give negative opinion (53.3% disagree and 22.8% strongly disagree) regarding the appreciation for doing good job. But in case of performance based rewarding they express positive opinion (13.3% strongly agree and 40% agree). Same opinion (positive) is expressed by the respondents in case of 'opportunity for training within and outside of the country' and cost effectiveness of training. Though 50% of respondents (10.15 and 39.9% strongly agree

and agree respectively) agree with the effectiveness of existing attract and retain policy, one-third of them (34.3%) do not make any comment. A large portion of respondents (8.9% strongly agree and 58.7% agree) assume their job is more secured in UCBL. Like job security same opinion is uttered by the respondents in case of 'opportunity for personal growth and development'. About a half of the respondents (5% strongly agree and 48.3% agree) agree with the statement that there is an opportunity for creative thinking and expression. Regarding 'opportunities for participating in decision making', about 50% of respondents make positive comment while one-third of them remain silent. 43.3% of the respondents do not make any comment in regarding use of power and authority while one-third of them (22.3% disagree and 11.2% strongly disagree) reply negatively in case of opportunity for Children education and family employment. There is good peer relation in UCBL. In regarding performance evaluation system about 80% of respondents believe that there is a formal and written performance evaluation system. But about 25% of them reply negatively and 26.7% remain indifferent about the statement 'employees are fully informed about how performance are evaluated and get feedback'.

Table 4.14
Respondents' Opinion Regarding Their Performance against Competitors

Designation	Opinion					Total
	H. Com.	M.Com.	Equal	Weak	V.Weak	
Executive	4 (13.3)	26 (86.7)	0(0)	0(0)	×	30(100)
Officers	36 (24)	103(68.7)	8 (5.3)	3 (2.0)	×	150(100)
Total	40 (22.2)	129(71.7)	4 (4.4)	3 (1.7)	×	180(100)
χ^2=4.61, df= 3, P= .203						

Source: Field Survey [Hints: Highly Competitive (H.Com), Moderately Competitive (M.Com), Very Weak (V. Weak).

Regarding the performance against their competitors, majority of the respondents (71.7%) think that they are moderately competitive where very few of them think that they are equal or weak in comparison to their competitors. On the other hand, about one-fifth (22.2%) of the respondents think they are highly competitive against their competitors. It can be concluded that it is a good sign for an organization where the employees feel satisfaction which ultimately motivate them to do their job efficiently (Table 4.14).

Table 4.15
Suggestions of respondents to motivate the workforce

Designation	Opinion			Total
	C.C	I. M. F	I.O. C.B	
Executive	5 (16.7)	16 (53.3)	9 (30)	30(100)
Officers	23 (15.3)	104 (69.3)	23 (15.23)	150(150)
Total	28 (15.6)	120 (66.7)	32 (17.8)	180(100)
χ^2=4.01, df= 2, P= .134				

Source: Field Survey [Hints: Close Controlling (C.C), Increase Motivational Factors (I.M.F), Initiate Organizational Citizenship Behaviour (I.O.C.B)].

Form the Table 4.15 it is realized that majority of the respondents (66.7%) think that UCBL should increase motivational factors to inspire its people while only 15.6% have given their opinion in favour of close controlling or monitoring. On the other hand, 17.8% of them think that UCBL can initiate organizational citizenship behavior to motivate its people.

4.9   Conclusion

This chapter has discussed the present scenario of HRM practices in UCBL. HRM is not mere a sum of ordinary functions rather it includes a set of programs and actions that consist of planning, recruitment, selection, training and development, motivation and performance appraisal etc. From the findings of the chapter it is seen that there is a gap between theoretical HRM practices and the application of this theoretical HRM practices in the real field. From the findings it also found that there is a difference between the perceptions of young aged (24-35) and aged up employee (35 years above) regarding various HR practices. Questionnaires were designed to cover all the major components of HRM mentioned above.

Chapter Five
Impact of HRM Practices on Employees and Customers

5.1 Prelude

Commercial banks are playing a crucial role in the development of economy by providing various financial services to the society. In the modern competitive banking arena, quality of customer service is a burning issue as the success of the bank extensively depends on it. In the modern competitive business environment customers are considered as the key stakeholders for the organizations. It's a well known fact that no business can exist without customers. In case of financial institution it is very much right, especially for bank where it is treated that banking is a customer oriented service industry and customer service is the differentiating factor.[1] Generally, customer means a person who buys and consumes goods or services. A person or an organization that buys some thing from a shop/store or business is known as customer. [2] In banking sector it denotes to the individuals, group of individuals, partnership firms or Joint Stock Company, club or any other organizations who have a systematic and formal relationship with the bank for the purpose of financial transaction. As per Cheque Act 1957, "to make a person a customer of a bank, there must be the relationship of either opening an account or money deposit or some similar relation."[3] So, it can be inferred that a bank customer is a person or organization whose money has been accepted by the bank and the bank has under taken to honor the cheque up to the standing amount to his/her deposit. Therefore, providing quality services and retaining the existing customers and attracts potential customers through customer satisfaction is a challenge for the banks. However, in this study customer services denotes those functions of the banks that are carried on by the banks to their customers.

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[1] Deepti Kanojia and D.R. Yadav, "Customer Satisfaction in Commercial Banks – A Case Study of Punjab National Bank" *International journal of Trade and Commerce- IIARTC*, Vol. 1, No. 1 (2012), p.91.

[2] A. S. Hornby, *Oxford Advance Learner's Dictionary of Current English*, 8th ed. (Oxford: Oxford University Press, 2010), p. 375.

[3] F. R. Ryder (Legal Ed.) and D. B. Jenkins (General Ed.), Thomson's Dictionary of Banking, 12th ed. (London: Pitman Publishing Ltd., 1978), p. 202, *cited in* Md. Seraj Uddin, "Attitude of Customers towards the Services of Conventional and Islamic Banks in Bangladesh: A Comparative Study", Ph. D. Dissertation, Institute of Bangladesh Studies (IBS), Rajshahi University, Bangladesh, p. 6.

5.2   Customer Services and Development of Banking

A sound banking system is very much related to the health of the economy of a developing country like Bangladesh. A Bank is considered just like a heart in the economic structure and the capital provided by the bank is like blood in it.[4] Like this, customer service is also the counterpoint of all baking activities. Development of banking significantly relies on the quality and quantity of customer services i.e. banking services provided by the bank. However, as a routine work, commercial banks provide different types of services to their customers on a regular basis which can be summarized as (1) Mobilizing Deposits and (2) Providing Loans and Advances.

To mobilize deposits commercial banks offer different types of deposit schemes by which it can attract and accumulate the surplus money of the individuals, society and organization. In this way bank stimulate the habit of savings. By depositing money with the bank, depositors make some extra money in the form of interest or profit on the deposited amount and get safety and security of deposited money. On the contrary, banks lend the money deposited with them as loans and advances or different forms, such as overdraft, fixed loan, discounting bill of exchange or promissory notes etc. at a higher rate of interest.[5] The difference between lending rate of interest and borrowing rate of interest is the profit of bank. However, in this respect bank makes a bridge between owners of excessive fund and who are really in need of fund.

Thus, a commercial bank receives deposits which it has to repay on demand according to its pledge and makes them available to those who are in need of them. Actually, a bank distributes its deposits between the borrowers and its own vault.

Besides these two main functions or services, commercial banks perform a variety of other functions or render customer services which may broadly grouped under main headings, such as (1) the agency services and (2) the general utility services.

(1) Agency Services: As an agent of the customer commercial banks collect cheques, bills of exchange, promissory note, dividends, subscriptions, rents etc., purchase and sale

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[4] Tanbir Ahmed Chowdhury and Kashfia Ahmed, "Performance Evaluation of Selected Private Commercial Banks in Bangladesh", *International Journal of Business and Management*, vol. 4, no. 4 (April 2009), p. 86.

[5] K. C. Shekhar and Lakshmy Shekhar, 19th ed., *Banking theory and Practice* (New Delhi: Vikas Publishing House Pvt. Ltd., 2007), p. 5.

shares, bond, securities etc. on behalf of customers. It also remits funds and acts as executor, trustee, attorney, administrator, advisor, correspondent, agent or representative on behalf of customers.[6]

(2) General Utility Services: Utility services are those services which are performed by the bank just not an agent for its customer. They include the issue of credit instruments like letter of credit (L/C) and travelers cheques, the acceptance of bills of exchange, the safe custody of valuables and documents, the transaction of foreign exchange business, acting as a referee as to the respectability and financial standing of customers, providing specialized advisory services and information to customers etc.[7]

To sum up, the services rendered by modern commercial banks are of inestimable value and banks have come out as an indispensable part of financial structure of the country day by day. In fact, industrial and economic revolution would not have been taken place without the presence of banks.[8] By providing these services banks accelerate the saving affinity, accumulate the scattered surplus funds, build up capital, invest them to the productive, profitable and lucrative projects and thereby ensure economic growth. In this way banking industry directly contributes to the economic development of the country. No doubt, development of the banks greatly depends up on the quality and quantity of services provided to the customers. So, all the banks including PCBS are greatly concentrating on the continuous improvement of service packages.

5.3   Relationship between Customer Services and Role of HRM Practices

An organization may have state of the art technology, very nice infrastructure, very easy location to communicate and strong financial base etc. But it is not possible for it to provide satisfactory customer services without efficient and effective human resource. Only a pool of efficient manpower or human resource can ensure the delivery of quality customer services by making a bridge between the other organizational resources and customers. So, people and their collective skills, abilities and experience, coupled with their ability to deploy these in the interests of the employing organization, are now recognized as making a significant contribution to organizational success and as

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[6] Shekhar and Shekhar, p. 6.
[7] Ibid., pp. 6-7; M. N. Mishra, *Money Banking and International Trade and Public Finance*, 2nd rev. ed. (New Delhi: S Chand & Company Pvt. Ltd., 1987), pp. 251-252.
[8] Mishra, *Money Banking and International Trade and Public Finance,* p. 153.

constituting a significant source of competitive advantage through an organization can ensure the quality customer services.[9]

Banking system plays a very vital role in the economic life of the nation. Like many other financial service industries, banking industry is facing a rapidly changing market mechanism, new technologies, economic uncertainties, severe competition and more demanding customers and the changing climate has presented an unprecedented set of challenges.[10] In the above situation of fierce competition and uncertainties in the banking sector especially in the case PCBs, HR with up to date knowledge, skills and experience can take the challenges and retain the market share with attracting new customers by providing customer driven services. In this regard Baird and Meshoulam opined that "business objectives are accomplished when human resource practices, procedures and systems are developed and implemented based on organizational needs, that is, when a strategic perspective to human resource management is adopted."[11]

5.4 Classification of Banking Services

All types of commercial banks whether they are conventional or Islamic banks are dealing with money transactions by multiple procedures to serve their customers. Starting with the simple function of accepting deposits for the purpose of making loans, commercial banking has progressively assumed wider functions and greater responsibilities in the economic arena.[12] Over the years, banking services have been designed as covering multidimensional aspects in various forms because of seeking the optimum services in return of convenient charges. In the middle ages, Banks began the practice of holding gold, securities, and other valuable things owned by the customers in secure vaults.[13]

At this moment in time, all commercial banks including conventional and Islamic banks offer a huge variety of products and services to their customers and always enhance and make improvement of those services with a view to meeting the customers' demand and

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[9] M. Armstrong and A. Baron, "Strategic HRM: The Route to Improved Business Performance", (London: CIPD, 2002), *Cited In* Mourad Mansour, "HR Practices Impact on Firm Performance: An Empirical Study", Available at http://www.wbiconpro.com/717-Mansour.pdf, Accessed on June 26, 2013.

[10] Kanojia and Yadav, p. 91.

[11] L. Baird and I. Meshoulam, "Managing Two Fits of Strategic Human Resource Management", *Academy of Management Review*, vol.13, no. 1 (1988), pp. 116-128.

[12] T. T. Sethi, p. 175.

[13] Peter S. Rose, *Commercial Bank Management: Producing and Selling Financial Services* (Boston: Irwn, 1991), p. 11.

maximizing profit. Though there is an exclusive or universal categorization banking services, generally all types of commercial banks deal with two types of services that are deposit collection services and lending services. However, different authors classify the banking services from different point of view and there is no debate over this classification. Jeevanandom opines that banks borrow money from them who are in a place to save and those who are in need of it.[14] Thus banks are an intermediary between the borrower and lenders. Jeevanandom mentioned only three types of services and these are: (1) accepting deposits services, (2) lending services, and (3) services related to remittance of fund.

On the other hand, Shekhar and Shekhar identified mainly two types services like 'borrowing' and 'lending' and besides these two, mentioned other services which can be categorized as follows:[15]

(1) Agency Services

(2) General Utility Services

(3) Overseas Trading Services

(4) Information and Other Services

Sethi categorized the services of commercial banks under five broad headings which are as follows:[16]

(a) Receiving Deposits from the Public

(b) Making Loans and Advances

(c) Money Creation

(d) Agency services, and

(e) General Utility Services.

National Consumer Council, London mentioned the 120 individual customer services provided by the banks, particularly three basic services such as:[17] (1) deposit services, (2) money transmission services, and (3) lending services.

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[14] C. Jeevanandom, *Practice and Law of Banking*, 7th ed. (New Delhi: Premier Book Company, 1989) *Cited In* Md. Seraj Uddin, "Attitude of Customers towards the Services of Conventional and Islamic Banks in Bangladesh: A Comparative Study", Ph. D. Dissertation, Institute of Bangladesh Studies (IBS), Rajshahi University, Bangladesh, p. 67.

[15] K. C. Shekhar and Lakshmy Shekhar, 19th ed., *Banking theory and Practice* (New Delhi: Vikas Publing House Pvt. Ltd., 2007), p. 5-11.

[16] T. T. Sethi, p. 175.

However, national consumer Council not only mentioned the above classification but also gave a list of the range of banking services in its report.

M. L. Jhingan classified the banking services even more extensively. He mentioned six different kinds of banking services which are as follows:[18]

      (1) Accepting Deposits;

      (2) Advancing Loans;

      (3) Credit Creation;

      (4) Financing Foreign Trade;

      (5) Agency Services; and

      (6) Miscellaneous Services to Customers.

On the other hand, Uddin classified the services of both conventional commercial banks and Islamic commercial banks in following ways:[19]

      (1) Saving and Deposits Services

      (2) Loan Disbursement and Investment Services

      (3) Foreign Exchange Services

      (4) Ancillary Services

      (5) E-Banking (Electronic) Banking Services

      (6) General Services

However, different authors classified the banking services in different ways, all the banks whether conventional commercial banks or Islamic banks are constantly trying to improve quality of customer services to serve their customer in better and more convenient way.

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[17] National Consumer Council, Banking Service and the Consumer (London: Methuen and Company, 1983), *Cited In* Md. Seraj Uddin, "Attitude of Customers towards the Services of Conventional and Islamic Banks in Bangladesh: A Comparative Study", Ph. D. Dissertation, Institute of Bangladesh Studies (IBS), Rajshahi University, Bangladesh, p. 67.

[18] M. L. Jhingan, *Money, Banking, International Trade and Public Finance*, 4th ed. (New Delhi: Konark Publishers Pvt. Ltd., 1996), pp. 237-238.

[19] Md. Seraj Uddin, "Attitude of Customers towards the Services of Conventional and Islamic Banks in Bangladesh: A Comparative Study", Ph. D. Dissertation, Institute of Bangladesh Studies (IBS), Rajshahi University, Bangladesh, p. 67.

5.5 Customers and Other Stakeholders' Opinion in relation to Services of UCBL

A bank is a customer leaning organization where serving the customer is the main responsibility of bankers and it is considered as a significant input for the success of the bank. All the banks put emphasis on delivering plausible and state-of-the-art bundle of customer services to the existing customers and attract potential customers. Nevertheless, customers are found admiring different banks for different services. This situation is not meaningless or something fanciful. Of course there are some differentiating factors in delivering the services. It is thought that customers are the king and they are the final judge of the suitability of the services provided by the banks. From that view point a questionnaire was developed to interview the customers as well as other stakeholders. They have articulated their views concerning the quality and delivery of customer services provided by UCBL. In some cases they have made objections and expressed their dissatisfaction on some specific issues which are also noteworthy. Different phases of the views of customers are presented in the following sections.

The first thing, which is focused on the questionnaire, is customer satisfaction from the observation of the customers which are stated below in the Table 5.1.

Table 5.1
Customers' Opinion regarding the satisfaction of Customer services

Profession	Opinion			
	Yes	Partly	No	Total
Service	14 (73.7%)	5 (26.3%)	×	19 (100%)
Business	32 (100%)	×	×	32 (100%)
Student	6 (54.5%)	5 (45.5%)	×	11 (100%)
Others	7 (87.5%)	1 (12.5%)	×	8 (100%)
Total	59 (84.29)	11(15.21)	×	70 (100%)
χ^2 =15.17, df= 3, P= .002				

Source: Field Survey (Figures in the parentheses indicate percentage)

The table 5.1 provides a comprehensible view of the satisfaction of customers of UCBL. Customers of UCBL from different category provide their opinions regarding the degree of customer satisfaction. As it is observed that majority of the respondents (84.29%) agree that they are satisfied with services provided by the bankers of UCBL. Only 15.21% express their opinion in favour of partly satisfaction. No respondents are found in favour of the answer 'no'. Interesting fact is that customers of business category are highly satisfied and 100% of the respondents of this category are in favour of full satisfaction.

Nevertheless, the respondent is likely to vary in their responses when they are inquired more specifically regarding the different features of the quality services of UCBL. This is why, attention is given on different demographic population of customers which are depicted in the following Table 5.2.

Table 5.2
Opinion of customers regarding the existence of following customer services at UCBL

Services	Profession	5	4	3	2	1	Total	
Standard Services	Service	9 (47.4)	6 (31.6)	2(10.5)	2(10.5)	×	19(100)	χ^2=39.50 df= 9 P= .000
	Business	26(81.3)	6 (18.8)	×	×	×	32(100)	
	Student	×	9 (81.8)	2(18.2)	×	×	11(100)	
	Others	×	7 (87.5)	1(12.5)	×	×	8(100)	
	Total	35(50)	28(40)	5(7.14)	2(2.86)		70(100)	
High interest/profit rate than offer PCBs and NCBs	Service	6 (31.6)	5 (26.3)	5(26.3)	3(15.8)	×	19(100)	χ^2=22.53 df= 9 P= .007
	Business	16 (50)	11(34.4)	2 (6.3)	3 (9.4)	×	32(100)	
	Student	3 (27.3)	×	4(36.4)	4(36.4)	×	11(100)	
	Others	×	1 (12.5)	4 (50)	3(37.5)	×	8(100)	
	Total	25(35.71)	17(24.29)	15(21.43)	13(18.57)		70(100)	
Comfort in transaction	Service	3 (15.8)	13(68.4)	1 (5.3)	2 (6.5)	×	19(100)	χ^2=57.04 df= 9 P= .000
	Business	17(53.1)	14(43.8)	1 (3.1)	×	×	32(100)	
	Student	×	1 (9.1)	8(72.7)	2(18.2)	×	11(100)	
	Others	1 (12.5)	7 (87.5)	×	×	×	8(100)	
	Total	21(30)	35(50)	10(14.29)	4(5.71)		70(100)	
Co-operative and satisfied bankers' behavior	Service	2 (10.5)	14(73.7)	1 (5.3)	2(10.5)		19(100)	χ^2=56.61 df= 9 P= .000
	Business	24 (75)	8 (25)	×	×	×	32(100)	
	Student	×	6 (54.5)	5(45.5)	×	×	11(100)	
	Others	×	7 (87.5)	1(12.5)	×	×	8(100)	
	Total	26(37.14)	35(50)	7(10)	2(2.86)		70(100)	
Satisfactory financial condition	Service	2 (10.5)	11(57.9)	6(31.6)	×	×	19(100)	χ^2=8.19 df= 9 P= .515
	Business	5 (15.6)	22(68.8)	4(12.5)	1 (3.1)		32(100)	
	Student	×	7 (63.6)	4(36.4)	×	×	11(100)	
	Others	×	6 (75)	2 (75)	×	×	8(100)	
	Total	7(10)	46(65.71)	16(22.86)	1(1.43)		70(100)	
Good will and recognition	Service	2 (10.5)	10(52.6)	5(26.3)	2(10.5)	×	19(100)	χ^2=16.26 df= 9 P= .062
	Business	8 (25)	22(68.8)	1 (3.1)	1 (3.1)	×	32(100)	
	Student	×	8 (72.7)	3(27.3)	×	×	11(100)	
	Others	×	6 (75)	2 (25)	×	×	8(100)	
	Total	10(14.29)	46(65.71)	11(15.71)	3(4.29)		70(100)	
Easy location of bank/branch at the residence	Service	6 (31.6)	9(47.4)	2(10.5)	2(10.5)	×	19(100)	χ^2=2.915 df= 9 P= .002
	Business	20(62.5)	10(31.3)	2 (6.3)	×	×	32(100)	
	Student	1 (9.1)	5 (45.5)	1 (9.1)	4(36.4)	×	11(100)	
	Others	1 (12.5)	6 (75)	1(12.5)	×	×	8(100)	
	Total	28(40)	30(42.86)	6(8.57)	6(8.57)		70(100)	
Easy location of bank/branch at the work place	Service	7 (36.8)	8 (42.1)	2(10.5)	2(10.5)	×	19(100)	χ^2=49.40 df= 9 P= .000
	Business	28(87.5)	2 (6.3)	×	2 (6.3)	×	32(100)	
	Student	×	11 (100)	×	×	×	11(100)	
	Others	×	7 (87.5)	1(12.5)	×	×	8(100)	
	Total	35(50)	28(40)	3(4.29)	4(5.71)		70(100)	
Easy location and efficient ATM services	Service	1 (5.3)	11(57.9)	7(36.8)	×	×	19(100)	χ^2=19.02 df= 9 P= .025
	Business	5 (15.6)	12(37.5)	13(40.6)	2 (6.3)	×	32(100)	
	Student	×	×	9 (81.8)	2(18.2)	×	11(100)	
	Others	×	5 (62.5)	3 (37.5)	×	×	8(100)	
	Total	6(8.57)	28(40)	32(45.72)	4(5.71)		70(100)	

Source: Field survey (Figures in the parentheses indicate percentages) [Hint: '5'Strongly Agree, '4' Agree, '3' No Comment, '2' Disagree, '1' Strongly Disagree]

The Table 5.2 states the meticulous picture of the perception of customers about the different facilities offered by UCBL. However, to make topic more concise and more comprehensive the author only goes through the overall finding.

The very first topic of the table is standard services provided by the bankers, i.e. human resources of the bank. Regarding standard services 50% respondents are highly satisfied followed by 40% who are also satisfied. This is highly remarkable for the bank. On the other hand, only 7.14% of the respondents have no comment regarding the matter and only 2.86% are dissatisfied. This statement leads that customer services is satisfactory in UCBL. But if it is considered the satisfaction level on the basis of profession of the respondents it is found that business professionals are highly satisfied (81.3%) followed by service holders (47.4%). No one is highly satisfied in the category of students and others. So there is a room for the further improvement of the customer services.

In the case of interest rate, respondents of different categories treat different ways. In case of businessmen, high rate of interest means the interest that they pay on the amount of money that they borrow from the bank. 50% of businessmen highly agree that the interest that they have to pay is high and 34.4% of businessmen are agreed on this topic. On the contrary, in case of the three other categories except business professionals high interest rate means the banks' offer high interest on their deposited money. 21.43% of the respondents remain silent on this matter and 18.57% are disagreed with the statement. So, it can be concluded that the authority should consider the rates of interest on deposits and advances.

The responses turned out to be more crowded together in the case of comfort in transaction. As it is seen that 50% and 30% of the respondents are agreed and strongly agreed respectively with the statement that the transaction system of UCBL is suitable for the customers. In contrast, 5.71% of respondents are disagreeing with the statement and a considerable share (14.29%) of respondents does not make any comment regarding the statement. No respondent is strongly disagreed with the statement. It is noteworthy to mention that 72.7% students do not respond the statement. So, it is concluded that there is room for further improvement. 'Co-operative and satisfied bankers behaviour' i.e., smiling behaviour from the part of the bankers is an important aspect for increasing customer satisfaction. In case of UCBL, it is found that no respondent strongly disagree with the statement and only 10% of the respondents disagreed with the statement. On the

other hand, 37.14% and 50% are respectively strongly agreed and agreed with the statement. However, it is concluded that the bankers are co-operative and the customers are satisfied while delivering services.

In relation to satisfactory financial condition, only 10% of the respondents strongly agree with the statement while majority of the respondents (65.71%) are agreed. On the contrary, a good number of respondents (22.86%) do not provide any opinion. In case of recognition and good will of the bank, majority of the respondents (65.71%) agreed with this statement where only 14.29% are strongly agreed. 15.71% of the respondents do not make any comment and only 4.29% of respondents disagree with this statement.

While asking about the location of bank branches near the residence, majority of the respondents provide their opinion in favour of the statement that the branch is located near the residence of the respondents (42.86% agreed and 40% strongly agreed). While asking the same question with little variation in "bank branches located near to the workplace" it is found that 50% and 40% of the respondents respectively strongly agree and agree with the statement which leads to conclusion that location of bank branches of UCBL are concentrated near the workplace of the respondents.

'Inquiry desk' is considered as another important service facility while new customers take into consideration. Their observation in this connection is presented in the following Table 5.3

Table 5.3
Customers' Opinion regarding the availability of inquiry desk for account opening at UCBL

Profession	Opinion			
	Yes	Partly	No	Total
Service	12 (63.2)	×	7 (36.8)	19(100)
Business	27 (84.4)	×	5 (15.6)	32(100)
Student	5 (45.5)	×	6 (54.5)	11(100)
Others	6 (75)	×	2 (25)	8(100)
Total	50(71.43)	×	20(28.57)	70(100)
χ^2=7.18, df= 3, P= .066				

Source: Field Survey (Figures in the parentheses indicate percentage)

Inquiry desk is considered as an important way to orient new customers successfully and help new customers to know various important information regarding opening new account. When it is asked regarding the availability of inquiry desk of UCBL for opening account and getting information about various services major portion of respondents (71.43%) reply positively while about one third of the respondents (28.57) reply negatively. So, it is assumed that there is a room for further improvement of inquiry service.

When respondents are asked about the existence of some common complexities at UCBL, they provide their opinions in following ways (Table 5.4).

Table 5.4
Opinion of customers regarding the existence of difficulties faced at the time of receiving services at UCBL (5 point scale)

Difficulties	Profession	5	4	3	2	1	Total	
No identification of specific desk for getting the account opening form	Service	1 (5.3)	×	4(21.1)	4(21.1)	10(52.6)	19(100)	χ^2=51.18 df= 12 P= .000
	Business	×	2 (6.3)	×	10(31.3)	20(62.5)	32(100)	
	Student	×	5(45.5)	2 (18.2)	4 (36.4)	×	11(100)	
	Others	1 (12.5)	×	×	7 (87.5)	×	8(100)	
	Total	2(2.86)	7(10)	6(8.57)	25(35.71)	30(42.86)	70(100)	
No cooperation to fill up the form	Service	×	×	2 (10.5)	11 (57.9)	6 (31.6)	19(100)	χ^2=24.89 df= 6 P= .000
	Business	×	×	2 (6.3)	10 (31.3)	20 (62.5)	32(100)	
	Student	×	×	×	11 (100)	×	11(100)	
	Others	×	×	2 (25)	6 (75)	×	8(100)	
	Total	×	×	6(8.57)	38(54.29)	26(37.14)	70(100)	
Non availability of introducer	Service	×	×	5 (26.3)	12 (63.2)	2 (10.5)	19(100)	χ^2=42.66 df= 9 P= .000
	Business	×	×	2 (6.3)	11 (34.4)	19 (59.4)	32(100)	
	Student	×	4 (36.4)	4 (36.4)	3 (27.3)	×	11(100)	
	Others	×	1 (12.5)	2 (25)	5 (62.5)	×	8(100)	
	Total	×	5(7.14)	13(18.57)	31(44.29)	21(30)	70(100)	
Lack of concern bankers promptness	Service	×	×	2 (10.5)	13 (68.4)	4 (21.1)	19(100)	χ^2=54.72 df= 9 P= .000
	Business	×	×	×	8 (25)	24 (75)	32(100)	
	Student	×	5 (45.5)	3 (27.3)	3 (27.3)	×	11(100)	
	Others	×	1 (12.5)	×	5 (62.5)	2 (25)	8(100)	
	Total	×	6(8.57)	5(7.14)	29(41.43)	30(42.86)	70(100)	
Complex account opening form	Service	×	1 (5.3)	×	16 (84.2)	2 (10.5)	19(100)	χ^2=56.47 df= 9 P= .000
	Business	×	×	2 (6.3)	15 (46.9)	15 (46.9)	32(100)	
	Student	×	2 (18.2)	3 (27.3)	5 (45.5)	1 (9.1)	11(100)	
	Others	×	5 (62.5)	3 (37.5)	×	×	8(100)	
	Total	×	8(11.43)	8(11.43)	36(51.43)	18(25.71)	70(100)	
Time consuming account opening form	Service	1 (5.3)	1 (5.3)	2 (10.5)	13 (68.4)	2 (10.5)	19(100)	χ^2=21.68 df= 9 P= .010
	Business	×	×	2 (6.3)	12 (37.5)	18 (56.3)	32(100)	
	Student	×	1 (9.1)	4 (36.4)	5 (49.5)	1 (9.1)	11(100)	
	Others	×	1 (12.5)	1 (12.5)	4 (50)	2 (25)	8(100)	
	Total	1(1.42)	3(4.29)	9(12.86)	34(48.57)	23(32.86)	70(100)	

Source: Field Survey (Figures in the parentheses indicate percentage) [Hint: '5'Strongly Agree, '4' Agree, '3' No Comment, '2' Disagree, '1' Strongly Disagree]

When the respondents are asked on the statement "no identification of specific desk for getting the account opening form" very few amount of respondents marked it very high, high. 35.71% of the respondents disagree and 42.86% of the respondents strongly disagree with statement. When they are asked to tell regarding the "no co-operation to fill up the form", no respondents strongly agree and agree with the statement. 54.29% and 37.14% of the respondents respectively disagree and strongly disagree with the statement. In case of 'non availability of introducer' only 7.14% agree with statement and 13.57% do not make any comment. On the other hand, 44.29% and 30% of the respondents respectively disagree and strongly disagree with the statement. So, it is concluded that difficulties relating to getting introducer are very low. Promptness of bankers is an important way to deliver satisfactory customer services in the modern banking system. In case of 'Lack of concern bankers promptness', 8.57% of the respondents agree with the statement i.e., bankers are not prompt while delivering services. On the contrary, 41.43% and 42.86% of the respondents respectively disagree and strongly disagree with statement i.e., bankers are prompt while delivering the services. Regarding 'complexity of account opening form' 11.43% of the respondents agree with statement and 11.43% of the respondents are indifferent. On the other hand, 51.43% and 25.71% of the respondents respectively disagree and strongly disagree with statement. When it is asked only 1.42% marks that the account opening form is very time consuming and only 4.29% of the respondents marks it as time consuming while 12.98% do not make any comment. In contrast, 48.57% disagree and 32.86% of respondent strongly disagree with the statement. So, it is concluded though the above mentioned difficulties are not so high, bankers should care about these difficulties.

Beyond the above mentioned difficulties customers are asked to make comments regarding the availability of some common services. Their responses are depicted in the Table 5.5.

Table 5.5
Customers' opinion regarding the availability of several services

Services	Opinion	Profession					
		Service	Business	Student	Others	Total	
Is the cheque book issued just after the completing account opening process	Yes	9 (47.4)	31 (96.9)	5 (45.5)	×	45(64.29)	χ^2=33.76 df=3 P= .000
	No	10 (52.6)	1 (3.1)	6(54.5)	8 (100)	25(35.71)	
Is the thanking letter sent to you after opening the account	Yes	18 (94.7)	28(87.5)	×	2 (25)	48(68.57)	χ^2=41.62 df=3 P= .000
	No	1 (5.3)	4 (12.5)	11 (100)	6 (75)	22(31.43)	
Out of banking hour can you deposit/withdraw money	Yes	1 (5.3)	23 (71.9)	×	×	24(34.29)	χ^2=39.89 df=3 P= .000
	No	18 (94.7)	9 (28.1)	11 (100)	8 (100)	46(65.71)	
Do you support to deposit/withdraw money out of banking hour	Yes	4 (21.1)	10 (31.3)	5 (45.5)	×	19(27.14)	χ^2=6.23 df=3 P= .101
	No	15 (78.9)	22 (68.8)	6 (54.5)	8 (100)	51(72.86)	
Can you withdraw the required money from your account	Yes	19 (100)	32 (100)	11 (100)	8 (100)	70(100)	
	No	×	×	×	×	×	
Is the account statement delivered in each 6 month or each year	Yes	16 (84.2)	28(87.5)	1 (9.1)	5 (62.5)	50(71.43)	χ^2=26.32 df=3 P= .000
	No	3 (15.8)	4 (12.5)	10 (90.9)	3 (37.5)	20(28.57)	
Do you find any error in delivered statement/passbook	Yes	2 (10.5)	1 (3.1)	×	×	3(4.29)	χ^2=1.02 df=3 P= .795
	No	17 (89.5)	31(96.9)	11 (100)	8 (100)	67(95.71)	

Source: Field Survey (Figures in the parentheses indicate percentage)

In the competitive banking environment, there are some supplementary services which make certain the satisfaction of customers away from the basic services. The services mentioned in the above table are also that type. However, the opinions of the respondents regarding these supplementary are discussed below.

Regarding the issuance of cheque book just after the completing account opening process, 64.29% of the respondents reply 'yes' and 35.71% of the respondents replied 'no'. But interesting fact is that except business professional majority of the respondent (service, students, and others) replied 'no' which is a depressing scenario for the bank. In case of sending thanks letter, 68.57% of the respondents say yes, they have got thanks letter after opening the account while 31.43% say that they do not get any thanks letter. 65.71% of the respondents opine that they do not withdraw/deposit money out of banking hour that is a very discouraging picture of UCBL. Interesting fact is that majority of the respondents (72.86%) don't support withdraw/deposit money out of banking hour. In case of withdrawal of the required money from their account, 100% of the respondents replied positively that they can withdraw required amount from their account which is an amazing depiction for

UCBL. 71.43% of the customers reply that they receive account statement in every 6 month. While it is asked whether they find any error in the delivered account statement, 95.71% of the respondents reply that no error is found in the account statement/passbook.

Behaviour or approach of service provider is immensely significant in service providing industry like banks. Retention of existing customers and attraction of new customers are highly depending on how sincerely and frankly the bankers behave with the customers. In this day and age without positive attitude and behaviour it is impossible for banks as well as bankers to be successful in their business and profession. That's why a set of statement is placed to the respondents to evaluate its existence in UCBL. Respondents' feedbacks regarding the statements are sum upped in the following Table 5.6.

Table 5.6
Opinion of customers regarding the bankers' behaviour in the time of rendering the services at UCBL

Behaviour	Profession	5	4	3	2	1	Total	
Banker communicates in smiling face	Service	9 (47.4)	10(54.)	×	×	×	19(100)	χ^2=47.25 df=6 P=.000
	Business	30 (93.8)	2(6.2)	×	×	×	32(100)	
	Student	×	7(63.6)	4 (36.4)	×	×	11(100)	
	Others	5 (62.5)	3 (37.5)	×	×	×	8(100)	
	Total	44(62.86)	22(31.43)	4(5.71)	×	×	70(100)	
Banker communicates in gloomy face	Service	×	×	3 (15.8)	9 (47.4)	7 (36.8)	19(100)	χ^2=28.41 df=9 P=.001
	Business	×	×	×	15(46.9)	17(53.1)	32(100)	
	Student	×	1 (9.1)	5 (45.5)	4 (36.4)	1 (9.1)	11(100)	
	Others	×	×	2 (25)	6 (75)	×	8(100)	
	Total	×	1(1.43)	10(14.29)	34(48.57)	25(35.71)	70(100)	
Banker remains indifferent to you	Service	×	×	5 (26.3)	11 (57.9)	3 (15.8)	19(100)	χ^2=27.98 df=9 P=.001
	Business	×	×	×	22(68.8)	10(31.2)	32(100)	
	Student	×	1 (9.1)	6(54.6)	4 (36.4)	×	11(100)	
	Others	×	×	3(37.5)	5 (62.5)	×	8(100)	
	Total	×	1(1.43)	14(20)	42(60)	13(18.57)	70(100)	
Banker communicates with annotation	Service	×	×	4 (21.1)	10 (52.6)	5 (26.3)	19(100)	χ^2=18.19 df=6 P=.006
	Business	×	×	1 (3.1)	14 (43.8)	17(53.1)	32(100)	
	Student	×	×	3 (27.3)	8 8(72.7)	×	11(100)	
	Others	×	×	1 (12.5)	7 7(87.5)	×	8(100)	
	Total	×	×	9(12.86)	3 9(55.71)	22(31.43)	70(100)	
Banker does not want to listen your complain	Service	×	×	4 (21.1)	7 (36.8)	8 (42.1)	19(100)	χ^2=35.16 df=6 P=.000
	Business	×	×	1 (3.1)	1 (3.1)	30(93.8)	32(100)	
	Student	×	×	1 (9.1)	9 (81.8)	1 (9.1)	11(100)	
	Others	×	×	×	5 (62.5)	3 (37.5)	8(100)	
	Total	×	×	6(8.57)	22(31.43)	42(60)	70(100)	

Source: Field Survey (Figures in the parentheses indicate percentage) [Hint: '5'Strongly Agree, '4' Agree, '3' No Comment, '2' Disagree, '1' Strongly Disagree]

With this set of statements, respondents are requested to examine the approach and behaviour of the bankers in the spot of personally dealing with customers. It is found that no respondents disagree or strongly disagree with the statement that 'banker communicates in smiling face'. Moreover majority of respondents (62.86%) strongly agree with the statement. While reverse statement is placed that 'banker communicates in gloomy face', 48.57% and 35.71% of the respondents disagree and strongly disagree respectively with the statement which validate the previous statement. When it is asked whether bankers remain indifferent or not, 60% of the respondents disagree with the statement and 18.57% of respondents are strongly disagreed. While 20% do not make any comment. In case of the statement 'banker communicates with annotation' no respondent strongly agree or agree with the statement. On the contrary, 55.71% of respondents disagreed and 31.43% of respondents strongly disagree with the statement. When it is asked regarding the statement that banker does not want to listen the customer complain, 31.43% of the respondent disagree and 60% of respondent strongly disagree with the statement. Therefore, it is concluded that overall behaviour of the employees of UCBL to its customers is satisfactory.

The above table depicts the attitudinal and behavioural aspect of banker while they render services to the customers. But it does not indicate anything about the quality of services made available by bankers. In the following table it has put emphasis on the most basic services delivered by the bankers which are encashment of cheques/documents, clearing and transferring cheques/documents from one account to another account, from one branch to another branch or from one bank to another bank.

Table 5.7
Opinion of customers regarding the procedure of cheques/documents transfer at UCBL

Way of Transfer of documents	Profession	5	4	3	2	1	Total	
By messenger/ attendant	Service	8 (42.1)	10 (52.6)	1 (5.3)	×	×	19(100)	χ^2=21.36 df=6 P=.002
	Business	29 (90.6)	3(9.4)	×	×	×	32(100)	
	Student	5 (45.5)	6 (54.5)	×	×	×	11(100)	
	Others	3 (37.5)	4(50)	1 (12.5)	×	×	8(100)	
	Total	45(64.3)	23(32.9)	2(2.8)	×	×	70(100)	
By banker himself	Service	×	16 (84.2)	2 (10.5)	×	1(5.3)	19(100)	χ^2=23.36 df=12 P=.025
	Business	8 (25)	13 (40.6)	3 (9.4)	3 (9.4)	5 (15.6)	32(100)	
	Student	×	6 (54.5)	4 (36.4)	×	1 (9.1)	11(100)	
	Others	×	6 (75)	2 (25)	×	×	8(100)	
	Total	8(11.4)	41(58.6)	11(15.7)	3(4.3)	7(10)	70(100)	
You are required to do	Service	×	×	1 (5.3)	11 (57.9)	7 (36.8)	19(100)	χ^2=30.70 df=9 P=.006
	Business	×	×	3 (9.4)	9 (28.1)	20 (62.5)	32(100)	
	Student	×	2 (18.2)	4 (36.4)	5 (45.5)	×	11(100)	
	Others	×	×	1 (12.5)	5 (62.5)	2 (25)	8(100)	
	Total	×	2(2.8)	9(12.9)	30(42.9)	29(41.4)	70(100)	
Reminder is given often	Service	1 (5.3)	×	1(5.3)	17(89.5)	×	19(100)	χ^2=27.50 df=6 P=.000
	Business	×	×	1 (3.1)	19 (59.4)	12 (37.5)	32(100)	
	Student	×		4 (36.4)	7 (63.6)	×	11(100)	
	Others	×	×	3 (37.5)	5 (62.5)	×	8(100)	
	Total	1(1.4)	×	9(12.9)	48(68.6)	12(17.1)	70(100)	
Without action it is put on the desk	Service	1(5.3)	1(5.3)	×	7 (36.8)	10(52.)	19(100)	χ^2=15.33 df=9 P=.082
	Business	×	1 (3.1)	1 (3.1)	2 (6.3)	28 (87.5)	32(100)	
	Student	×	×	1 (9.1)	3 (27.3)	7 (63.6)	11(100)	
	Others	×	×	1 (12.5)	4 (50)	3 (37.5)	8(100)	
	Total	1(1.4)	2(2.8)	3(4.3)	16(22.9)	48(68.6)	70(100)	

Source: Field Survey (Figures in the parentheses indicate percentage) [Hint: '5'Strongly Agree, '4' Agree, '3' No Comment, '2' Disagree, '1' Strongly Disagree]

When the respondents are asked regarding the specific services, for example, the procedure of the transfer of cheques/documents, it is also found that the positive responses were in most of the cases. In case of cheques/documents transferred by the messenger/attendant, about 33% of respondents agreed and about 64% of the respondents strongly agreed with the statement. When it is asked that the 'banker himself' should do the work 58.6% of respondents agree and 11.4% respondents strongly agree with statement while 15.7% of respondents are kept silent. In case of the statement that the customers are required to transfer the cheque/document about 43% of customers disagree with statement and 41.4% of customers strongly disagree with the statement which concludes that customers need not transfer the documents. In case of giving reminder to transfer the documents about 69% disagree with statement. In case of the statement that without actions of clients the documents are put on the desk, about 69% of respondents strongly disagree with statement which leads to conclude that the documents are

transferred automatically from one desk to another. From the discussion of the above table it leads to conclude that the basic services of UCBL are satisfactory. In spite of this, there is a little room for further improvement of services.

Quality of customer service is also assessed by the difficulties faced by customers while receiving services from the service provider. To appraise circumstances of UCBL in the standpoint of difficulties faced in due course of preparing bank draft, Payment-order (PO), Demand Draft (DD), Telegraphic Transfer (TT) etc. a set of questions were asked to respondents. The responses of the respondents are stated in the Table 5.8.

Table 5.8
Opinion of customers regarding the difficulties faced in the time of preparing the bank draft, pay-order or DD etc. at UCBL

Difficulties	Profession	5	4	3	2	1	Total	
Faced the difficulties to fill up specific form	Service	1 (5.3)	1 (5.3)	2 (10.5)	15(78.9)	×	19(100)	χ^2=51.55 df=12 P=.000
	Business	1 (3.1)	1(3.1)	×	9(28.1)	21(65.6)	32(100)	
	Student	×	×	7 (63.6)	4 (36.4)	×	11(100)	
	Others	×	×	3 (37.5)	3 (37.5)	2 (25)	8(100)	
	Total	2(2.8)	2(2.8)	12(17.1)	31(44.2)	23(32.9)	70(100)	
Delayed to deposit money over the counter	Service	1(5.3)	×	4 (21.1)	14 (73.7)	×	19(100)	χ^2=38.30 df=9 P=.000
	Business	×	×	3(9.4)	11 (34.4)	18 (56.3)	32(100)	
	Student	×	1(9.1)	7(63.6)	3(27.3)	×	11(100)	
	Others	×	×	3 (37.5)	3 (37.5)	2 (25)	8(100)	
	Total	1(1.4)	1(1.4)	17(24.3)	31(44.3)	20(28.6)	70(100)	
Concerned banker delays to prepare the draft	Service	×	×	4 (21.1)	13(68.4)	2 (10.5)	19(100)	χ^2=32.53 df=9 P=.000
	Business	×	1 (3.1)	2 (6.3)	11(34.4)	18(56.3)	32(100)	
	Student	×	1 (9.1)	7 (63.6)	3 (27.3)	×	11(100)	
	Others	×	×	3 (37.5)	3 (37.5)	2 (25)	8(100)	
	Total	×	2(2.8)	16(22.9)	30(42.9)	22(31.4)	70(100)	
Delayed signed by more than one banker	Service	×	×	3 (15.8)	13 (68.4)	3 (15.8)	19(100)	χ^2=35.06 df=9 P=.000
	Business	×	1 (3.1)	×	12(37.5)	19(59.4)	32(100)	
	Student	×	1 (9.1)	6 (54.5)	4 (36.4)	×	11(100)	
	Others	×	1(12.5)	2(25)	3 (37.5)	2 (25)	8(100)	
	Total	×	3(4.3)	11(15.7)	32(45.7)	24(34.3)	70(100)	

Source: Field Survey (Figures in the parentheses indicate percentage) [Hint: '5'Strongly Agree, '4' Agree, '3' No Comment, '2' Disagree, '1' Strongly Disagree]

When the respondents are inquired regarding the difficulties they face at time of filling up the specific form only 2.8% of them notice that they facing difficulties. On the other hand, around 44% of respondents reply that they do not face any difficulty and around 33% of them strongly deny that they face any difficulty to fill up the specific form. Regarding the statement 'delayed to deposit money over the counter' 44.3% of respondents disagree and 28.6% of them strongly disagree with statement, where as 24.3% of them remain silent about the statement. Regarding the delays in preparation of

the draft about 43% of respondents disagree and about 31% of respondents strongly disagree with statement. In case of delay for signing more than one banker, 45.7% of respondents oppose the statement and 34.3% of respondents strongly oppose the statement, while 15.7% remain silent. From the above table it is observed that about 20% of respondents do not make any comments regarding the difficulties. So it seems that there are some difficulties at average level existed in UCBL. Therefore, it is concluded that the bankers should take more care to overcome these difficulties.

Automated Teller Machines (ATMs) are electronic machines, which are operated by a customer himself to deposit or to withdraw cash from bank as per his/her demand. It is one of the wonderful and newest additions in the banking industry which might be one of the most suitable ways that allows the customer an easy withdrawal of money at anytime at any place. But in Bangladesh it is not so well-liked among the customers yet. By asking a question, it is tried to assess the usage of ATM among the customers of UCBL (Table 5.9).

Table 5.9
Use of ATM Card by the customers of UCBL

Profession	Opinion		Total
	Yes	NO	
Service	15 (78.9)	4 (21.1)	19(100)
Business	28 (87.5)	4 (12.5)	32(100)
Student	11 (100)	×	11(100)
Others	5 (62.5)	3 (37.5)	8(100)
Total	59(84.3)	11(15.7)	70(100)
χ^2=5.57, df=3, P=.134			

Source: Field Survey (Figures in the parentheses indicate percentage)

It is realized from the table that 84.3% of respondents now use ATM card to withdraw money. Only 15.7% of respondents reply that they don't use ATM card to withdraw money from bank.

Table 5.10
Customers' Opinion regarding the advantages and disadvantages of ATM services

Evaluations	Profession	5	4	3	2	1	Total	
Withdraw money at any time	Service	14(93.3)	1 (6.7)	×	×	×	15(100)	χ²=.844 df=3 P=.839
	Business	27(96.4)	1 (3.6)	×	×	×	28(100)	
	Student	10(90.9)	1 (9.1)	×	×	×	11(100)	
	Others	5 (100)	×	×	×	×	5(100)	
	Total	56(94.9)	3(5.1)	×	×	×	59(100)	
Gas, WASA, phone bills are paid through the card	Service	×	×	×	1(7.7)	14(92.3)	15(100)	χ²=25.13 df=6 P=.000
	Business	×	×	×	9 (3.1)	19(67.9)	28(100)	
	Student	×	×	4(36.4)	3(27.3)	4 (36.4)	11(100)	
	Others	×	×	×	×	5 (100)	5(100)	
	Total	×	×	4(6.8)	13(22)	42(71.2)	59(100)	
Sometimes in the queue for a long time	Service	×	×	1 (7.1)	14(92.3)	×	15(100)	χ²=40.45 df=9 P=.000
	Business	×	×	4(14.3)	16(57.1)	8(28.6)	28(100)	
	Student	×	4(36.4)	5(45.5)	2 (18.2)	×	11(100)	
	Others	×	×	×	5 (100)	×	5(100)	
	Total	×	4(6.8)	10(16.9)	37(62.7)	8(13.6)	59(100)	
Complex ATM operating system	Service	×	×	3(20)	10(66.7)	2 (13.3)	15(100)	χ²=18.58 df=6 P=.005
	Business	×	×	5(17.9)	13(46.4)	10(35.7)	28(100)	
	Student	×	×	7(63.6)	4 (36.4)	×	11(100)	
	Others	×	×	×	5 (100)	×	5(100)	
	Total	×	×	15(25.5)	32(54.2)	12(20.3)	59(100)	
Sometimes required money is not available to withdraw	Service	×	×	2(13.3)	10(66.7)	3(20)	15(100)	χ²=15.26 df=9 P=.084
	Business	×	2 (7.1)	2 (7.1)	18(64.3)	6 (21.4)	28(100)	
	Student	×	×	5(45.5)	6 (54.5)	×	11(100)	
	Others	×	×	×	5 (100)	×	5(100)	
	Total	×	2(3.4)	9(15.2)	39(66.2)	9(15.2)	59(100)	
Anomaly is found in delivered balance report	Service	×	×	×	9 (60)	6 (40)	15(100)	χ²=24.22 df=9 P=.004
	Business	×	×	1 (3.6)	17(60.7)	10(35.7)	28(100)	
	Student	×	1 (9.1)	4(36.4)	6 (54.5)	×	11(100)	
	Others	×	×	×	5 (100)	×	5(100)	
	Total	×	1(1.7)	5(8.5)	37(62.7)	16(27.1)	59(100)	
Shortage of ATM booth in your area	Service	13(86.7)	2(13.3)	×	×	×	15(100)	χ²=10.77 df=9 P=.292
	Business	23(82.1)	1 (3.6)	4(14.3)	×	×	28(100)	
	Student	9 (81.8)	1 (9.1)	×	1 (9.1)	×	11(100)	
	Others	5 (100)	×	×	×	×	5(100)	
	Total	50(84.7)	4(6.8)	4(6.8)	1(1.7)	×	59(100)	

Source: Field Survey (Figures in the parentheses indicate percentage) [Hint: '5' Strongly Agree, '4' Agree, '3' No Comment, '2' Disagree, '1' Strongly Disagree]

Using of ATM card is getting popular day by day because of its simplicity to operate. For this it is found that about 84% respondents of UCBL use ATM card. To identify the advantageous aspects of ATM from their own point of view a set of issues is placed to the customers who use ATM card.

From the above Table 5.10, it is found that about 95% of respondents strongly agree that they can withdraw money at time by using ATM card. In regards to pay different utility bill, like Gas, WASA, Telephone etc. through ATM card 22% of respondent disagree and

71.2% of respondents strongly disagree with statement which means that the users of ATM card are not getting this facility. When it is asked whether they stay in the queue for a long time, about 17% of respondents remain silent and about 63% of them disagree with the statement. In terms of complexity of ATM operating system, majority (54.2%) of respondents disagreed and 20.3% of respondents strongly disagreed with the statement while remaining number (25.5%) of respondents remains silent. It leads to assume that the operating system of ATM is not complex.

Regarding the non availability of required money in ATM booth majority of respondents reply positively (66.2% disagree and 15.2% strongly disagree) that they have withdrawn required money from ATM. In regards to anomaly in the balance report delivered by ATM about 63% of respondents disagree and 27% of respondents strongly disagree with the statement that leads to assume that deliver balance report is free from error. About the shortage of ATM booth majority (84.7%) of respondents strongly agree with the statement which means there is a huge shortage of ATM booth of UCBL at their areas.

So, it is concluded that though the respondents reply positively regarding the advantages of ATM, there are some displeasing scenario regarding ATM also prevail in UCBL.

Modern commercial banking system is introducing various electronic means of banking (e-banking) which facilitate the transaction more convenient, time and cost-effective. These sorts of electronic means of transaction also reduce the risk of bearing cash money which is also getting acceptability day by day. However, to assess the attractiveness or usage of Q-cash or credit cards of UCBL the respondents are asked whether they use q-cash or credit card. The opinions of the respondents are summarized in the following Table - 5.11.

Table 5.11
Usage of Q-cash/Credit Card customers at UCBL

Profession	Opinion		Total
	Yes	NO	
Service	9 (47.4)	10 (52.6)	19(100)
Business	21 (65.6)	11 (34.4)	32(100)
Student	×	11 (100)	11(100)
Others	×	8 (100)	8(100)
Total	30(42.9)	40(57.1)	70(100)
χ^2=21.18, df=3, P=.000			

Source: Field Survey (Figures in the parentheses indicate percentage)

It is observed from the Table 5.11 that majority of the respondents (51.1) do not use credit card. As the modern commercial banks are giving emphasis on retail banking, it is not a pleasant picture for UCBL. This unpleasant scenario directs to conclude that UCBL requires more initiatives to popularize the Q-cash/Credit Card to its existing customers as well as probable customers.

Internet banking/on-line banking is a popular means of doing transaction in modern banking system. Through this process a customer can withdraw, deposit and send money from any part of the country with a very short span of time. However, opinions of customers regarding the availability of efficient on-line/internet banking are presented in the Table 5.12.

Table 5.12
Opinion of customers regarding the efficient On-line/internet banking of UCBL

Profession	Opinion		Total
	Yes	NO	
Service	19 (100)	×	19 (100)
Business	32 (100)	×	32 (100)
Students	11 (100)	×	11 (100)
Others	8 (100)	×	8 (100)
Total	70(100)	×	70(100)

Source: Field Survey (Figures in the parentheses indicate percentage)

When the respondents are asked whether their branches have efficient internet or on-line banking 100% of respondents reply positively that their respective branches have efficient on-line banking. Therefore, it is assumed that regarding the on-line banking UCBL's state is satisfactory.

Customers of modern commercial banks like UCBL may have requirement of more facilities and they have some complain regarding the existing facilities. Moreover they may have constructive suggestions to improve the facilities or delivery system of services. In this case majority of the customers want to inform their opinion secretly through the complain box. This complains box may acts as a moderator between the bankers and customers. However, the inevitability of complains box is summarized in the following Table 5.13

Table 5.13
Opinions of customers regarding the Necessity of Complain Box at UCBL

Profession	Opinion		Total
	Yes	NO	
Service	19 (100)	×	19 (100)
Business	32 (100)	×	32 (100)
Student	11 (100)	×	11 (100)
Others	8 (100)	×	8 (100)
Total	70(100)	×	70(100)

Source: Field Survey (Figures in the parentheses indicate percentage)

When it is asked about justification of availability of complains box 100% of respondents reply that there should be a complain box in every branch so that customers can express their opinion regarding the services provided by the bank as well as bankers. It leads to conclude that customers of banks are interested to make complain regarding the customer services if they have noticed any inconvenience. So, there should be a complain box in every branch of UCBL so that the customers can easily make comments or making constructive suggestions regarding services they received.

It is also important to know the opinions of the service provider what they think about quality of services provided by them. However, in the following Table 5.14 the opinions of employees of UCBL regarding the quality of services provided by them are depicted.

Table 5.14
Opinion of bankers regarding customer services of UCBL

Services	Designation	5	4	3	2	1	Total	
Standard Services	Executives	17 (56.7)	13 (43.3)	0 (0)	0 (0)	0 (0)	30(100)	$\chi^2 = 10.279$ df=4 p=.036
	Officers	44 (29.3)	87 (58)	10 (6.7)	5 (3.3)	4 (2.7)	150(100)	
	Total	61 (33.8)	100 (55.6)	10 (5.6)	5 (2.8)	4 (2.2)	180(100)	
High interest/profit rate than other PCBs and NCBs	Executives	0 (0)	21 (70)	9 (30)	0 (0)	0 (0)	30(100)	$\chi^2 = 18.606$ df=4 p=.001
	Officers	19 (12.7)	50 (33.3)	50 (33.3)	25 (16.7)	6 (4)	150(100)	
	Total	19 (10.6)	71 (39.4)	59 (32.8)	25 (13.9)	6 (3.3)	180(100)	
Comfort in transaction	Executives	19 (63.3)	11 (36.7)	0 (0)	0 (0)	0 (0)	30(100)	$\chi^2 = 34.127$ df=4 p=.000
	Officers	24 (16)	79 (52.7)	35 (23.3)	9 (6)	3 (2)	150(100)	
	Total	43 (23.9)	90 (50)	35 (19.4)	9 (5)	3 (1.7)	180(100)	
Co-operative and satisfied bankers behaviour	Executives	18 (60)	12 (40)	0 (0)	0 (0)	0 (0)	30(100)	$\chi^2 = 17.418$ df=4 p=.002
	Officers	39 (26)	71 (47.3)	26 (17.3)	8 (5.3)	6 (4)	150(100)	
	Total	57 (31.7)	83 (46.1)	26 (14.4)	8 (4.4)	6 (3.3)	180(100)	
Satisfactory financial condition	Executives	2 (6.7)	24 (80)	2 (6.7)	2 (6.7)	0 (0)	30(100)	$\chi^2 = 5.232$ df=4 p=.264
	Officers	26 (17.3)	92 (61.3)	21 (14)	7 (4.7)	4 (2.7)	150(100)	
	Total	28 (15.6)	116 (64.4)	23 (12.8)	9 (5)	4 (2.2)	180(100)	
Goodwill and recognition	Executives	2 (6.7)	25 (83.3)	3 (10)	0 (0)	0 (0)	30(100)	$\chi^2 = 14.316$ df=4 p=.006
	Officers	37 (24.7)	69 (46)	35 (23.3)	4 (2.7)	5 (3.3)	150(100)	
	Total	39 (21.7)	94 (52.2)	38 (21.1)	4 (2.2)	5 (2.8)	180(100)	
Easy location of bank/branch at the residence	Executives	2 (6.7)	23 (76.7)	5 (16.7)	0 (0)	0 (0)	30(100)	$\chi^2 = 16.808$ df=4 p=.002
	Officers	57 (38)	67 (44.7)	13 (8.7)	5 (3.3)	8 (5.3)	150(100)	
	Total	59 (32.8)	90 (50)	18 (10)	5 (2.8)	8 (4.4)	180(100)	
Easy location of bank/branch at the work place	Executives	2 (6.7)	23 (76.7)	5 (16.7)	0 (0)	0 (0)	30(100)	$\chi^2 = 12.391$ df=4 p=.015
	Officers	50 (33.3)	74 (49.3)	16 (10.7)	6 (4)	4 (2.7)	150(100)	
	Total	52 (28.9)	97 (53.9)	21 (11.7)	6 (3.3)	4 (2.2)	180(100)	
Easy location and efficient ATM services	Executives	2 (6.7)	11 (36.7)	11 (36.7)	6 (20)	0 (0)	30(100)	$\chi^2 = 5.973$ df=4 p=.201
	Officers	28 (18.7)	41 (27.3)	38 (25.3)	34 (22.7)	9 (6)	150(100)	
	Total	30 (16.7)	52 (28.9)	49 (27.2)	40 (22.2)	9 (5)	180(100)	
More financial Security	Executives	4 (13.3)	20 (66.7)	6 (20)	0 (0)	0 (0)	30(100)	$\chi^2 = 5.024$ df=4 p=.285
	Officers	26 (17.3)	70 (46.7)	44 (29.3)	3 (2)	7 (4.7)	150(100)	
	Total	30 (16.7)	90 (50)	50 (27.8)	3 (1.7)	7 (3.9)	180(100)	

Source: Field Survey (Figures in the parentheses indicate percentage) [Hint: '5' strongly agree, '4' agree, '3' No comment, '2' Disagree, '1' strongly disagree].

From the above table it is clear that in case of standard service, comfort in transaction, co-operative and satisfied behaviour of bankers and satisfactory financial condition, the respondents express almost same positive opinion. But in regarding   high rate of interest/profit than other PCBs or NCBs they express mixed opinions where about one-third of them (32.8%) do not make any comment which is justified by the value of chi-square 18.606 (where p-value is .001). Regarding the location of bank branches from the workplace as well as residence and financial security of UCBL about 80% of the bakers agree with the statement, while near about 30% of them disagree and 27.2% are remain silent in case of location of easy location and efficient services of ATM.

5.6   HRM Practices perceived by Customers of UCBL

Human resource (HR) of an organization is an important asset that makes difference by producing quality product or service at lower price. It (HR) helps the organization to be cost-effective. It is considered as the source of competitive advantage when precious, exceptional, incomparable and non-substitutable HR is recruited and maintained with in the organization.

It is also thought that performance of organization mostly relies upon the manpower of the organization as it is the key resource of an organization. Hence, if an appropriate range of HR practices and policies are developed, maintained and implemented efficiently and effectively, it is sure that HR will make a significant impact upon the performance of organization.[20]

On the other hand, Customers or clients are another important stakeholder of an organization on which the success of the business depends. Without effective customers, no organization can survive in the long run. The target of the organisation is to fulfill the requirements of the customers as the customers make it feasible to attain business objectives. So, building relationship between customer and organization can be seen as moving up a ladder.[21] Without developing customer loyalty and satisfaction, it (organization) could lose its customers. In brief, customers are the king in the organizational arena.

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[20] Daniel F. Ofori, Victoria Sekyere-Abankwa and Davida B. Borquaye, "Perceptions of the Human Resource Management Function among Professionals: A Ghanaian Study", *International Journal of Business and Management,* Vol. 7, No. 5 (March 2012), p. 159.

[21] Why customers are important, http://businesscasestudies.co.uk/business theory/marketing/why-customers-are-important.html#ixzz2dZSL7M5N, Accessed on 31 August 2013.

Banking is a sophisticated service industry. In these industry two partners namely bankers and customers are actively involved in service process and when an organization takes care of its bond with its employees, a genuine perfection in services provision to customers takes place.[22] Like frontline employees or service providing organization, bankers are the critical to the success of banks. They (bankers) carry out the responsibility of projecting their organization's image and building a satisfying service experience for the customers. So, the perception of customers regarding HR is also important to development of customer service. However, the perception of customer regarding HR is discussed in the following tables.

Opinion or perception of customers about the efficiency of HR is an important factor for satisfying the customers. The positive perception regarding HR efficiency can build up customer loyalty. In case of UCBL it is found that most of the respondents (98.6%) replied yes that HR of UCBL is efficient which leads to assume that they (HR) perfectly doing their job.

Table 5.15
Customers' Opinion regarding the Efficiency of Human Resource

Profession	Opinion		Total
	Yes	**No**	
Service	19 (100)	×	19(100)
Business	32 (100)	×	32(100)
Student	10 (90.9)	1 (9.1)	11(100)
Others	8 (100)	×	8(100)
Total	69(98.6)	1(1.4)	70(100)
χ^2=5.44, df=3, P=.142			

Source: Field Survey (Figures in parentheses indicate percentage)

Another important perception of customers regarding HR of UCBL is the motivation of executives and officers. It is thought that if the employees are motivated, they do their job enthusiastically and their loyalty to the organization is beyond the question. However, the perception of customers regarding the motivation of bankers is depicted in the following table.

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[22] B. Schneider & D. Bowen, D. 1995. *Winning the Service Game* (Boston, MA:HarvardUniversity Press, 1995) *Cited In*, Amit Gur, The Influence of the Perceptions of HRM Practices on Perceived Service Quality and the Contribution of Trust to the Interaction between Them. Available at http://gsb.haifa.ac.il/~iirra/files/con_HRM-Trust-SQ_201110.pdf, Accessed on 31 August 2013.

Table 5.16
Customers' Opinion regarding the Motivation of Executives and officers

Profession	Opinion			Total
	Yes	**Partly**	**No**	
Service	17 (89.5)	2 (10.5)	×	19(100)
Business	30 (93.8)	2(6.3)	×	32(100)
Student	8 (72.7)	3 (27.3)	×	11(100)
Others	7 (87.5)	1 (12.5)	×	8(100)
Total	62(88.6)	8(11.4)	×	70(100)
χ^2=3.60, df=3, P=.308				

Source: Field Survey (Figures in parentheses indicate percentage)

When it is asked whether they find the bankers as motivated or not, most of the respondents (88.6%) reply that they find them as motivated and only 11.4% of respondents reply that they find the bankers partially motivated where no respondents reply negatively.

Performance evaluation is a crucial function of HRM. Nowadays, it is used to determine the remuneration package as well as training needs. If the employees are properly evaluated, they will be motivated and try to achieve the organizational goal. Properly evaluated and rewarded employees try to deliver the state of the art customer service which help the organization to retain the existing customers. Therefore, opinion of customers regarding the performance evaluation is significant for UCBL. Customers' opinion regarding performance measurement is presented in the following Table 5.17.

Table 5.17
Customers' Opinion regarding the Performance Measurement of Employees of UCBL

Profession	Opinion			Total
	Yes	**Partly**	**No**	
Service	10 (52.6)	3 (15.8)	6 (31.6)	19(100)
Business	19 (59.4)	9 (28.1)	4 (12.5)	32(100)
Student	7 (63.6)	1 (9.1)	3 (27.3)	11(100)
Others	1 (12.5)	3 (37.5)	4 (50)	8(100)
Total	37(52.86)	16(22.85)	17(24.29)	70(100)
χ^2=9.89, df=6, P=.129				

Source: Field Survey (Figures in parentheses indicate percentage)

In the above table it is seen that different classes of respondents express different opinion regarding performance measurement or evaluation. About 53% of respondents opine that performance of employees' measure properly and about 23% think that performance of employees' measure partly. On the other hand 24% of respondent think that performance

is not properly measured in UCBL. So, it is concluded that there is an ambiguity regarding the performance evaluation of employees in eyes of the customers.

Work efficiency or job performance is a vital factor for the employees of any organization. It will reduce the production cost without compromising the standard or quality. In case of banking sector it will expedite the delivery of quality service and increase the customer satisfaction. The opinion of customers in relation to work efficiency of employees of is presented in the Table 5.18.

Table 5.18
Customers' Opinion regarding the Work Efficiency of Employees

Profession	Opinion			Total
	Yes	Partly	No	
Service	18 (94.7)	1 (5.3)	×	19(100)
Business	32 (100)	×	×	32(100)
Student	9 (81.8)	2 (18.2)	×	11(100)
Others	7 (87.5)	1 (12.5)	×	8(100)
Total	66(94.3)	4(5.7)	×	70(100)
χ^2=5.80, df=3, P=.122				

Source: Field Survey (Figures in parentheses indicate percentage)

It is found in the table that most of the respondents (94.3%) agree with the work efficiency of the bankers which assume that the employees of UCBL efficiently perform their duties and responsibilities.

Conflict creates dissatisfaction among the employees. It also destroys the harmony and friendship among the employees. It also decreases the performance level of the employees. However, customers' opinion regarding the conflict between organizational goal and personal goal of the employees of UCBL are stated in the Table5.19.

Table 5.19
Customers' Opinion regarding the Conflict between the Organizational Goal and Personal Goal of the Employees

Profession	Opinion			Total
	Yes	Partly	No	
Service	2 (10.5)	×	17 (89.5)	19(100)
Business	3 (9.4)	4 (12.5)	25 (78/1)	32(100)
Student	×	×	11 (100)	11(100)
Others	×	×	8 (100)	8(100)
Total	5(7.1)	4(5.7)	61(87.2)	70(100)
χ^2=7.30, df=6, P=.293				

Source: Field Survey (Figures in parentheses indicate percentage)

When the respondents are asked whether they notice any conflict between the organizational goal and personal of the employees majority respondents (87.2%) reply negatively. This means that they do not observe any conflict between the organizational goal and personal of employees.

Motivation is the employee's intrinsic level of enthusiasm and drive to accomplish a job or task. It is a significant aspect of our lives and plays a vital role in enhancing efficiency, effectiveness and boosting productivity. A motivated employee can cope up with situation and helps the organization to achieve its goal. However, the opinions of customers regarding the motivation of employees in discharging their responsibilities are presented in the following Table 5.20.

Table 5.20
Customers' Opinion regarding the Motivation of Employees in discharging their Responsibilities

Profession	Opinion			Total
	Yes	Partly	No	
Service	18 (94.7)	1 (5.3)	×	19(100)
Business	31 (96.9)	1 (3.1)	×	32(100)
Student	7 (63.6)	2 (18.2)	2 (18.2)	11(100)
Others	7 (87.5)	×	1(12.5)	8(100)
Total	63(90)	4(5.7)	3(4.3)	70(100)
χ^2=13.30, df=6, P=.038				

Source: Field Survey (Figures in parentheses indicate percentage)

It is observed in the table that most of the respondents (90%) agree that the employees of UCBL are motivated while they discharge their duties and responsibilities. So, it is concluded that employees are providing satisfactory customer service.

Like motivation initiatives drives among the executives and decision makers in accomplishing their responsibilities are very much important to solve any problem instantly. It increases the faith and confidence of customer upon the organization as well as employees. The opinions of customers regarding initiatives and drives of executives and decision makers are stated in the Table 5.21.

Table 5.21
Customers' Opinion regarding the Initiatives and Drives among Executive and Decision Makers in Discharging Responsibilities

Profession	Opinion			Total
	Yes	Partly	No	
Service	17 (89.5)	2 (10.5)	×	19(100)
Business	31 (96.9)	1 (3.1)	×	32(100)
Student	8 (72.7)	3 (27.3)	×	11(100)
Others	5 (62.5)	3 (37.5)	×	8(100)
Total	61(87.1)	9(12.9)	×	70(100)
χ^2=9.17, df=3, P=.027				

Source: Field Survey (Figures in parentheses indicate percentage)

From the above table it is seen that majority of the respondents (87.1%) agree with the statement that executive and decision makers have taken initiative while discharging their duties and responsibilities. Only 12.9% of respondents partly agree while no respondent reply negatively. So, it assumed that the executives and decision makers are sincere to their responsibilities.

Like the executives and decision makers, it is also found that the officers of UCBL have taken proper initiatives and drives in discharging their duties and responsibilities. It is observed in the following Table 5.22 that about 90% of respondents reply 'yes' when they are asked whether they notice initiatives and drives among officers of UCBL while discharging their responsibilities.

Table 5.22
Customers' Opinion regarding the Initiatives and Drives among Officers in Discharging Responsibilities

Profession	Opinion			Total
	Yes	Partly	No	
Service	16 (84.2)	2 (10.5)	1 (5.3)	19(100)
Business	31 (96.9)	1 (3.1)	×	32(100)
Student	9 (81.8)	2 (18.2)	×	11(100)
Others	7 (87.5)	1 (12.5)	×	8(100)
Total	63(90)	6(8.6)	1(1.4)	70(100)
χ^2=5.53, df=6, P=.478				

Source: Field Survey (Figures in parentheses indicate percentage)

Frustration decreases the level motivation which leads to deterioration in performance standard. Now employee frustration is called the 'silent killer' of workplace productivity. It is also thought as an enemy of employee engagement. In case of banking sector

employee frustration is a serious issue which ultimately increases the employee turnover and decreases the standard of customer service. However, customers' opinion regarding the symptom of frustration is presented in the following Table 5.23. From the table it is found that about 29% of respondents partly notice symptom of frustration among the employees. On the other hand about 64% of respondent do not notice any symptom of frustration and only 7% of them notice that symptom. So, it is concluded that there existed some sort of frustration among the employees in the eyes of customers. Authority of UCBL should think over the matter.

Table 5.23
Customers' Opinion regarding the any symptom of frustration among executives and officers of UCBL

Profession	Opinion			Total
	Yes	Partly	No	
Service	3 (15.8)	2 (10.5)	14 (73.7)	19(100)
Business	2 (6.3)	11 (34.4)	19 (54.4)	32(100)
Student	×	5 (45.5)	6 (54.5)	11(100)
Others	×	2 (25)	6 (75)	8(100)
Total	5(7.1)	20(28.6)	45(64.3)	70(100)
χ^2=7.74, df=6, P=.257				

Source: Field Survey (Figures in parentheses indicate percentage)

In relation to customers' opinion regarding the co-operative spirit, harmonious relation, fellow feelings and congenial work environment in performing the responsibilities of executive and officers of UCBL is also positive. Most of the respondents (93%) agree with statement. So, there exists a congenial work atmosphere in UCBL which is presented in the following Table 5.24.

Table 5.24
Customers' opinion regarding the co-operative spirit, harmonious relation, fellow feelings and congenial work environment in performing the responsibilities of executive and officers of UCBL

Profession	Opinion			Total
	Yes	Partly	No	
Service	17 (89.5)	2 (10.5)	×	19(100)
Business	32 (100)	×	×	32(100)
Student	8 (72.7)	3 (27.3)	×	11(100)
Others	8 (100)	×	×	8(100)
Total	65(92.9)	5(7.1)	×	70(100)
χ^2=10.12, df=3, P=.018				

Source: Field Survey (Figures in parentheses indicate percentage)

Regarding the co-operative spirit, harmonious relation, fellow feelings and congenial work environment among the employees of UCBL in performing their responsibilities most of the respondents (about 93%) have given positive opinions.

5.7 Conclusion

There are several stakeholders in banking sector. Among them two important stakeholders are HR as well as customers. Customers are the source of earning revenue for any sort of organization especially for service providing organization like bank. Customers are the king in commercial organizational setting. The fundamental task of financial organization like banks is providing services to its customers. In the age of global financial market diversity and quality of customer services are considered as the governing determinant in deciding the strength of a bank.

Chapter Six
Relationship between HRM Practices and Organizational Performance of UCBL

6.1 Prelude

The practice of HRM is concerned with human resource planning, recruitment and selection, talent management, performance management, learning and development, reward management, employee relations, employee well-being and health and safety and the provision of employee services.

Assessing the impact of HRM practices over the performance of PCBs with reference to UCBL is the core objective of the study. Actually a practice of human resource management is related with all the aspects of how manpower or human resources are employed and managed in an organization. So, it is apparent to make out the relationship between HRM practices and the performance of UCBL. All the commercial ventures whether manufacturing concern or service oriented organization operate with the motive of earning profit and profit indicates the performance of organization. In the modern financial environment all the banks whether operating in public sector or private sector have to perform some duties and responsibilities to the society where it is functioning. Moreover, business organizations in the society are accountable to implement different socially desirable activities not only for stakeholders' concern but also for different external parties. According to Bangladesh Bank report, out of forty eight scheduled banks in Bangladesh, forty six had engagement in CSR practices in some form or other in 2009 and total CSR expenditure is Tk. 553.8 million.[1] So it can be said that profitability and social banking are the twin objectives of the PCBs in the context of rapidly changing business society. Therefore, productivity is considered as the most important criterion to appraise the performance of PCBs in Bangladesh

Performance measurement is varying from industry to industry. As a service providing industry, evaluation of performance of banking industry is not a very easy task. Different

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[1] *Review of Corporate Social Responsibility (CSR) Initiatives in Banks* (2008 & 2009) (Dhaka: Bangladesh Bank), p. 1.

variables are applied to evaluate performance of financial institutions like banks. However, productivity and profitability along with social aspects are considered in measuring the performance of PCBs in Bangladesh. Productivity encourages the competition between the public and private sector, which will ultimately raise the profitability of commercial banks.[2] Productivity denotes the relationship between output and one or all associated inputs. It is the productivity which plays key role in an organization to build up a podium in the business world. Simply productivity is output divided by input. So, Productivity is a concept of measuring the ratio of total output to weighted average of inputs.[3]

6.2 Performance of PCBS and its relationship with HRM Practices

Concerns for HRM include how an enterprise should be prearranged to encourage knowledge creation and mobilization and how to develop a culture and set of HRM policies and practices that harness knowledge and leverage to strategic objectives. The core objective of HRM is to develop a well-motivated and proficient manpower pool.

From the last decade it is observed that PCBs are capable to generate more profit than that of NCBs because of their competent manpower Pool without a few exceptions. It is true that private and foreign commercial banks have made huge investment in technological up-gradation with a view to delivering better customer service and manage assets better.[4]

6.3 Importance of productivity performance of UCBL and its relationship with HRM

Different criteria are used to measure the performance of organization. Productivity is one of the important criteria to assess the performance of financial organization, especially for banks. It is concerned with overall efficiency relating to the amount produced in the organization in a given period of time. Rani defines as the efficiency with which economic resources are employed to produce goods and services.[5] It is also a tool to

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[2] Toufic Ahmad Chowdhury, "An Evaluation of the Performance of Commercial Banks of Bangladesh", PhD Dissertation, Department of Economics, Himachal Pradesh University, Shimla, 1990, p. 265.

[3] Paul A. Samuelson and William D. Nordhaus, *Economics*, 17th ed.(New York: The McGraw-Hill Companies, Inc., 2001), p. 116.

[4] Errol D' Souza, "Employment and Human Resource Practices in Public Sector Banks in the Nineties", ed. by Suji Uchikawa, *Labour Market and Institutions in India: 1990s and Beyond*, Japan: Institute of Developing Economies, 2002, p. 249.

[5] Shalini Rani, *Anmol's Dictionary of Technical Terms* (New Delhi: Anmol Publication, 1991), p. 285.

measure output per unit of input. Productivity denotes the relationship between output and one or all associated inputs. It is a concept that guides the management of production systems and evaluates its achievement or success. Though the term productivity is usually a mathematical equation, it is significantly affected by the existing human resources (HR) of that particular organization. Toufic and Moral also opine that the quality and HR management policy has an immense influence on the performance of an organization.[6] As a service providing organization, performance of a bank like UCBL is also highly depends upon the quality of service provider i.e. HR.

6.3.1 Measuring Productivity

Productivity Assessed by Ratio of Working Fund to Total Expenses

The correlation between working fund (WF) and total expenses (TE) is 0.970 which is positive and highly correlated. Now, it is possible to draw a regression line as because of the existence of a significant correlation. We assume that the relation is linear and we may write the function (f) as:

Total Expense = f (Working fund)

Through the estimation, the regression line is given below:

Total Expenses = 72.708+ .066** working fund

r = 0.992 ** (** = p<0.01) R^2 =.983

(See more details estimations in appendix iii and v)

Here, the regression line indicates that the total expense is significantly depending on working fund, because the co-efficient of total income is positive (+.066). In addition to that we can say that the value of R^2 is .983, i.e., total expenses (TE) are influenced by working fund (WF) by 98 per cent.

To reinforce our findings, we have taken assistance from the scattered plotting in the figure 6.1 which also justifies the significant relationship between total expense and working fund.

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[6] Chowdhury and Moral, p. 113.

Figure 6.1
Relationship between Total Expenses and Working Fund of UCBL
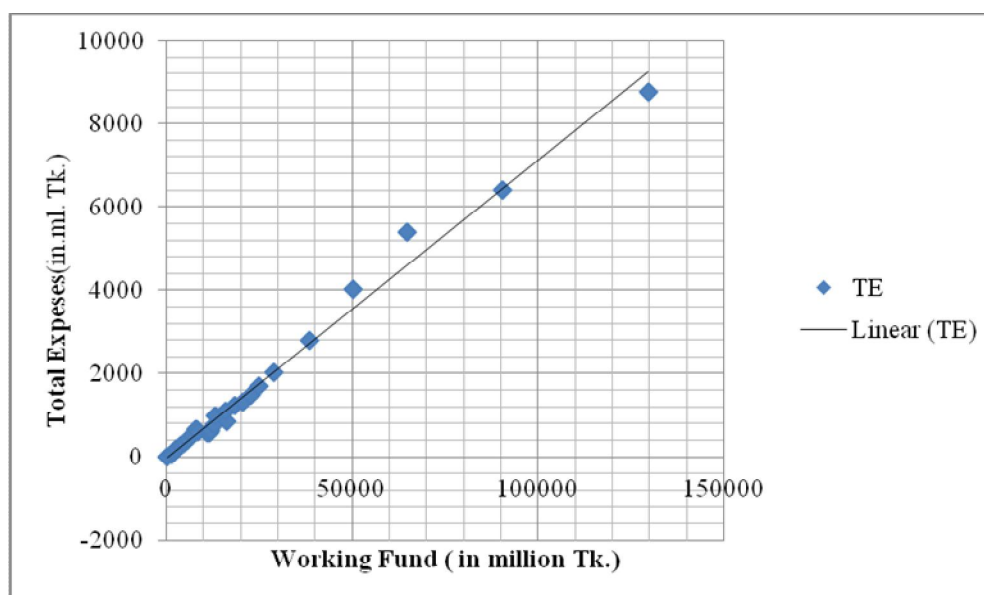
Source: Annual Reports of different years of UCBL.

6.3.2 Productivity Assessed by Ratio of Total Income to Total Expenses

There is a complementary relationship between total income and total expenses. To verify the total productivity level of any bank, it is necessary to use the ratio of total expenses (TE) to total income (TI). Like other financial institutions, UCBL is also no exception where the ratio of total expenses and total income of it must be included while assessing its productivity.

The correlation between total expense (TE) and total income (TI) is 0.99 which is positive and highly correlated. Now, it is possible to a draw a regression line as because of the existence of a significant correlation. We assume that the relation is linear; we may write the function (f) as:

Total Expense = f (Total Income)

Through the estimation, the regression line is given below:

Total Expenses = 115.41+ .653** Total Income

$r = 0.992$ ** (** = p<0.01) R^2 =.983

(See more details estimations in appendix iii and v)

Here, the regression line indicates that the total expense (TE) is significantly depending on total income (TI), because the co-efficient of total income is positive (+.653). In addition to that we can say that the value of R^2 is .99, i.e., total expenses (TE) are influenced by total income (TI) by 99 percent.

To reinforce our findings, we have taken assistance from the scattered plotting in the figure 6.2 which also justifies the significant relationship between total expense and total income.

Figure 6.2
Relationship between Total Expenses and Total Income
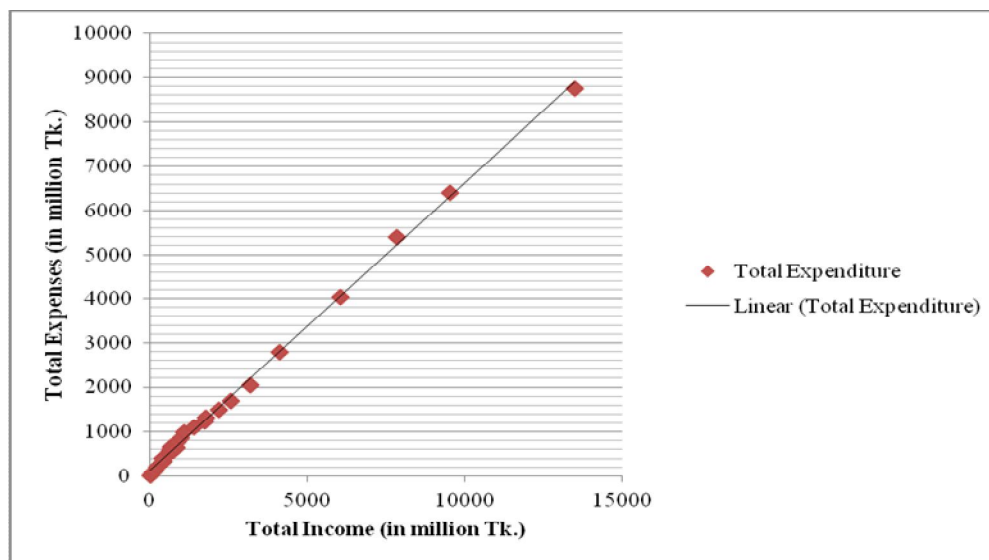
Source: Annual reports of different years of UCBL

6.3.3 Productivity Assessed by Ratio of Working Fund to Human Resources Expenses

It is very much essential to keep up and maintain an efficient HR pool for the success of an organization. From each and every stage of maintaining HR poll which started from HR planning to retaining, a sufficient working fund is indispensable. Hence it is obligatory to think about the UCBL's ratio of working fund to HR expenses while assessing its performance.

The correlation between working fund (WF) and HR expenses (HRE) is 0.967 which is positive and highly correlated. Now, it is possible to draw a regression line as because of

the existence of a significant correlation. We assume that the relation is linear; we may write the function (f) as:

HR Expense = f (Working Fund)

Through the estimation, the regression line is given below:

HR Expenses = 61.61+ 0.012** WF

$r = 0.967$ ** (** = p<.000) R^2 =.93

(See more details in appendix iii and v)

Here, the regression line indicates that the HR expense is significantly depending on working fund, because the co-efficient of working fund is positive (+.012). In addition to that we can say that the value of R^2 is .93, i.e., HR expenses (HRE) are influenced by working fund (WF) by 93 percent.

To reinforce our findings, we have taken assistance from the scattered plotting in the figure 6.3 which also justifies the significant relationship between HR expense and working fund.

Figure 6.3
Relationship between HR expenses and working fund
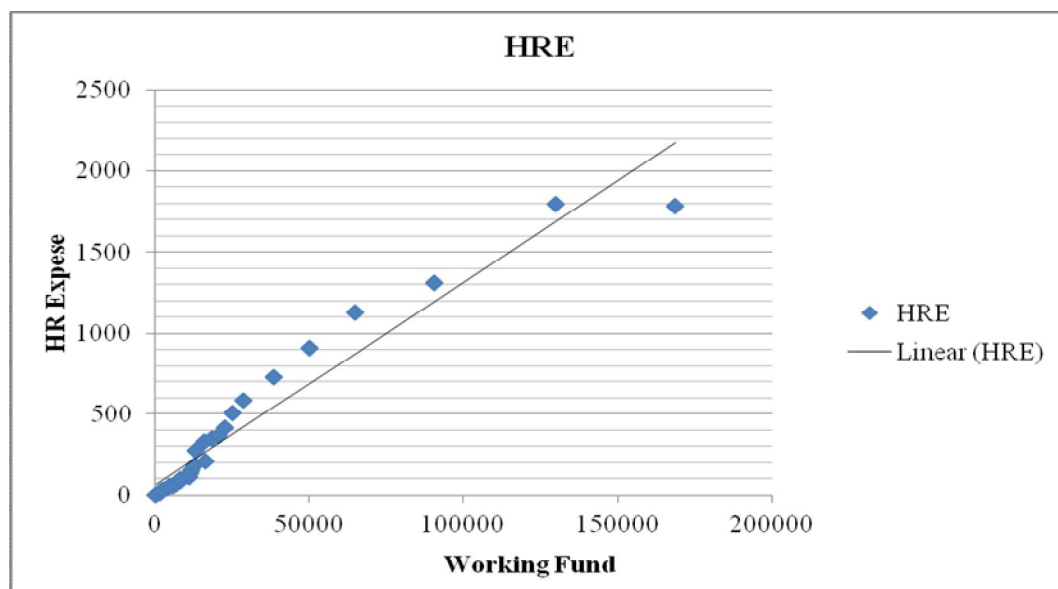
Source: Annual report of different years of UCBL.

6.3.4 Productivity Assessed by Ratio of Total Income to Human Resources' Expenses

Once upon a time workforce or manpower was considered as a factor of production like land, capital and organization. But in the present competitive business world, manpower or human resources of an organization is regarded as a strategic asset. An uninterrupted cash flow or income is needed to facilitate and maintain a potential human resource pool. However, competent human resources are typically the most important source of generating income for a service providing organization like bank. Therefore, total income is depended upon the human resource expenses or vice versa. We have tried to find out the relationship between human resource expenses and total income of UCBL here.

The correlation between total income (TI) and HR expenses (HRE) is 0.987 which is positive and highly correlated. Now, it is possible to draw a regression line as because of the existence of a significant correlation. We assume that the relation is linear; we may write the function (f) as:

HR Expense = f (Total Income)

Through the estimation, the regression line is given below:

HR Expenses = 65.52+ 0.126** Total Income

$r = 0.987$ ** (** = p<.000) R^2 =0.974

(See more details in appendix iii and v)

Here, the regression line indicates that the HR expense is significantly depending on total income, because the co-efficient of total income is positive (+0.126). In addition to that we can say that the value of R^2 is 0.974, i.e., HR expenses (HRE) influenced by total income (TI) by 97 percent.

To reinforce our findings, we have taken assistance from the scattered plotting in the figure 6.4 which also justifies the significant relationship between HR expense and total income.

Figure 6.4
Relationship between HR expenses and total income

Source: Annual Reports of different years of UCBL.

6.3.5   Comments on the Results

Till now, we have analyzed different aspects of UCBL concerning its productivity performance and its relationship with the factors such as expenses, working fund, HR expenses and so on. Our objective was to find out any correlation of these factors with productivity and the level of influence over it.

From the above analysis it is found that there is a strong positive correlation between working fund and total income with total expenses and HR expenses. It is worth mentioning that an HR expense is the strongest element which has vast influence over generating total income and maintaining working fund. This leads to conclude that a well maintained HR pool and integrated HRM is the key to productivity performance of any organization which by now exist in UCBL.

6.4 Measurement of Profitability Performance of UCBL and Its Association with HRM

Profitability is an important criterion to evaluate the overall efficiency of a business concern, especially if it is a financial enterprise like bank. To the most commonsense, the term 'profitability' is assumed as the capability of an enterprise to earn profit from its operation.[7]

The term 'profit' and 'profitability' are not synonymous. Profit refers to an absolute amount such as Tk.200 million. 'Profitability' on the other hand is a relative concept. To determine the profitability of an enterprise, for example we need to relate the profit of an enterprise to the investment used to generate it. It is acceptable to expect that a higher level of investment in business operation is required to produce a higher level of profit.

Profitability has also been defined as the ability of an organization to earn profit. It is evaluated in relative terms of either size, past year or peerage. The most usually used measure of profitability is in terms of size, i.e., profit or loss divided by total assets. Sometimes profitability is assessed by taking profit of two years to determine more profitable year. In peer terms, the profitability is assessed by comparing the profit of two firms in the same industry.[8] However, while we assess a commercial bank such as UCBL, we need to consider more specific facets such as net profit as percentage of employee, income, total asset, deposit, working fund, and or total asset etc. Performance of UCBL can be evaluated on the basis of these aspects in the following analysis.

Efficient human resources are considered as the most competitive advantage for modern organization. The efficiency of human resources of an organization can be expressed by the capacity of earning profit for the organization which finally point out the performance of the bank itself. From this point of view, profitability as per employee of UCBL from 1983 to 2011 is presented in the Table 6.2 and figure 6.5 which shows the correlation between two factors.

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[7] Howard and Upton, *Introduction to Business Finance* (New York: McGraw Hill, 1953), p.147, cited in Mohammad Jahangir Hossain, "A study on the performance of public and Private Commercial Banks in Bangladesh", Ph. D. Dissertation, Institute of Bangladesh studies, Rajshahi University, Bangladesh, 2000, p. 64.

[8] Sanjay Kumar, *Financial Analysis of Commercial Banks* (New Delhi: Anmol Publishing Pvt. Ltd., 1999), P. 126.

6.4.1 Profitability Appraised by Ratio of Net profit to Human Resources

It is evident that potential HR can bring about a huge contribution to performance as well as the profitability of the organization if it is a financial organization like bank. Therefore, while evaluating the performance of UCBL, it is needed to consider the profitability of net profit per human resource of UCBL that is shown in the Table 6.1.

Table 6.1
Net Profit per Human Resource

Year	Net Profit (In Million Tk.)	No. of HR	Net Profit/HR (ml)	NP/HR (thousand)
1983	0.03	102	-	0.29
1985	42.31	645	0.07	65.60
1987	64.14	1063	0.06	60.34
1989	0.61	1334	0.00	0.46
1991	35.51	1706	0.02	20.81
1993	54.56	1695	0.03	32.19
1995	150.19	1866	0.08	80.49
1997	120.20	1948	0.06	61.70
1999	111.02	1878	0.06	59.12
2001	175.03	1812	0.10	96.59
2003	416.77	1874	0.22	222.40
2005	852.00	1949	0.44	437.15
2007	1668.00	2082	0.80	801.15
2009	1542.00	2508	0.61	614.83
2011	5172.91	2982	1.73	1734.71

Source: Annual Report of UCBL from 1983 to 2011.

In the bar diagram 6.5, we can see the changing pattern of net profit per HR for the time period 1983 to 2011. From the bar diagram it is evident that in spite of a comparatively stable growth in human resource (table 3.13), the bank has experienced a oscillating growth rate in net profit. This brings the competence and efficiency of work-force under question in regards to UCBL.

Figure 6.5
Changing Pattern of Net profit per Human Resource at UCBL
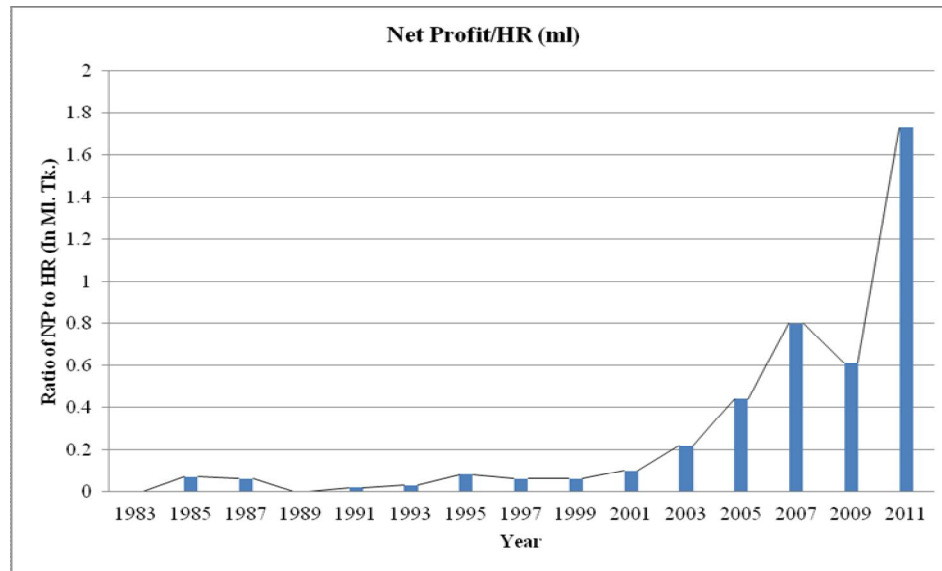
Source: Table 6.1

This brings the efficiency of human resources under question in relation to the contribution to the profitability of the bank which is also validated from the scattered plotting in figure 6.6.

Figure 6.6
Scattered Plotting of Net profit per Human Resource at UCBL
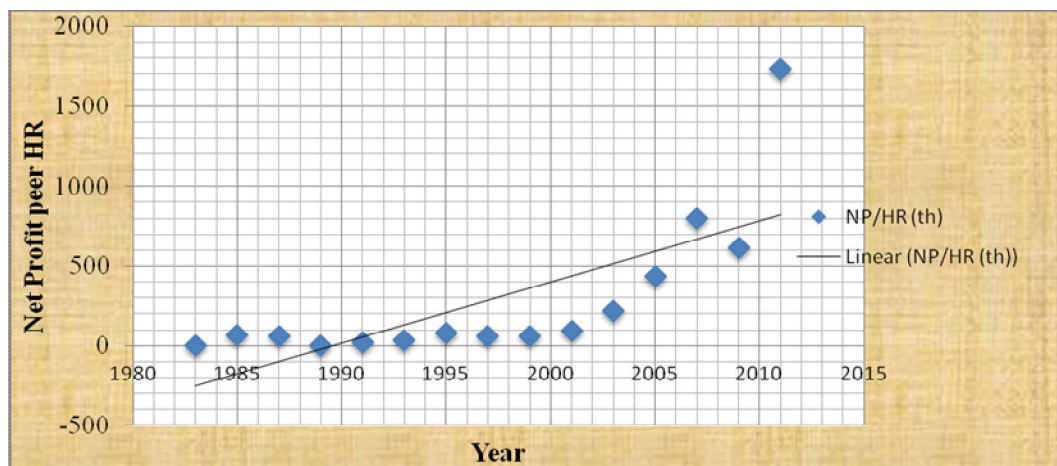
Source: Table 6.1

So, it is obvious that there is no direct relationship between the number workforce and the net profit of the bank. It is somewhat the efficiency of the human resource than the quantity of human resource that can make a contribution to the profitability of the bank. Nevertheless, the quality of human resource also depends on qualified, well trained and motivated human resource.

6.4.2 Profitability Appraised by Ratio of Net profit to per Branch

In the banking business number of bank branches is very much essential. Because through the branches, bank performs its vital jobs of earning profit by providing customer services which includes collecting deposits and distributing loans and advances. Bank branches acting as a medium to communicate with its customers. Therefore, we should think about the ratio of net profit per branch for evaluating the performance of UCBL which is shown in the Table 6.2 and Figure 6.7.

Table 6.2
Ratio of Net Profit to Branch

Year	Net Profit(ml)	No. of Branches	Ratio of NP/Branch
1983	0.03	3	0.01
1987	64.14	40	1.60
1991	650.78	70	9.30
1995	577.57	75	7.70
1999	987.74	79	12.50
2003	1493.00	80	18.66
2007	4034.00	84	48.024
2011	5172.91	115	44.98

Source: Annual Report of UCBL from 1983 to 2011.

From the above Table 6.2, it can be rectified the earlier conjecture of UCBL's performance through their branches which portrayed in the diagram (6.7). Net profit per branch was the lowest in 1983, and the same was the highest in 2007.

Figure 6.7
Net Profit per Branch of UCBL

NP/Branch	1	2	3	4	5	6	7	8
Ratio of NP/Branch	0.01	1.6	9.3	7.7	12.5	18.66	48.024	44.98
Year	1983	1987	1991	1995	1999	2003	2007	2011
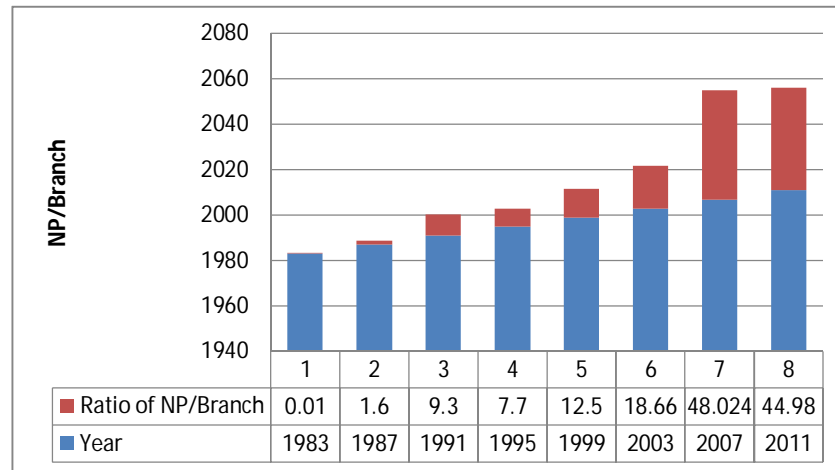
Source: Table 6.2

In the above bar diagram (6.7) it is observed that UCBL maintained a gradual expansion of net profits from 1983 to 2007 (0.01 in 1983 and 48.024 in 2007). But in the year 2011 an exception is observed, a fall in net profit regardless of uninterrupted expansion in bank branches (Table 3.11). Therefore, it cannot be denied that the existence of positive relationship between the numbers of bank branches with its profitability as it is justified by the following scattered plot (6.8).

Figure 6.8
Trend of Net profit to Branch of UCBL

Ratio of NP/Branch

$y = 1.7256x - 3428.1$
$R^2 = 0.822$
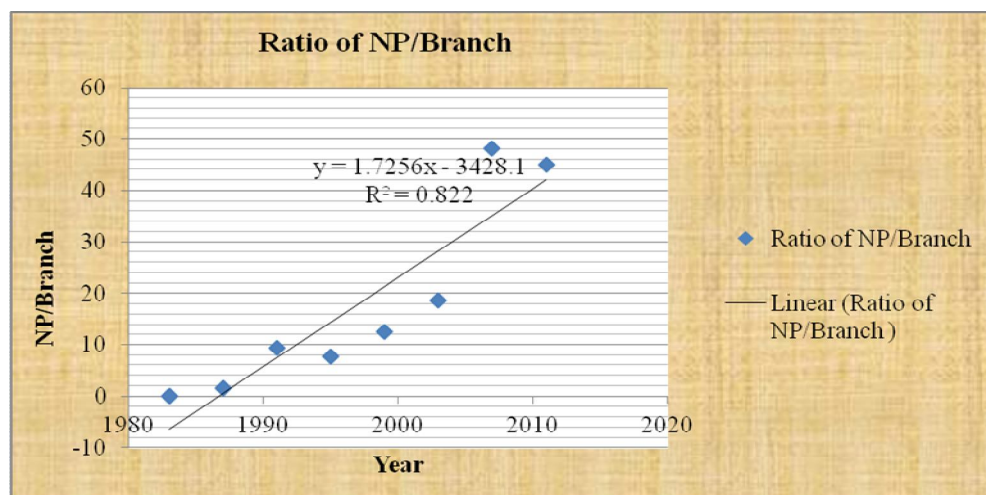
Source: Table 6.2

From the above discussion and graphical presentation it is concluded that only the number of workforces cannot ensure the profitability of the bank. It is somewhat some other factors that makes the banks more proficient and ensures better profitability and that are better management practice or an integrated HRM.

6.4.3 Profitability Assessed by Ratio of Net Profit to Deposit

It is very much essential for a commercial bank to allocate its deposits among the skilled and honest entrepreneur and viable projects to earn profit. Performance of a bank highly depends on investment decision of it. Thus, such indicator should not be overlooked while assessing the performance of a bank. Performance of UCBL in this regard is shown in the Table 6.3.

Table 6.3
Ratio of Net profit to Deposit

Year	Deposits (In Million Tk.)	Net Profit (In Million Tk.)	Ratio of Net profit to Deposit
1983	226.13	0.03	0.01
1985	1,464.44	42.31	2.89
1987	2,568.49	64.14	2.50
1989	3,845.5	0.61	0.02
1991	5,780.11	35.51	0.61
1993	6,150.93	54.56	0.89
1995	7,707.78	150.19	1.95
1997	9,187.16	120.2	1.31
1999	10,059.85	111.02	1.10
2001	12,245.87	175.03	1.43
2003	17,413.34	416.77	2.39
2005	24,559.00	852.00	3.47
2007	42,296.00	1,668.00	3.94
2009	77,730.00	1,542.00	1.98
2011	1,39,485.00	5,172.91	3.71

Source: Annual Reports of UCBL from 1983-2011.

In the above Table 6.3 it is depicted that there is ups and downs in the ratios of net profit to total deposit during the time span (1983 – 2011) of UCBL. It is seen that from the year 1983, the year of inception to 1987 the ratio gradually increased. It decreased in 1989 and 1991. From the year 1991 again the scenario was increasing which continued up to 1995. Then, next two years (1997, 1999) the situation was downward. Again the ratio was continued to go up which started from the year 2001 and reached at the highest point

(3.71) during whole time span except in 2009. The following bar chart (figure 6.9) shows the changing pattern of profitability performance of UCBL from 1983 to 2011.

Figure 6.9
Scenario of Net Profit to Deposit Ratio of UCBL

Ratio of Net profit to Deposit

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Ratio of Net profit to Deposit	0.01	2.89	2.5	0.02	0.61	0.89	1.95	1.31	1.1	1.43	2.39	3.47	3.94	1.98	3.71
Year	1983	1985	1987	1989	1991	1993	1995	1997	1999	2001	2003	2005	2007	2009	2011
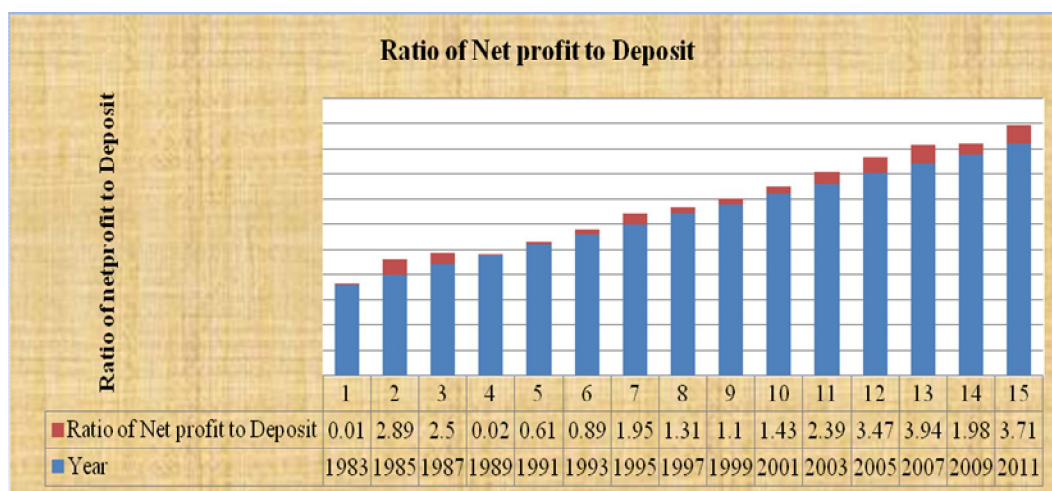
Source: Table 6.3

After the end of the above analysis and discussion, it can be concluded that there is an association between net profit and total deposit to some degree which is portrayed by the following scattered plotting in figure 6.10.

Figure 6.10
Trend of Net Profit to Total Deposit Ratio

Ratio of Net profit to Deposit

$y = 0.0839x - 165.76$
$R^2 = 0.351$
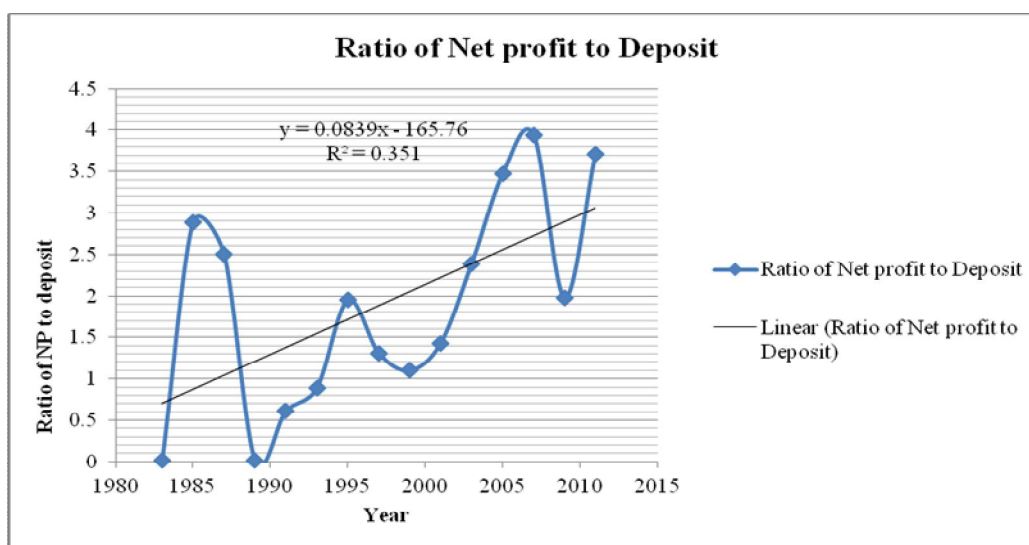
Source: Table 6.3

6.4.4   Assessment of Profitability from the View Point of Net Profit to Total Income

Ratio of net profit to total income is a significant indicator to measure the profitability of a commercial concern. Table 6.5 shows the ratio of net profit to total income of UCBL from 1983, the year of its inception to 2011 where we observe the fluctuating tendency of net profit to total income. In 1983 the net profit was only 0.56% of total income. But in the next year net profit was 25.23% of total income. After 1987 situation was declining which reached to 0.15 in 1989, the lowest ratio during the time period. Afterward, the profitability indicator turned into positive development and reached to 20.64 in 1995. Once more, the trend turned to negative that continued up to 2001. Again the index started to increase and reached to the highest point of 33.70 except the year 2009 (16.16 point).

Table 6.4
Ratio of Net profit to Total Income

Year	Net Profit (In Million Tk.)	Total Income (In Million Tk.)	Ratio of Net profit to Total Income
1983	0.03	5.33	0.56
1985	42.31	167.69	25.23
1987	64.14	353.03	18.17
1989	0.61	412.2	0.15
1991	35.51	686.29	5.17
1993	54.56	664.65	8.21
1995	150.19	727.76	20.64
1997	120.2	887.19	13.55
1999	111.02	1,098.8	10.10
2001	175.03	1,727.1	10.13
2003	416.77	2,197.2	18.97
2005	852.00	3,188.00	26.73
2007	1,668.00	6,052.00	27.56
2009	1,542.00	9,540.00	16.16
2011	5,172.91	15,352.00	33.70

Source: Annual Reports of UCBL from 1983-2011.

Nevertheless, the lowest profitability performance observed during the time period of 1983 to 2011 is 0.15 in the year 1989. But the profitability performance (ratio of NP/TI) of UCBL was always positive during the total time period of 1983 – 2011. The following bar diagram 6.10 shows the snap of UCBL's performance from the view point of ratio of net profit to total income for the time period of 1983 to 2011.

Figure 6.11
Scenario of Net Profit to Total Income of UCBL
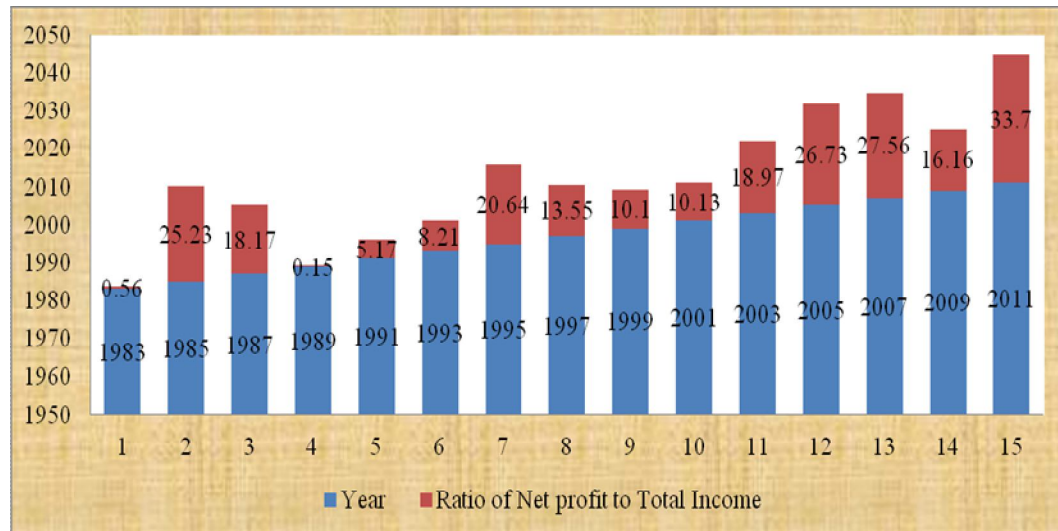
Source: Table 6.4

In the above bar diagram we can observe the changing pattern of net profit as percentage of total income. In this diagram we experienced the steady growth with an exception in 1989 (where the ratio was 0.15). In spite of gradual development in total income, UCBL had experienced a fluctuating improvement in net profit. So, it is apparent that regardless of some degree of relationship between net profit and total income, it becomes insignificant from statistical point of view which also established by the scattered plotting (figure 6.11).

Figure 6.12
Trend of Net Profit to Total Income of UCBL
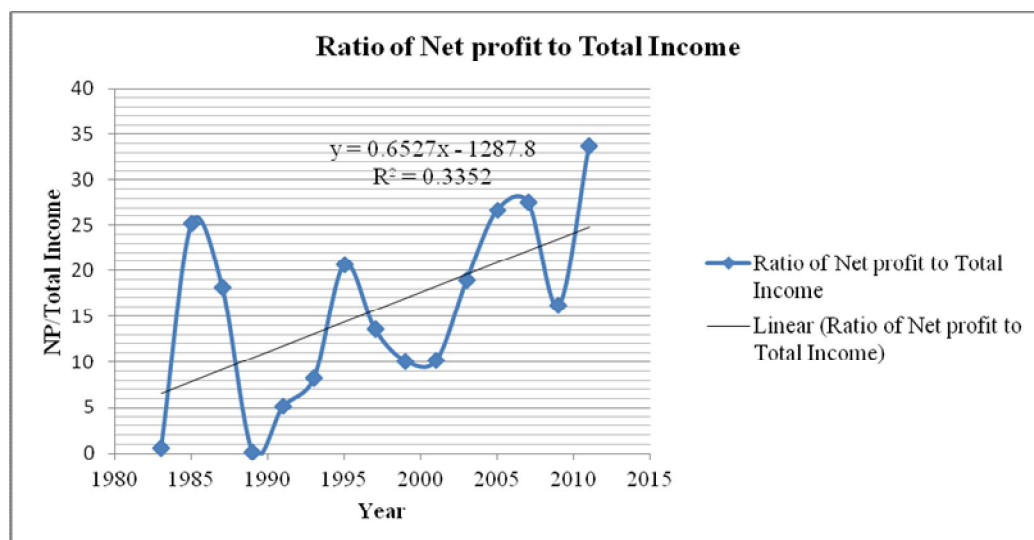
Source: Table 6.4

6.4.5 Assessment of Profitability from the View Point of Net Profit to Working Fund

It is found in the Table (6.6) that the ratio is 0.01 in the very beginning of UCBL (1983) which increased several times higher (2.08) in the next year (1985) than that of preceding year. But the ratio went to decrease from 1987 that continued up to 1989. Again, it went to increase which continued up to 1995. Then it went to decrease. Like this way, the scenario (ups and downs) continued during the whole time period from 1983 to 2011. The highest value of the ratio is 3.43 in 2006. So, it can be concluded that despite gradual growth in working fund (Table 6.6) the UCBL had experienced a fluctuating growth rate in net profit throughout the time period of 1983 to 2011.

Table 6.5
Ratio of Net profit to Working Fund

Year	Net Profit (Million Tk.)	Working Fund (Million Tk.)	Ratio of NP to WF
1983	0.03	329.14	0.01
1985	42.31	2036.2	2.08
1987	64.14	4007.2	1.60
1989	0.61	5793.56	0.01
1991	35.51	8261.59	0.43
1993	54.56	8428.4	0.65
1995	150.19	11652.33	1.29
1997	120.2	12784.82	0.94
1999	111.02	13143.39	0.84
2001	175.03	18348.82	0.95
2003	416.7	22795.89	1.83
2005	852.00	28812.59	2.96
2006	1,321.00	38547.62	3.43
2007	1,668.00	50180.58	3.32
2008	1,463.00	64794.88	2.26
2009	1,542.00	90483.78	1.70
2010	3632.6	129774.43	2.80
2011	5172.91	168688.54	3.07

Source: Annual Reports of UCBL from 1983-2011.

The Figure 6.12 recapitulates the varying pattern of net profit to working fund that showing the profitability of UCBL. The bar diagram portrays the performance of profitability aligned with working fund for the period of 1983 to 2011. From this it is understood that the ratio of net profit to working fund is in fluctuating condition for the stipulated time period. It is also mentionable that despite fluctuating condition the ratio never went negative. To reinforce the finding we can take help from the scattered plotting.

Figure 6.13
Snapshot of UCBL's ratio of NP to WF

NP to WF	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
■ Ratio of NP to WF	0.01	2.08	1.6	0.01	0.43	0.65	1.29	0.94	0.84	0.95	1.83	2.96	3.32	1.7	3.07
■ Year	1983	1985	1987	1989	1991	1993	1995	1997	1999	2001	2003	2005	2007	2009	2011
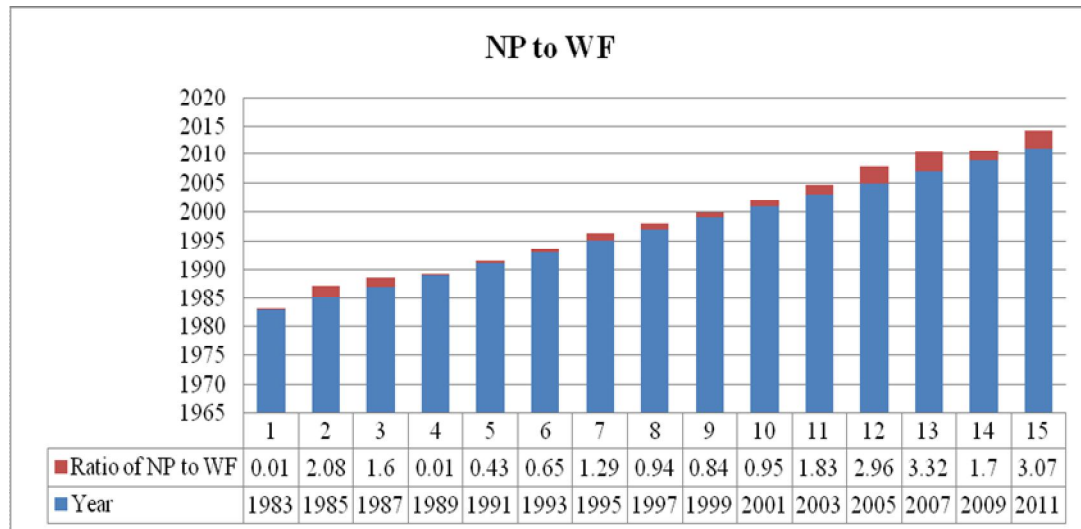
Source: Table 6.5

The above situation brings the efficiency of UCBL under question in relation to using the working fund for contributing to the profitability of the bank. So, we come to the conclusion that only the amount of working fund cannot give surety of the profitability of the bank. It is some other factors which make the more competent and ensure profitability of the bank that includes a better financial management or integrated HRM. A clear picture of the analysis is portrayed and verified in the following scattered plotting (fig. 6.13).

Figure 6.14
Trend of NP to WF
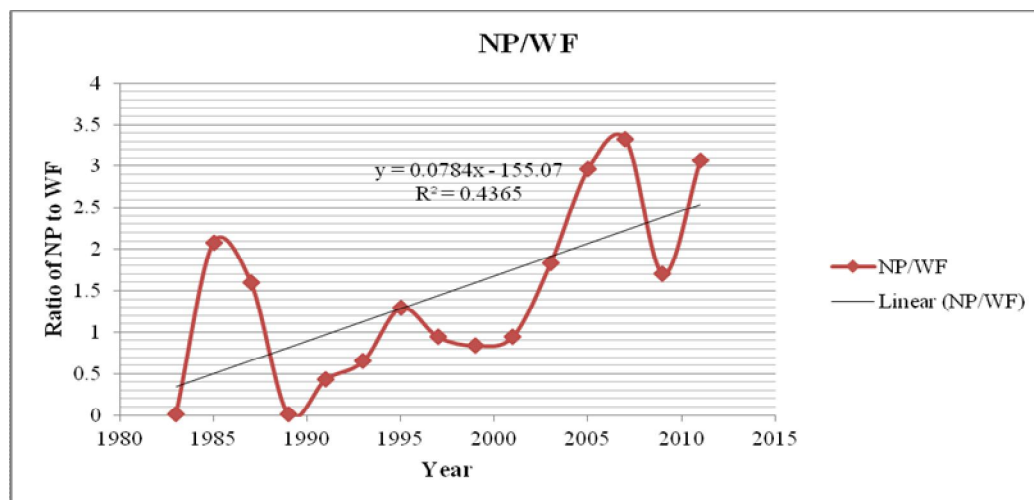
Source: Table 6.5

6.4.6   Comments on the Result

A number of interesting facts come out while measuring the profitability performance of UCBL and its association with its HRM. By and large it is thought that there is a very positive relationship between number of human resources and profitability of an organization. Nevertheless, in case of UCBL it is found that there is really no definite association between the number of human resources and net profit of the bank. This scenario brings the efficiency of human resources under question in case of its contribution to the profitability of the bank. In case of relationship between net profit and total income of UCBL, it was found an insignificant relationship. A similar scenario was also prevailed while considering the relationship between net profit and total deposit, net profit and working fund. On the other hand, it was found that a significant relationship between net profit and number of branches with profitability of UCBL existed. However, this is not so sufficient in relation to overall contribution to profitability. Thus, these findings lead to make comment that total income, working fund, total deposits, number of bank branches might not be the unambiguous contributors to the overall profitability of UCBL. It is somewhat some other contributors which make banks more efficient and ensure profitability and that is better management practices or an integrated HRM.

6.5   Evaluating the Performance of UCBL in Relation to Social Responsibility and its association with HRM

Bangladesh is an immensely populated developing country. At present its population is about 151.6 million.[9] Banking system is an inseparable part of the economy of Bangladesh. People and economy of Bangladesh very much related with banking system. It is injecting fuel to economy by providing capital to trade, commerce and industry in one hand and creating employment opportunity for unemployed people on the other hand. By nature, Banking is an information and human capital intensive industry.[10]   So, it should be apprehensive about the skills, attitude and quality of human resources. Without proper utilization of these prospective resources, it would be a saddle for the organization (bank), society and the country as whole. For this is why Samuelson and Nordhaus opined

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[9] GoB, *Economic Survey 2012* (Dhaka: Ministry of Finance, 2012), p. xvi.
[10] Errol D' Souza, "Employment and Human Resource Practices in public Sector Banks in the Nineties", ed. Shuji Uchikawa, *Labour Market and Institution in India:1990s and Beyond*, (Japan: Institute of Developing Economies, 2002), p. 5.

that 'in addition to dealing with excessive population growth, developing countries must also be concerned with the quality of human resources'.[11]

Business is a very close component to the society itself. It is a part and parcel of a growing society. It cannot run without the society. Business depends on society because society is the source of business's raw materials, workforce and the above all; the same is the consumer of its products and services. A better social environment is beneficial to both business and society. Similar to other organizations, a bank has also social responsibility to its society where it is operating.

6.5.1 Increase in Total branches

From the table (6.5) it is observed that UCBL experienced uneven growth during its 29 years time span. From its inception (1983) to 1997 it experienced positive growth trend with fluctuation in the rate. But from 1998 to 2008 it observed bitter situation where no growth at all except 2002 and 2006. Again it experienced positive growth trend from the year 2009 where it was capable to open 14 new branches in different parts of the country.

Table 6.6
Growth of UCBL Branches

Year	No. of Branches	Growth (%)
1983	3	-
1984	16	433.33
1985	24	50.00
1986	30	25.00
1987	40	33.33
1988	50	25.00
1989	54	8.00
1990	64	18.52
1991	70	9.38
1992	73	4.29
1993	73	0.00
1994	75	2.74
1995	77	2.67
1996	78	1.30
1997	79	1.28
1998	79	0.00
1999	79	0.00
2000	79	0.00

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[11] Paul A Samuelson and William Nordhaus, *Economics*, 16th Int.ed. (New Delhi: Irwin McGraw-Hill, 1998), p. 541.

Year	No. of Branches	Growth (%)
2001	79	0.00
2002	80	1.27
2003	80	0.00
2004	80	0.00
2005	80	0.00
2006	84	5.00
2007	84	0.00
2008	84	0.00
2009	98	16.67
2010	107	9.18
2011	115	7.48
2012	130	13.04

Source: Annual Report of UCBL from 1983-2012.

This positive trend is till now existing (2012) where UCBL has opened 15 (13.04% than previous year) new branches which is a remarkable achievement for UCBL. However, if it is compared with other first generation PCBs in terms number of bank branches UCBL is in satisfactory position. But in comparison to IBBL and National Bank Ltd. (NBL) which were started their business at same time, UCBL is far behind in relation to number of bank branches. For example, in 2010 number of branches of IBBL and NBL was 251 and 145 respectively.[12] So, from this situation it can be concluded that to achieve higher growth rate in terms of deposits, advances and serving, it needs more workforce to ensure strong coverage. But in this case UCBL is not immensely competitive.

6.5.2   Increase in Total Human Resource or Manpower

Providing customer services is the prime responsibility of banks as banks are the service oriented industry. Customers are considered as king in this industry. So, to serve the customers in a very pleasant way is very much related to the acquisition and development quality HR. In this regard UCBL is concerned with recruitment, selection and development of apposite HR. However, from the view point of social responsibility and ensure the sustainable growth of bank branches, UCBL creates job opportunity for the people of the country. From the Table 6.8, it is observed that UCBL experienced a positive growth of HR from the time span of 1983 to 2012 except the year 2001 where it experienced a negative growth (6.93% less than previous year). Actually, at that time no

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[12] GoB, *Bank O Arthic Protisthansumuher Karjabali* 2010-2011(Dhaka: Ministry of Finance, 2011), pp. 65-74.

new branch was opened (table 6.5). Though there are fluctuations in the rate of growth, in comparison to other 1st generation PCBs like AB Bank, IFIC Bank and City Bank Ltd. (Table 3.13), from 2002 to till 2012 it enjoyed a positive growth in terms of HR.

Table 6.7
Growth of Human Resources

Year	No. of HR	Growth (%)
1983	102	-
1986	862	745.10
1989	1334	54.76
1992	1781	33.51
1995	1866	4.77
1998	1947	4.34
2001	1812	-6.93
2004	1878	3.64
2007	2082	10.86
2010	2738	31.51
2011	2982	8.91
2012	3374	13.15

Source: All the figures are tabulated from the Annual Reports of United Commercial Bank Limited from 1983 to 2012.

From the above discussion it can be concluded that in spite of some fluctuations the overall growth of HR, is satisfactory which demonstrates that UCBL has played a noteworthy role in generating employment opportunity for the unemployed citizen of the country.

6.5.3 Rate of Growth of Information and Communication Technology (ICT) Orientation among the Employees

Though it has started its journey not far before, ICT is an essential part of personal as well as organizational life. It is nothing but a technology that support information related activities. It includes gathering, sorting and presenting data in convenient form. Modern banking system fully depends on ICT. Therefore, it is required for all PCBs including UCBL to impart proper knowledge, skills, training regarding ICT.

In the light of the above mentioned requirement UCBL has addressed these issues with strategy and process and a separate division named IT division has established at corporate head office.[13] This (IT) division takes necessary initiatives and drives to carry

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[13] *Annual Report 2012* (Dhaka: United Commercial Bank Ltd., 2012), p. 112.

out training courses for employees of banks at different level from time to time which is enabling them to handle the information technology (IT) related problems and risks in an efficient manner.[14] As the bank has launched on-line banking, e-transaction, ATM services, Debit and Credit card services, it requires rigorous training on ICT. Moreover, UCBL is going to implement Mobile Financial Service for which training on ICT of its employees is very urgent.[15] For this why it has revised and amended its ICT policy to cope up with the situation and to minimize IT related risks.[16] Bank has also taken initiatives to train all the employees irrespective of grade on basic IT and has arranged awareness programs and training on the field of ICT risk, its mitigation for both business and technical human resources from top management to the trainee officers of the bank. However, in 2012 a special session on ICT risk management was organized jointly by information technology division, Learning and Development Center (LDC) of UCBL and Information System Audit and Control Association (ISACA) Dhaka chapter for the top management of UCBL.[17] So it can be concluded that the bank has taken proper steps to train up its HR in IT related matters.

6.5.4   Growth of Training and Development in relation to Total activities

Training is an important part of an employee's organizational life. No one can do better without appropriate training. It is the process of providing the employees with specific skills and knowledge to perform their job or helping them to correct deficiencies in their performance.[18] According to khan, it is the act of augmenting the skill of an employee for doing better a particular job for which the employee is selected.[19] It is factual for all commercial banks including UCBL where adequate and appropriate training acts as a catalyst and motivator for better performance of employees.

On the other hand, development is not directed toward the current job performance like training rather it focuses on developing enriched and more capable HR for the future jobs of the organization. It is an effort to provide the HR of the organization with the abilities

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[14] *Annual Report* 2012 (Dhaka: United Commercial Bank Ltd., 2012),p. 112.

[15] *Annual Report 2012*, p. 62.

[16] Ibid. p. 148.

[17] Ibid.

[18] Luis R. Gómez-Mejía, David B. Balkin and Robert L. Cardy, *Managing Human Resources*, 7th ed. (London: Pearson Education Inc., 2012), p. 258.

[19] Abdul Awal Khan, *Human Resource Management* (Dhaka: Abir Publication, 2007), p. 122.

that the organization will need in future.[20] In this regard UCBL is conducting different training programs for its employees. In 2010 it has arranged 73 in house courses in which 2346 executives and officers participated.[21] 99 training/workshops for 3674 participants were conducted by UCBL in 2011 which covered the multifarious areas.[22]

The areas of training programs are cash operation, sales, general banking, credit, SME, foreign trade, loan monitoring, lending risk analysis, anti money laundering, branch operation etc. In 2012 the LDC rolled out intensive professional training program for different target groups of employee population. Amongst others three programs had cutting edge impact as per the feedback received. These are:

(a) Senior Leadership program, conducted by **HRX Consultant UK** where 48 senior members of management participated, (b) Operational Leadership Development Workshop in association with **Impra Consulting INT, USA** where 217 branch managers and operation managers participated, (c) Selling and Customer Service Excellence Workshop conducted in association with **Future Leaders,** Bangladesh where number of participants were 666 employees of different branches.[23]

On the basis of above statement it can be said that UCBL has given priority on its employees' training and development. From this view point it is also arranging foreign training for its promising and potential employees. So, it is assumed that the status of training and development of UCBL is satisfactory and that will help it (UCBL) to achieve competitive advantage by creating an efficient and effective HR pool.

Table 6.8
Yearly Employee Turnover

Year	No. of employees	% of employee turnover
2010	65	2.37
2011	72	2. 41
2012	80	2.38
2013	89	2.66

Source: Field Survey

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[20] Gómez-Mejía, Balkin and Cardy, p. 258.
[21] *Annual Report 2010* (Dhaka: United Commercial Bank Ltd., 2010), p. 41.
[22] Ibid., p. 61.
[23] Ibid., pp. 97-98.

Figure 6.15
Trend of Employee Turnover of UCBL
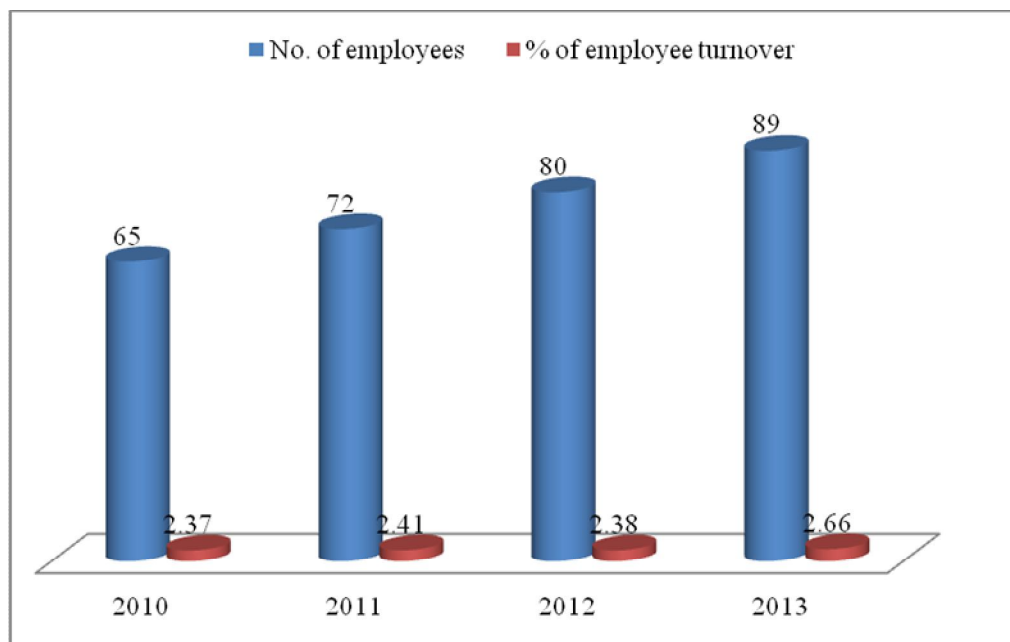
Source: Table 6.8.

It is found in the Table 6.8 that employee turnover of UCBL is not so high in relation to total number of employees. But the percentage of turnover seems to increasing which is a matter of decreasing organizational performance.

6.5.5 Distribution of Urban-Rural Branches of UCBL

It is very much necessary for any bank to make sure the distribution of its branches though out the country to conform to the dual objectives of urban and rural development.

Table 6.9
Rural-Urban Distribution of Bank Branches

Name of Division	Urban	Rural	Total Branches
Dhaka	31(62)	19(38)	50
Chittagong	22(63)	13(37)	35
Rajshahi	6(85.71)	1(14.29)	7
Rangpur	2(100)	0(0)	2
Sylhet	7(54)	6(46)	13
Khulna	6(85.71)	1(14.29)	7
Barisal	1(100)	0(0)	1
Total	75(65.22)	40(34.78)	115

Source: Annual Report 2011 of UCBL. (Figure in the parentheses indicates the percentage of total value).

At the end of December 2011, 36.63 percent of total branches of local PCBs are located in rural areas where as 63.78 percent of total branches of State Owned Banks (SCBs) are located in rural areas.[24] It is worth mentioning that UCBL has failed to maintain the average standard of local urban ratio of bank branches but its rural branches cover (34.78%) near about the industry average. So, in terms of rural-urban ratio of bank branches UCBL is not far behind. However the following figure 6.14 shows the urban-rural distribution of bank branches of UCBL.

Figure 6.16
Rural Vs. Urban Branches
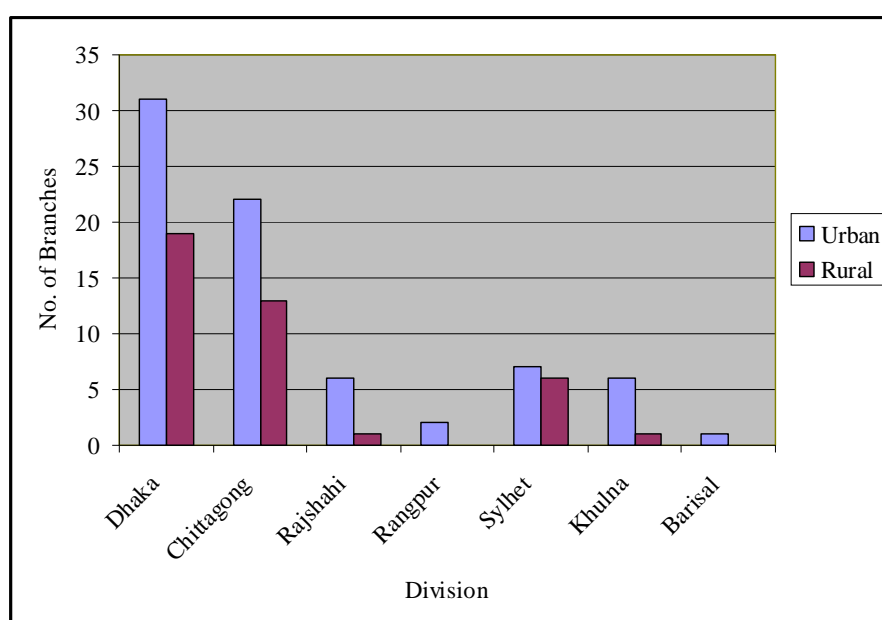
Source: Table 6.9

6.5.6 Rural Credit as Percentage of Total Credit

Credit acting as a great job in accelerating economic growth of a developing country like Bangladesh. Like this rural credit also plays a crucial role in development of rural areas of Bangladesh. It is an important apparatus that contributes affirmatively towards the overall advancement of economy and improvement of the financial condition of loaners/ borrowers.[25] Bangladesh Bank, the regulatory body of banking sector of Bangladesh has issued different directions and circulations to the PCBs and FCBs to distribute certain

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[24] GoB, *Economic Survey 2012* (Dhaka: Ministry of Finance, 2012), p. 52.
[25] Md. Salim Uddin and Mohammad Mohiuddin, "Utilization of Credit in the rural areas of Chittagong:An Analysis", *Bank Parikrama*, Vol. 14, no.1 (March 1999), p. 49.

amount of their loan and advances in rural areas of Bangladesh. But there is a regular objection in this regard that PCBs and FCBs are violating this direction. Abedin opined that credit/deposit ratio can be treated as in this regard, where low credit/deposit ratios of rural areas indicate that the deposits of that area are drained out in favour of the of the urban areas where credit/deposit ratio is very high.[26] However, in the following table and figure the scenario of total and rural credit of UCBL is depicted.

It is found in the Table 6.11 that rural credit is poor in relation to total amount of credit. From the year 2002 to 2004 it showed upward trend. Next four year (2005-2008) it showed downward trend and again from 2009 the upward movement is observed which continued till 2012. However the highest amount of rural credit in relation to total credit of UCBL is only 5.20% in the year 2012 which is quite dissatisfactory.[27] So, it is concluded that UCBL should give more emphasis on rural areas while allocating loan and advances.

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[26] M. Zainul Abedin, "Performance of Private Sector Banks in Bangladesh (1983-1990)", *Banglar Mookh* (Current Issues Relating to the Economy, Society and Culture of Bangladesh), (Dhaka: Book Syndicate, 2007), p. 81.

[27] *Annual Report 2012* (Dhaka: United Commercial Bank Ltd., 2012), p. 159.

Table 6.10
Rural Credit as Percentage of Total Credit

Year	Total Credit (In million Tk.)	Rural Credit (In million Tk.)	Rural Credit as percentage total credit
2002	11,826.08	281.67	2.38
2003	14,396.44	379.27	2.63
2004	15,384.69	553.95	3.60
2005	20,210.64	617.90	3.06
2006	26,110.09	668.76	2.56
2007	37,566.02	929.92	2.48
2008	44,445.33	880.81	1.98
2009	61,692.23	1, 864.32	3.02
2010	93,560.70	3,917.26	4.19
2011	1,15,506.33	5,414.13	4.69
2012	1,36,071.65	7,072.36	5.20

Source: Annual Report of UCBL from 2002 to 2012.

Figure 6.17
Rural Credit as Percentage of Total Credit
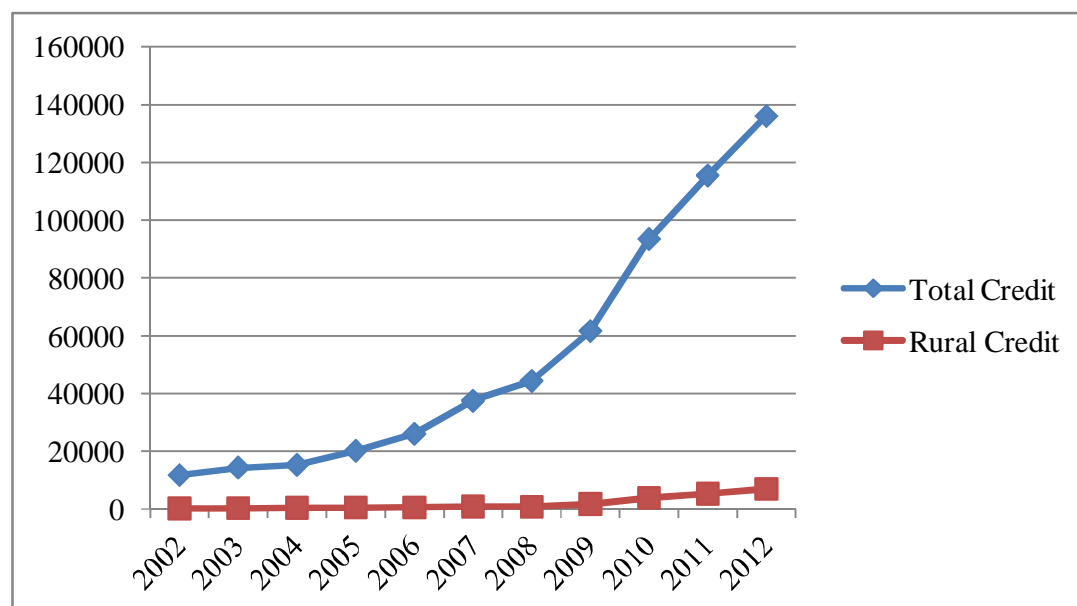
Source: Table 6.10

It is found both in the table (Table 6.10) and in the line graph (Figure 6.16) that the amount of rural credit is very small in comparison to urban credit. The rate of increment

of urban credit is also high. But in case of rural credit the rate of increment is very slow. This scenario is not expected. So, the ratio between urban-rural credits should be proportionate.

6.6   Conclusion

The study was conducted with a view to assessing the influence of HRM practices upon the performance of banking functions that comprised various aspects of UCBL such as productivity assessed by working fund to total expenses, total income to total expenses, total income to human resources expenses together with profitability assessed by ratio of net profit to human resources, ratio of net profit to deposit, ratio of net profit to branches, ratio of net profit to total income, ratio of net profit to working fund and so forth. By the way, social responsibility, a different standard of measuring performance was also comprised in this study to rationalize its overall performance.

It can be arrived at the conclusion, that performance of UCBL is quite satisfactory with respect to productivity, profitability and social responsibility. Yet, there are some space for advancement that can be attained if proper human resource planning and management is made which is necessary to increase capabilities, motivational aspects including financial and nonfinancial, and overall efficiency and effectiveness of human resources are of UCBL.

Chapter Seven
Summary, Suggestions and Conclusion

7.1   Preamble and Methodology

Banking is considered as one of the most important economic inventions of the world which is also considered as the life blood of modern financial system. It is the mainstream of financial system of any country and significantly different from other financial institutions. There is no denying of the fact that overall socio-economic development of the country largely depends on the performance of banking sector.[1] Banking sector of Bangladesh is one of the major sectors which are playing significant role in the economic development of the country.

Private Commercial Banks (PCBs) play a crucial role in this case. PCBs are highly competitive units of banking industry. It competes not only with other banks but also with non-banks and other financial institutions. Success of the PCBs depends on the amount of quality business brought by the bank executives operating in highly competitive environment.

As a service oriented job, banking requires personal commitment, initiative and enthusiasm toward accomplishment of jobs.[2] Customer service is one of the vital duties of the bankers which demands self acceleration. To ensure a congenial customer service, honest and sincere efforts from the part of the employee toward accomplishment is necessary. For this proper human resource management practices are a must.[3] The effectiveness of human resource management practices, particularly employee selection procedures, performance appraisals, rewards and benefits management, and employee training and development often have a direct bearing on organizational productivity and performance. The performance of private sector banks (i.e. on productivity, profitability, low employee turnover, etc.) like United Commercial Bank Limited (UCBL) highly depends upon the sincerity, dedication and loyalty of its officers and other staffs. But

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[1] Faruquddin Ahmed, "Banking in Bangladesh-Evolution and the Present Status," *Bank Parikrama*, Vol. 24, no.2 (1999), p. 6.

[2], Md. Nurul Islam, "Effectiveness of Motivation Programs of Public Sector Banking in Bangladesh: A study of Janata Bank", PhD diss. (Rajshahi: Institute of Bangladesh Studies (IBS), University of Rajshahi, 1997), p.10.

[3] Ibid.

weak employee organizational linkages are often displayed as the phenomenon of turnover,[4] which results in low productivity and profitability.

The objective of this study is to critically investigate the existing Human Resource Management (HRM) practices and its impact on the performance of Private Sector Commercial Banks (PCBs) with special reference to United Commercial Bank Limited (UCBL).

The study followed the opinion survey and documentary analysis method. 202 questionnaires were distributed among the executives and officers of UCBL. But finallay180 filled up questionnaires were returned and 70 customers of different professions were also interviewed. Data were collected from both primary and secondary sources according to the nature of the study. Among the primary sources unpublished documents, interviews, discussion with banks' executives, high official and scholars in this field, manuscripts and dissertation etc. are included. On the other hand, secondary sources include published documents and statistics, reports, ordinance, laws, books, articles, published dissertation, periodicals of different national and international organizations. To obtain primary data the researcher has framed structured questionnaires which were filled up by the respective respondents (bankers and the customers). The user or customer of the bank is selected purposively as they are receiving same services from the bankers. Observation method was also applied to find out the beneficiaries of HRM in UCBL

Different statistical and mathematical tools have been used in this study to find out the relationship among the concerned variables. Tables, graphs and diagrams are prepared for better understanding and presentation. Statistical Package for Social Sciences (SPSS) and analytical method have been used to enhance findings. Excel program has also been used to prepare different diagrams and graphs. Different statistical tools such as mean, median, mode, standard deviation, co-efficient of variance, simple and multiple correlations, regression analysis, test of hypothesis (t-test and chi-square test) etc. have been used to perform analysis of the data.

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[4] Mohammad Masum Billah, Sheikh Ashiqurrahman Prince and Shafiqul Islam, "Human Resource Management Practices and Employee Turnover: A Study on Private Commercial Banks in Bangladesh", *Journal of Business and Technology (Dhaka)*, Vol.4, Issue-i, (January-June, 2009), p. 64.

7.2 Findings

7.2.1 Private Sector Banking in Bangladesh and a profile of United Commercial Bank Limited (UCBL)

This chapter gives an idea about the historical background of private sector banking in Bangladesh. In this chapter the researcher tried to state the evolution as well as background of banking system in colonial Bengal and independent Bangladesh. This chapter also provides information about United Commercial Bank Limited (UCBL) regarding its origin, objectives, functions, growth and development trend.

The history of banking in Bangladesh is the history of private banking like other parts of the world which started with the establishment of "Dacca Bank" in 1846, the first modern joint-stock bank in European style. Before 1971 Bangladesh had the experience of private banking for a period of one and a half century. After liberation the government of Bangladesh nationalized all banks except three foreign banks.

A comparative scenario of four categories of banks (NCBs, PCBs, DFIs and FCBs) in terms of branches, assets and deposits are depicted in this chapter. In terms of branch expansion, it is seen that NCBs shows a negative growth trend of 4.74% between the 2001 and 2011 where as PCBs shows a strong positive growth trend of 129.53% for the same period of time. DFIs (8.32%) and FCBs (85.29%) also shows positive trend for that period. In terms of assets accumulation, all the four types of bank show a positive growth trend where PCBs achievement is higher than that of others. In case of deposits mobilization the market share of NCBs, DFIs, PCBs and FCBs were 50.92%, 5.64%, 36.49% and 6.85% respectively in the year 2001 which were 18.25%, 16.90%, 22.98% and 19.86% respectively in 2011. At the end of decade it is seen that overall performance of PCBs was better in terms deposit mobilization than other categories of scheduled banks. So, it can be said that this part gives the readers an outlook about the comparative growth of PCBs from 2001 to 2011.

In the middle portion of the chapter overall picture of UCBL is depicted and explained various facets that assist UCBL in achieving its objectives. The origin and evolution of UCBL is as same as other first generation private commercial banks which were established as first private commercial banks in Bangladesh. It was originated on 26 June 1983 and started its commercial operation just after the day of incorporation, 27th day of

June of the same year. It had only 16 branches operating in the country in 1984 and the number of bank branches increased four times more (64) by 1990. Within the year 2010 the total number of branches of UCBL has reached to 107. In relation to overseas business the number of foreign correspondents of UCBL across the globe was 296 in 2010 and 333 in 2011. Profit maximization and to carry on social responsibility are the dual objectives of UCBL. To perform the objectives UCBL formulated policies guided by the government of Bangladesh. Different functions of UCBL are deposit collection, money creation through allocation and supply of credit, agency functions and miscellaneous functions. Among them two functions are more important. These are (1) deposit collection under interest bearing and non-interest bearing account and (2) allocation of loans and advances against proper documents. However, UCBL plays a crucial role in the development of the economy by expansion and slimming down credit as well as money supply. Moreover, a number of miscellaneous functions are performed by the UCBL such as capital formation, remittance facilities, safe custody, creation of medium of exchange, employment generation etc. In conjunction with these core financial functions UCBL also plays an important role for the advancement of society through its corporate social responsibility.

In the last portion of the chapter an attempt was made to analyze the growth trend of different activities of UCBL for the period from 1983 to 2011. From its inception UCBL attained a noteworthy growth and development of its branches, human resources, deposits, loans and advances, total income and expenditure, net profit, export, import and so on. Unfortunately, the growth rate in all the areas is not balanced and pleasing in some cases.

7.2.2 Present Scenario of HRM Practices in UCBL

Human resources of a company are important capital and are playing an important role in the operation of an organization. Human resource management (HRM) is not simply a sum total of ordinary functions rather it includes all the managerial functions involved in planning for recruiting, selecting, motivating, training and developing, utilizing, rewarding, and maximizing the potentials of the human resources in an organization. UCBL follows specific policies and practices to build up and maintain its human resource pool. To assess HRM practices of UCBL from the view point of management and employees questionnaires were formulated to cover all the major elements of HRM practices. Customers, executives and officers were interviewed with two different sets of questionnaires.

Regarding the efficiency of present HR pattern 75.56% of respondents replied positively while about one fourth of them (24.44%) replied that the existing HR pool is not efficient enough to perform their jobs. To know the opinions of the employees regarding different HR activities from recruitment to grievances handling procedure, different opinions were found. Regarding the fairness of recruitment and selection 53.3% of respondents agree with the statement while 34.4% of respondents were kept silent which mean that a remarkable portion was ambiguous regarding fairness of the recruitment and selection which is not a good sign for an organization. Regarding the training and development almost same opinion was found. Regarding the competitiveness of compensation and benefits of UCBL about one fourth (25.6%) respondents did not make any comment while about one-fifth (22.2%) provided negative opinion which is also statistically significant (Table 4.4). Regarding rewarding the productive employees and grievances handling procedures almost same opinions were provided by the respondents where about one-third of respondents remain silent. On the other hand, about 75% of the respondents provided their positive opinion regarding the safety of working condition and effective career development path. Training has a great impact on the performance of employees which is also true in case of the employees of UCBL where 90% of respondents provided positive opinion. In comparison to similar job in government sector, 51.7% of respondents thought it is higher where 28.9% thought equal and 19.4% thought lower which is also statistically significant.

In case of attractiveness of promotion policy 90% of executives and 60% of officers agreed partially with the statement where 24% of officers disagreed which concluded that management should rethink about the promotion policy. Regarding the perception of employee turnover 58.9% of respondents termed it as moderate where about 36% treated it as high which indicates the dissatisfaction of employees. In case of opinion regarding the fairness of promotion practices about one-third of respondents (32.2%) remained silent that indicates that there is an ambiguity of employees concerning the fairness of promotion. In the area of plan for staying in UCBL, about 50% respondents disagreed with the statement 'to stay until retirement' where about 45% of respondents agreed that they will leave the organization if they get better opportunity and 40.6% remain silent regarding the statement.

In relation to various components of remuneration package, about 70% of respondents treated the salary up to the level of satisfaction where a remarkable portion of respondents (43.3%) did not make any comment regarding pension facility which means that there is confusion among the employees about sufficiency of pension facility. Regarding housing and insurance facility one-third of respondents do not make any positive comment where a good number of respondents remained indifferent about the matters. Regarding medical facility respondents expressed their satisfaction but in case of transport facility one-third of respondents made negative comment and 30.6% remained indifferent. In case of personal loan including housing loan employees of UCBL expressed their satisfaction. Regarding the different components of favourable working environment, employees expressed their mixed opinions and most of the cases a large number of respondents did not make any comment. Regarding the performance against competitor most of the respondents considered that their performance is competitive (highly competitive 22.2% and moderately competitive 71.7%). When asking the suggestion to motivate the workforce majority of respondents (66.7%) opined to increase motivational factors where a few portion of them (15.6%) has given their opinions in favour of close controlling or monitoring and rest of them gave opinions to initiate organizational citizenship behaviour.

From this chapter a number of similarities and dissimilarities were found between the opinions of officers and executives in relation to HRM practices of UCBL. In some cases the dissimilarities are dominant ones which lead to make supposition that HRM of UCBL lacking of better co-ordination and assimilation in its operations. Nevertheless, in general consideration it may discern that HRM practices in UCBL is as good as other PCBs in the country. Still it requires some revision and adaptation of new ways to make the HR as a competitive human capital.

7.2.3   Impact of HRM Practices on Employees and Customers

A bank is a customer leaning organization where serving the customer is the main responsibility of bankers and it is considered as a significant input for the success of the bank. All the banks put emphasis on delivering plausible and state-of-the-art bundle of customer services to the existing customers and attract potential customers. Customer services include those functions of the bank which are carried out by the bank to serve all the customers irrespective of caste and religion.

It is thought that customers are the king and they are the final judge of the suitability of the services provided by the banks. From that view point a questionnaire was developed to interview the customers as well as other stakeholders. They have articulated their views concerning the quality and delivery of customer services provided by UCBL. In some cases they have made objections and expressed their dissatisfaction on some specific issues which are also noteworthy. It is impossible to attract and retain customer satisfaction without competent and skillful human resource pool with smiling face. A bank might have long array services portfolio, target market and target customers, sophisticated business policy and competitive product line etc. These should be the way of bank's development. It is possible only for HRM to bring all the facets into reality through proper implementation. In this chapter an endeavor is made to appraise the quality of customer service from the view point of the customers, employees and executives of UCBL. A relationship is also examined in this chapter as the quality and the efficiency of customer service depends to a great extend on the competency of the service provider i.e. on the human resources of that particular organization.

Some common questions were asked to the customers, officers and executives of UCBL to evaluate the condition of customer services. In response to that some differences were found in different context. When asked regarding the satisfaction of overall services provided by the bank, about 85% of customers were satisfied and only 15% partly satisfied where no respondent provide negative opinion. In case of interest rate /profit rate, contradiction was found between the opinions of customers and employees, where about 60% of customers thought that the rate was higher than other competitors. On the contrary, majority of employees disagreed with the statement. Regarding standard of services including comport in transaction, co-operative behaviour of banker, satisfactory financial condition, goodwill and recognition, easy location of bank/branch etc. a positive opinions were provided by the customers. Regarding the availability of inquiry desk about one-third of customers (28.57%) replied negatively. When the respondents (customers) were asked whether they faced difficulties at the time of receiving services most them told that they do face very little difficulties or no difficulties. Regarding availability of some services such as issuing of cheque-book just after completing the account opening, giving thanks letter after opening the account, deposit and withdrawal of money after banking hour if necessary, delivering account statement in each six month or

each year and accuracy of provided account statement etc. in all the cases the respondents replied positively. In case of behavioural aspects, the overall behaviour of the employees of UCBL to its customers is satisfactory. When asked regarding the difficulties in preparing bank draft, pay-order, DD etc. the respondents replied that they do not face difficulties. But in case of the queries whether 'delayed to deposit money over counter' and 'concern banker delayed to prepare the draft' 24.3% and 22.9% of respondents respectively did not make any comment which seems that there are some difficulties in UCBL. Regarding the advantages and disadvantages of ATM services a number of issues were raised to the customers. In most of the cases they told that ATM card is advantageous for them. But in case of payment of different utility bills like Gas, WASA, Telephone etc. they are not using the ATM card and about the shortage of ATM booth 90% agreed with the statement. Regarding the complexity of ATM operation 25.5% of respondents remained silent.

Among the respondents, majority of them do not use Q-cash or Credit Card where 100% respondents think that On-line or Internet banking of UCBL is efficient. Regarding the necessity of complain box 100% respondents think that there should be a complain box in every branch so that customers can express their opinions about the services delivered by the bankers.

Human Resources (HR) of an organization are an important asset that makes difference by producing quality product or services at lower price. HR of a bank carries out the responsibility of projecting their bank's image and building a satisfying service experience for the customers. To know the perception of customer in relation to HRM practices of UCBL, some issues were raised. In case of efficiency of HR 98.6% respondents replied that the HR is efficient. Regarding the motivation, initiative and drives in discharging responsibilities, cooperative and harmonious relation among employees in every case the respondents (customers) provide positive answers. However, customers' opinions regarding the symptom of employee frustration, 64.3% told that they do not find any symptom of frustration where as 28.6% of them observed partial symptom of frustration which leads to conclude that there exist some sort of frustration among the employees in the eye of customers.

This chapter provides a complete view of the variety and standard of customer services offered by UCBL. It is said that UCBL provides variety of customer services with some limitations. But in some cases the quality of customer service found below the standard level. This occurred mainly because of limitation of resources, absence of training and together with inefficiency of HR. Thus, it is required for UCBL to enhance and extend the customer services program to cover the gap while UCBL should increase its resource level and utilize it to increase the level of efficiency so that they fulfill the demand of customers.

7.2.4 Relationship between HRM Practices and Organizational Performance of UCBL

The twin objectives of UCBL are providing social services and earning profit. To sustain the competitive position in the industry PCBs try to continue the social services as well as attaining profit, growth, customer service, profitability and productivity. As one of the inherent missions of PCBs is to allowing competition between public and private sectors, most of PCBs have undertaken an integrated approach towards HRM practices so that they can instill competence among their operational activities.

Assessing the impact of HRM practices on the performance of UCBL is the core objective of this study. Actually a practice of human resource management is related to all the aspects of how manpower or human resources are employed and managed in an organization. So, it is apparent to make out the relationship between HRM practices and the performance of UCBL. To assess the impact of HRM practices upon the performance of banking activities, a detailed study has conducted that encompasses facets of UCBL for instance productivity assessed by working fund to total expenses, total income to total expenses, total income to human resource expenses together with profitability assessed by ratio of net profit to human resources, ratio of net profit to deposits, ratio of net profit to branches, ratio of net profit to total income, ratio of net profit to working fund etc. Social responsibility is another criterion of performance included here to validate its overall performance.

As the productivity is an important measure to evaluate the performance of a bank, it is tried to explore the productivity performance of UCBL and its relationship with HRM practices in the first portion of the chapter. When analyzed the ratio of working fund to total expenses, it is found that total expenses significantly depend on working fund, as the

co-efficient of working fund is positive (+.066) and the value of R^2 is 0.98 which means that total expenses is influenced by working fund by 98 percent. It is also found that the co-efficient of total income is positive (+.653) and a total expense is influenced by total income by 99 percent. Regarding the productivity of HR expense to working fund, it is found that HR expense is significantly depending on working fund (co-efficient is +.012) and HR expense influenced by working fund by 93 percent ($R^2 = 0.93$). The correlation between total income and HR expense is 0.987 which is positive and highly correlated as well as the value of R^2 is 0.974 which indicates that the HR expense is influenced by total income by 97 percent.

From the study it is observed that a strong positive correlation exists between working fund and total income with total expense and HR expenses. It is worth mentioning that HR expenses have the strongest element that has a huge influence over generating total income and maintaining working fund. Therefore, it comes to the conclusion that an integrated HRM practices is indispensable for a bank to attain desired productivity and profitability.

7.3   Recommendations

In the light of the findings, the following recommendations are made for policy implications and preferred changes. This is not definite that the recommendations will dramatically improve the present HRM aspects of UCBL but it is hoped that it will improve HRM practices and the performance of UCBL as well as the PCBs in Bangladesh to some extent. However, the following suggestions can be made for policy implication.

(1)   It is found that the rural urban ratio of bank branches is very poor which is also reflected by the opinions of the bankers as well as the customers. For this, UCBL has failed to cover mass people of rural Bangladesh. So, UCBL as well as other PCBs should extend their services by the expansion of bank branches in rural areas of the country.

(2)   The training strongly affects the performance of the bank and quality of customer services. It is also reflected by the opinions of the bakers. UCBL should arrange diversified training programs for its human capital so that they can enrich them and deliver satisfactory services to its stakeholders and can contribute to the growth and development of the bank.

(3) Required number of human resources is necessary to provide quality services. In case of UCBL, it is found that the ratio between branches and HR is not well proportionate. So, UCBL should improve their branch and HR ratio to attract and retain customers by delivering quality services. It should improve HR forecasting, recruitment, and retention planning in order to ensure an adequate supply of right people in the right place at the right time.

(4) Attractive remuneration package is an important source of motivation. In response to the statement 'Compensation and Benefits of UCBL are competitive and good enough', 22.2% of respondents disagreed and 25.5% were silent which leads to conclude that the remuneration package is not sufficient enough. So, it is necessary for UCBL as well as other PCBs to revise their compensation policy from time to time.

(5) Human Resource Planning (HRP) is a vital aspect of human resource management practices of any organization and it is also reflected by the opinions of the executives and the officers of UCBL where they ranked the HRP at the top position among seven HR activities. But in UCBL it is observed that there is a lack of proper HRP. So, UCBL should have a specific and effective HRP.

(6) Performance appraisal is very crucial for service providing industry like banks. Because the decisions related to salary, promotion, transfer, demotion, training etc. highly depend on performance appraisal. In reply to statement that 'performance appraisal of UCBL is fair', about 30% respondents did not make any comment. So, UCBL should redesign its performance appraisal system where fairness, equity, reliability and justification will be ensured.

(7) Promotion is an important matter in the professional life of an employee. It is a great source of motivation. It enables management to obtain the best talent available within the company to fill more senior posts. When asked regarding the attractiveness of promotion policy 21.1% of respondents replied negatively and 65.6% of them partially agreed. So, UCBL should have equitable and straight promotion policy that will motivate the employees.

(8) Motivation is such a factor that inspires organizational people to perform their task with enthusiasm. It determines the level of performance. In case of UCBL it is found that the level of motivation is not up to the mark. In response to the statement

'motivating and rewarding productive employee is good enough', about 23% of respondents disagreed and 25.6% of them did not make any comment. Moreover, some of them have also shown some sort of dissatisfaction regarding some motivational factors. So, UCBL should be more conscious and bring this area under securitization and increase motivational factors.

(9) Every service oriented organization should have strong retention policy which will help to retain the effective human capital of organization. In UCBL, it is found that about 70% of respondents have agreed that they will leave if exceptional opportunity turns up and about 45% of them have agreed that they will leave if something better turns up. So, UCBL should reorganize its retention policy to retain its efficient human asset.

(10) Complain box is an important source to know the opinions about various aspects of banking services. By this complain box, the customers' opinions, complains, suggestions etc. could be known. So, there should have a complain box in every branch of UCBL as well as other PCBs.

7.4 Conclusion

It is true that the above mentioned recommendations will provide an instant remedy for the existing problems of UCBL. But, it is believed that they might be quite helpful for solving the existing problems of banking sector in Bangladesh. In addition to this, management of PCBs and government should also be involved in a joint effort in order to address the issues that we have found in this study.

It is found in the study that HR expense is the strongest element which has vast influence over generating income and maintaining working fund which leads to conclude that a well maintained HR pool and integrated HRM is the key to productivity performance of any organization. It is also found in the study that due to age variation motivation also varies from person to person. So, HRM practices should consider the age of the employees while designing motivational factors.

The twin objectives of PCBs are profit maximizing and meeting social obligation. In case of profit maximization the performance of PCBs are satisfactory. But in the case of carrying out social obligations PCBs are far behind. One of the crucial expectations of the

emergence of PCBs in the 1980's was to bring the rural people under the umbrella of coverage and hoped that they will play a strong role along with NCBs. Although even after the three decades of PCBs' journey, it remains far behind the desired level. By extending their coverage in rural areas, PCBs can meet the obligation. It is also true for UCBL.

However, performance of PCBs does not depend exclusively on their own endeavor rather it is also influenced by the national economic environment as well as business policy of the company. The authority of UCBL is informed about it and hope they will shape their future accordingly.

7.5 Suggestions for Further Study

It is not possible to cover all the issues in a single study. So, some more studies can be conducted in future.

(1) The same study can be carried out between public and private sector commercial banks so as to rationalize the impact of HRM practices upon the performance of commercial banks on a comparative basis.

(2) Similar type of study can be performed in the field of nationalized commercial banks with a view to encourage their HR practices as well as its influence on organizational performance.

(3) A comparative study can be carried out between Islamic banks and conventional banks in order to identify whether there is any difference in HR practices of this two categories of banks.

(4) Separate study could be conducted on compensation and its influence on the performance of employees

(5) Similar study can be carried out on employee training and its effects on the performance of commercial banks.

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APPENDICES

Appendix-I
Institute of Bangladesh Studies (IBS)
University of Rajshahi
(Very Confidential)

(An Interview Schedule for Executives and officers of United Commercial Bank Limited (UCBL)

Dear Respondent,

I am a PhD research fellow of the Institute of Bangladesh Studies (IBS) at University of Rajshahi, Rajshahi and I am conducting a study on "**Impact of Human Resource Management on the Performance of United Commercial Bank Limited: A Case Study**". This questionnaire pertains to your experience in your current job and organization. Your answers will be kept strictly confidential and will only be used for this research purpose. Your name will not be mentioned anywhere on the document so kindly provide an impartial opinion to make research successful.

1. **Personal Information :**

Name (optional)   :
Designation   :
Length of Service as on 31.12.2012 : Year.............. Month..........
Age   : Year.............., Month.........
Educational Qualification   :

Graduation	Masters	MBA/MBM	Others (specify).....

Marital Status   :
Name of Branch   :

2. As an employee, what are the most critical and important Human Resource (HR) activities according to you: [Please Rank the following activities according to your preference, "1" being the highest and "7" being the lowest]

  i.   Human Resource Planning (HRP)   (……………………)
  ii. Recruitment and Selection   (……………………)
  iii. Training and Development   (……………………)
  iv. Performance Evaluation   (……………………)
  v.   Employee Relationship Management   (……………………)
  vi. Compensation and Benefit   (……………………)
  vii. Design and Re-design of HR activities (..…………………….)

3. a) Do you think that the present Human Resources (HR) pattern at UCBL is efficient enough?

        ☐ Yes, ☐ No

   b) If no, why? ……………………

4. Please give your opinion regarding the following HR activities of UCBL:
[Please give the **tick** (✓) mark in each level, '5' Strongly agree, '4' Agree, '3' No Comment, '2' Disagree, '1' Strongly   disagree.]

HR Activities	5	4	3	2	1
Human Resources at UCBL are very efficient					
Recruitment and Selection are fair and efficient					
Performance evaluation/appraisal of UCBL is fair					
Training and Development of UCBL are efficient enough to perform day to day job					
Compensation & Benefits of UCBL are competitive and good enough					
Rewarding to productive employee is good enough					
A safe and healthy working Condition exists at UCBL					
Effective Career development planning/path exists at UCBL					
Grievances handling systems/procedures are adequate					

5. What HR activities/tools have used in UCBL to improve performance? (**Multiple response**)
   a. Total Quality Management (TQM)
   b. Vertical/Horizontal integration
   c. Strategic Business Unit (SUB)
   d. Others (please mention) . . . .

6. How do you evaluate the performance of employees? (**Multiple response**)
   a. Piece work/target
   b. Time/Standard hour
   c. Scanlon plan i.e. manufacturing cost less but Maximum output
   d. Bench marking, i.e., comparison with competitors
   e. Others (please mention) . . . .

7. Is there any motivational program in UCBL? [Please give Tick (✓) Mark] | Yes | Partly | No |

8. Do you think that the following provisions exist in UCBL to your Satisfaction?
[Please put tick (✓) mark in each level, '5' strongly Agree, '4' Agree, '3' No Comment, '2' Disagree, '1' Strongly Disagree.]

Provisions	5	4	3	2	1
Salary					
Bonus					
Gratuity					
Provident fund					
Pension facility					
Insurance facility					
Housing facility					
Medical facility					
Transport facility					
Special Cash Reward					
Lunch Subsidy					
Personal Loan facility including housing loan					

9. Do you feel that the environment in UCBL persists the employees to work spontaneously due to the existence of the following factors: **[Please put tick (✓) mark in each level, '5' strongly Agree, '4' Agree, '3' No Comment, '2' Disagree, '1' strongly Disagree.]**

Factors	5	4	3	2	1
Appreciation for good work done					
Reward according to performance					
Opportunity for training within the country and abroad					
The benefits of the training is cost effective					
There is an effective attract and retain policy at UCBL					
Job is more secured at UCBL/Job security is high					
Opportunity for personal growth and development					
Opportunity for creative thinking and expression					
Opportunity for participating in decision making					
Opportunity to exercise power and authority					
Opportunity for Children education and family employment					
Good peer relation					
There is a formal and written performance evaluation system of employees					
Employees are fully informed about how performance are evaluated and get feedback					

10. Please give the following information regarding to your training:

Name of Training attended	Year	Tenure/Duration	Place of Training

11. Do you think that Training affect your performance [Please put tick (✓) Mark]

To a great extent	Moderate	No idea	Minimum effect	No effect
5	4	3	2	1

12. What is your feeling about vacation in banking Service? [Please put tick (✓) Mark]

(i) Very hard to get leave in the time of need, (ii) Comparatively very minimum, (iii) Comparatively minimum, (iv) Inadequate, (v) Equal like other service, (vi) No scope for recreation, (vii) others (Please specify).

13. What is your opinion regarding the rewarding opportunities of UCBL in Comparison with other PCBs in Bangladesh? [Please give your opinion]

14. Which factors from the below have the highest effect on your performance? [Please rank them according to your preference '1' being the highest and '10' being the lowest]

Rewards   (……………………)
Status   (……………………)
Training and Development (T&D)   (……………………)
Authority   (……………………)
Compensation and Benefits   (……………………)
Allowances   (……………………)
Better work environment   (……………………)
Appreciation from management   (……………………)
Opportunity for Career advancement   (……………………)
Goodwill   (……………………)

15. a) What do you think about the status of your job in comparison with similar job in government sector?
    [Please put the tick (✓) Mark]

High	Equal	Low

b) Please suggest two important measures by which the prestige of your job may be increased?

    i). . . . .   ii). . . . .

16. a) Do you think that the promotion policy is attractive? [Please put the tick (✓) Mark]

yes	partly	No

b) Mention two weakness regarding promotion procedure which should be rectified:

  (i). . . . .   (ii). . . . .

17. Do you have any formal or informal association? [Please tick (✓) mark in any one]

Association	Yes	No
Formal		
Informal		

If yes, how do you think that they affect the performance of the members of association? [Please put the tick (✓) Mark]

(i) To a great extent, (ii) Moderate, (iii) No idea, (iv) Minimum effect, (v) No effect actually

18. Do you think that the following services exist in UCBL up to the desired level?
[Please put the tick (✓) Mark in each level, '5' strongly agrees, '4' Agree, '3' No Comment, '2' Disagree, '1' strongly Disagree]

Services	5	4	3	2	1
Standard Services					
High interest/profit rate than other PCBs and NCBs					
Comfort in transaction					
Co-operative and satisfied bankers behavior					
Satisfactory financial condition					
Goodwill and recognition					
Easy location of bank/branch at the residence					
Easy location of bank/branch at the work place					
Easy location and efficient ATM services					
More financial Security					

19. Consider your rural banking against the urban banking? (In terms of braches, loans, advances, deposits etc.)
    [Please put the tick (✓) Mark]

Very good	Good	Balanced	Poor	Very poor
5	4	3	2	1

20. Consider your performance against the competitors? [Please put the tick (✓) Mark]

Highly competitive	Moderately competitive	Equal	Weak	Very weak
5	4	3	2	1

21. Your perception regarding employee turnover at UCBL: [Please put the tick (✓) Mark]

Very high	High	Moderate	Low	Very low
5	4	3	2	1

22. Your Opinion about promotion practices of UCBL: [Please put the tick (✓) Mark in each level, '5' strongly   agrees, '4' Agree, '3' No Comment, '2' Disagree, '1' strongly Disagree]

Practices	5	4	3	2	1
UCBL has a written promotion policy					
Promotion are fair and equitable in UCBL					
Promotion is given based on seniority					
Promotion is given based on merit					
Promotion is given based on both merit and seniority					

23. What measures would you suggest to motivate people to work more efficiently? [Please tick (✓) Mark any one]

(i) Close controlling, ii) Increase of motivational factors, (iii) Initiate Organizational Citizenship Behaviour (OCB)

24. Your plan for staying with this organization:

[Please put the tick (✓) mark in each level, '5' strongly agrees, '4' Agree, '3' No Comment, '2' Disagree, '1' Strongly Disagree]

Plans	5	4	3	2	1
I intend to stay until retirement					
I will leave only if exceptional opportunity turns up					
I will leave if some things better turns up					
I intend to leave as soon as possible					

25. Special comment on the performance and HR of UCBL (If any)...............................

Thank you very much for your nice cooperation

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Appendix-II

Institute of Bangladesh Studies (IBS)
University of Rajshahi
(Very Confidential)

Interview scheduled for stakeholders (e.g. customer, creditors, investors, govt. agencies etc.) of UCBL.

Dear Respondent,

I am a PhD research fellow of the Institute of Bangladesh Studies (IBS) at University of Rajshahi, Rajshahi and I am conducting a study on "**Impact of Human Resource Management on the Performance of United Commercial Bank Limited: A Case Study**". This questionnaire pertains to your experience in regarding to your transaction with UCBL. Your answers will be kept strictly confidential and will only be used for this research purpose. Your name will not be mentioned anywhere on the document so kindly provide an impartial opinion to make research successful.

Serial No:

1. **Personal Information**

   Respondent's name and address:

Profession	:	☐ [Code: Service =1, Business =2, Agriculture =3, student =4, housewife = 5, others =6]
Designation (if any)	:	
Age	:	Year..........., Month..........
Sex	:	☐ [Code: male = 1, female = 2]
Educational Qualification	:	☐ [Code: below SSC = 1, SSC/ Equivalent = 2, HSC/Equivalent = 3, Bachelor degree/equivalent = 4, Masters/equivalent = 5, M Phil/PhD = 6, others = 7]
Religion	:	☐ [Code: Islam = 1, Hindu = 2, Christian = 3, Buddhist = 4, Others = 5]
Marital Status	:	☐ [Code: married =1, unmarried =2, others =3]
Type of Account	:	☐ [Code: Current A/C =1, Savings A/C=2, Fixed Deposit A/C =3, others=4]
Name of the branch	:	

2. a) Do you think that present human resources pattern of UCBL is efficient enough? Yes ☐ , No ☐

   b) If no, why? ....

3. Do you observe that executives and Officers of UCBL are motivated?

Yes	Partly	No

4. Do you observed that in UCBL performance of executives and employees measured and evaluated properly?

Yes	Partly	No

5. a) Do you think that employees are working efficiently?

Yes	Partly	No

b) If yes, do you find complete non-existence of conflict between?

	Yes	Partly	No
executives and Officers			
employees and Officers			
executives and Officers			

6. a) Do you observe that there exists a conflict between the organizational goal and personal goal of the executives and officers of UCBL?

Yes	Partly	No

b) If yes, please specify..................

7. a) Do you observe that overall performance of the executives and Officers of UCBL have motivation in discharge of their responsibilities?

Yes	Partly	No

b) If yes, do you observe initiative and drives for discharging of responsibilities among the:

	Yes	Partly	No
Executives and Decision makers			
Officers			

8. What is your suggestion for making them enthusiastic to perform their responsibilities in better ways?

Yes	Partly	No

9. a) Do you think that customer service in UCBL is satisfactory?

b) If no, suggest areas of improvement..

10. Do you think that the following services exist in UCBL up to the desired level: [Please give tick (✓) mark in each level. '5' strongly Agree, '4' Agree, '3' No Comment, '2' Disagree, '1' strongly Disagree.]

Services	5	4	3	2	1
Standard Services					
High interest/profit rate than offer PCBs and NCBs					
Comfort in transaction					
Co-operative and satisfied bankers behaviour					
Satisfactory financial condition					
Good will and recognition					
Easy location of bank/branch at the residence					
Easy location of bank/branch at the work place					
Easy location and efficient ATM services					
More financial Security					

11. What do you observe regarding the following factors of performance in UCBL?

Factors	Very High	High	Moderate	Low	Very Low
Deposit collection					
Average time required for payment of cheque					
Average time required for receiving of cheque					
Time convenience and cost of money transfer					
Time and procedure for sanctioning loan					
Dealing with customer					

12. Is evening banking available in UCBL? [Please give tick (✓) mark in a box]
        Yes □, No □

13. Did you find specific receptionist or inquiry desk when you go for opening the account at first [Please give tick (✓) mark in a box]   Yes □, No □

14. What type of difficulties is faced when you go for opening account and receiving the service?

[Please put tick (✓) mark in each level. '5' strongly Agree, '4' Agree, '3' No Comment, '2' Disagree, '1' strongly Disagree.]

Difficulties	5	4	3	2	1
No identification of specific desk for getting the account opening form					
No cooperation to fill up the form					
No availability of introducer					
Lack of concern bankers promptness					
Complex account opening form					
Time consuming account opening form					

15. Is the cheques book issued just after the completing account opening process?
        Yes □, No □

16. Is the thanking letter sends to you after opening the account?   Yes □, No □

17. Out of banking hour can you deposit/withdraw money?   Yes □, No □

18. Do you support to deposit/withdraw money out of banking hour? Yes □, No □

19. Can you withdraw the required money from your account?   Yes □, No □

20. Is the account statement delivered in each 6 month or each year? Yes □, No □

21. Do you find any error in delivered statement/passbook? Yes □, No □

22. How do you feel about concerned banker's behaviour in the time of rendering service?

 [Please put tick (✓) mark in each level. '5' strongly high, '4' average, '3' no comment, '2' low, '1' intensely low]

Types of behaviour	5	4	3	2	1
Banker communicates in smiling face					
Banker communicates in gloomy face					
Banker remains indifferent to you					
Banker communicates with annotation					
Banker does not want to listen your complain					

23. How the Cheques/documents are transferred from one desk to another? [Please put tick (✓) mark in each level. '5' strongly agree, '4' Agree, '3' No comment, '2' Disagree, '1' Strongly disagree]

	5	4	3	2	1
By messenger/attendant					
By banker himself					
You are required to do					
Reminder is given often					
Without action it is put on the desk					

24. Which type of difficulties is faced by you to prepare the bank draft, pay-order/DD, TT etc. in your bank/branch? [Please put tick (✓) mark in each level. '5' more difficulties, '4' average difficulties, '3' no comment, '2' low difficulties, '1' intensely low difficulties]

Difficulties	5	4	3	2	1
Faced the difficulties to fill up specific form					
Delayed to deposit money over the counter					
Concerned banker delays to prepare the draft					
Delayed signed by more than one banker					

25. Do you withdraw the money through Automated Teller Machine (ATM)?

Yes □, No □

If yes, evaluate the advantages and disadvantages of ATM service? [Please put tick (✓) mark in each level. '5' Strongly agree, '4' agree, '3' No comment, '2' Disagree, '1' Strongly disagree]

Evaluations	5	4	3	2	1
Withdraw money at any time					
Gas, WASA, phone bills are paid through the card					
Sometimes in the queue for a long time					
Complex ATM operating system					
Sometimes required money is not available to withdraw					
Anomaly is found in delivered balance report					
Shortage of ATM both in your area					

26. Does your bank provide one stop banking service? Yes □, No □
If yes, please indicate two major problems:

27. Do you use Credit card/Q-cash in your business or personal transaction?

Yes □, No □

If yes, please indicate advantages and disadvantages:

28. Does your bank have efficient internet banking/on line banking? Yes □, No □

29. If the complain box is not available in your bank, do you think it should be remained?
Yes □, No □

30. Do you observe any symptom of frustration among executives and officers of UCBL? [Please put tick (✓) mark in appropriate box]

Yes	Partly	No

31. Do you observe any co-operative spirit, harmonious relation, fellow feelings and congenial work environment in discharging the responsibilities of executives and officers? [Please put tick (✓) mark in appropriate box]

Yes	Partly	No

32. What are your suggestions for improving the performance of UCBL?

Thank You very much for your nice cooperation.

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Appendix-III

Performance of UCBL from 1983 to 2011.

Year	No. of Branches	No. of Employees	Deposit (ml tk.)	T.Income (ml tk.)	T. Exp. (ml tk.)	N.Profit (ml tk.)	L. & Adv. (ml tk.)	HR Exp. (ml tk.)	W. Fund (ml tk.)
1983	3	102	226.13	5.33	5.30	0.03	81.21	1.39	329.14
1984	16	379	1061.00	79.48	65.16	14.32	520.10	11.75	1519.84
1985	24	645	1464.44	167.69	125.38	42.31	866.26	23.72	2036.20
1986	30	862	2051.10	233.02	194.48	38.54	1248.69	32.26	2787.58
1987	40	1063	2568.49	353.03	288.89	64.14	1989.98	42.85	4007.20
1988	50	1255	3327.45	423.19	343.56	79.63	1888.76	53.16	4714.39
1989	54	1334	3845.50	412.20	411.59	0.61	2364.75	56.67	5793.56
1990	64	1534	5002.59	590.63	518.45	72.18	3034.39	70.42	6869.48
1991	70	1706	5780.11	686.29	650.78	35.51	3365.60	86.46	8261.59
1992	73	1781	5769.06	666.35	655.60	10.75	4048.83	90.42	7933.27
1993	73	1695	6150.93	664.65	610.09	54.56	3833.04	100.81	8428.40
1994	75	1805	7341.66	642.24	582.14	60.10	4379.75	113.21	11050.77
1995	77	1866	7707.78	727.76	577.57	150.19	4717.43	135.22	11652.33
1996	78	1938	8497.48	847.45	644.02	203.43	4798.99	154.82	11883.66
1997	79	1948	9187.16	887.19	766.90	120.20	5152.56	181.60	12784.82
1998	79	1947	10899.90	984.36	863.96	120.40	5554.16	204.79	16396.45
1999	79	1878	10059.85	1098.76	987.74	111.02	8557.91	272.76	13143.39
2000	79	1842	12387.47	1401.87	1,095.68	22.89	9443.87	326.08	15919.61
2001	79	1812	12245.87	1727.06	1,223.77	175.03	10941.98	349.38	18348.82
2002	80	1819	16417.29	1766.31	1,311.39	154.92	11826.08	367.29	20652.83
2003	80	1874	17413.34	2197.20	1,493.00	416.77	14396.00	416.24	22795.89
2004	80	1878	20970.00	2554.00	1,697.00	626.00	15385.00	502.62	25058.74
2005	80	1949	24559.00	3188.00	2,036.00	852.00	20211.00	583.01	28812.59
2006	84	2029	33016.00	4118.00	2,797.00	1,321.00	26110.00	729.84	38547.62
2007	84	2082	42296.00	6052.00	4,034.00	1,668.00	37566.00	913.89	50180.58
2008	84	2292	54485.00	7850.00	5,400.00	1,463.00	44446.00	1132.15	64794.88
2009	98	2508	77730.00	9540.00	6,415.00	1,542.00	61692.00	1313.80	90483.78
2010	107	2738	113071.00	13487.00	8,755.00	3632.60	93561.00	1795.58	129774.43
2011	115	2982	139485.00	15352.00	12,250.00	5172.91	115506.00	1784.55	168688.54

Appendix-IV

Employees' opinion regarding HR activities of UCBL (Q. 4)

opinion	N	Mean	SD	CV (%)
Recruitment and Selection are fair and efficient	180	3.66	1.084	29.62
Human Resources at UCBL are very efficient	180	3.57	0.819	22.94
Performance evaluation/appraisal of UCBL is fair	180	3.68	.869	23.61
Training and Development of UCBL are efficient enough to perform day to day job	180	4.01	.912	22.74
Compensation & Benefits of UCBL are competitive and good enough	180	3.36	1.044	31.07
Rewarding to productive employee is good enough	180	3.18	0.97	30.50
A safe and healthy working Condition exists at UCBL	180	3.79	0.817	21.56
Effective Career development planning/path exists at UCBL	180	3.71	0.99	26.68
Grievances handling systems/procedures are adequate	180	3.38	0.923	27.31

Opinion of bankers regarding components of compensation package (Q.8)

Provisions	N	Mean	SD	CV (%)
Salary	180	3.68	22.74	22.74
Bonus	180	3.62	0.88	24.31
Gratuity	180	3.81	0.922	24.20
Provident fund	180	3.83	0.894	23.34
Pension facility	180	3.16	0.974	30.82
Insurance facility	180	2.29	1.047	35.73
Housing facility	180	2.81	0.998	35.52
Medical facility	180	3.62	0.94	25.97
Transport facility	180	2.29	1.147	39.01
Special Cash Reward	180	2.99	1.091	36.49
Lunch Subsidy	180	2.49	1.07	42.97
Personal Loan facility including housing loan	180	3.63	1.063	24.54

Opinion of bankers regarding the factors of favourable working environment (Q.9)

Factors	N	Mean	SD	CV(%)
Appreciation for good work done	180	3.83	1	26.11
Reward according to performance	180	3.41	1.002	29.38
Opportunity for training within the country and abroad	180	3.56	1.01	28.37
The benefits of the training is cost effective	180	3.72	0.903	24.27
There is an effective attract and retain policy at UCBL	180	3.4	0.955	28.09
Job is more secured at UCBL/Job security is high	180	3.59	0.932	25.96
Opportunity for personal growth and development	180	3.74	0.93	24.87
Opportunity for creative thinking and expression	180	3.38	0.929	27.49
Opportunity for participating in decision making	180	3.32	1.005	30.27
Opportunity to exercise power and authority	180	3.22	0.983	30.53
Opportunity for Children education and family employment	180	2.94	1.084	36.87
Good peer relation	180	3.76	0.893	23.75
There is a formal and written performance evaluation system of employees	180	3.84	0.979	25.49
Employees are fully informed about how performance are evaluated and get feedback	180	3.26	1.1	33.74

Opinion of bankers regarding the services existed in UCBL (Q.18)

Services	N	Mean	SD	CV (%)
Standard Services	180	4.46	0.83	19.88
High interest/profit rate than other PCBs and NCBs	180	3.34	0.97	28.41
Comfort in transaction	180	3.89	0.88	22.65
Co-operative and satisfied bankers behavior	180	3.98	0.97	24.42
Satisfactory financial condition	180	3.86	0.82	21.17
Goodwill and recognition	180	3.88	0.87	22.40
Easy location of bank/branch at the residence	180	4.04	0.97	24.03
Easy location of bank/branch at the work place	180	4.04	0.86	21.31
Easy location and efficient ATM services	180	3.3	1.14	34.48
More financial Security	180	3.74	0.89	23.88

Opinion of Executives and Officers regarding promotion practices (Q.22)

Practices	N	Mean	SD	CV (%)
UCBL has a written promotion policy	180	4.14	0.78	18.79
Promotion are fair and equitable in UCBL	180	3.55	0.86	24.25
Promotion is given based on seniority	180	3.4	1.04	30.71
Promotion is given based on merit	180	3.56	0.91	25.56
Promotion is given based on both merit and seniority	180	3.71	1.03	27.68

Plan for staying with organization (Q.24)

Plans	N	Mean	SD	CV (%)
I intend to stay until retirement	180	2.94	1.50	50.95
I will leave only if exceptional opportunity turns up	180	3.66	1.03	28.17
I will leave if some things better turns up	180	3.37	1.06	31.36
I intend to leave as soon as possible	180	2.35	1.09	46.21

Appendix-V

Estimated Results
Working Fund to Total Expenses
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.992[a]	.984	.983	335.818

a. Predictors: (Constant), WF

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.877E8	1	1.877E8	1664.697	.000[a]
	Residual	3044888.344	27	112773.642		
	Total	1.908E8	28			

a. Predictors: (Constant), WF

b. Dependent Variable: Exp

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	72.708	76.605		.949	.351
	WF	.066	.002	.992	40.801	.000

a. Dependent Variable: Exp

Total Expenses to Working Fund

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.997[a]	.994	.994	3172.30499

a. Predictors: (Constant), TE

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.348E10	1	4.348E10	4320.413	.000[a]
	Residual	2.717E8	27	1.006E7		
	Total	4.375E10	28			

a. Predictors: (Constant), TE

b. Dependent Variable: WF

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	716.483	718.120		.998	.327
	TE	13.783	.210	.997	65.730	.000

a. Dependent Variable: WF

Total Income to Total Expenses

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.999[a]	.999	.999	89.677	1.128

a. Predictors: (Constant), TI

b. Dependent Variable: T.Exp

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.906E8	1	1.906E8	23696.162	.000[a]
	Residual	217130.788	27	8041.881		
	Total	1.908E8	28			

a. Predictors: (Constant), TI

b. Dependent Variable: T.Exp

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	115.412	20.246		5.700	.000
	TI	.653	.004	.999	153.936	.000

a. Dependent Variable: T. Exp

Total Expenses to Total Income

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.993[a]	.987	.986	466.56870

a. Predictors: (Constant), TE

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.408E8	1	4.408E8	2024.957	.000[a]
	Residual	5877531.556	27	217686.354		
	Total	4.467E8	28			

a. Predictors: (Constant), TE

b. Dependent Variable: TI

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-4.286	105.618		-.041	.968
	TE	1.388	.031	.993	45.000	.000

a. Dependent Variable: TI

Working Fund to Human Resource Expenses

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.489[a]	.239	.210	454.289

a. Predictors: (Constant), WF

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1746567.884	1	1746567.884	8.463	.007[a]
	Residual	5572217.585	27	206378.429		
	Total	7318785.469	28			

a. Predictors: (Constant), WF

b. Dependent Variable: HRE

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	141.198	124.739		1.132	.268
	WF	.017	.006	.489	2.909	.007

a. Dependent Variable: HRE

Human Resource Expenses to Working Fund

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.968[a]	.937	.934	10128.44312

a. Predictors: (Constant), HRE

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.098E10	1	4.098E10	399.477	.000[a]
	Residual	2.770E9	27	1.026E8		
	Total	4.375E10	28			

a. Predictors: (Constant), HRE

b. Dependent Variable: WF

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-2856.115	2424.154		-1.178	.249
	HRE	74.829	3.744	.968	19.987	.000

a. Dependent Variable: WF

Total Income to Human Resource Expenses

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.987[a]	.975	.974	82.609

a. Predictors: (Constant), TI

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7134529.133	1	7134529.133	1045.458	.000[a]
	Residual	184256.336	27	6824.309		
	Total	7318785.469	28			

a. Predictors: (Constant), TI

b. Dependent Variable: HRE

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	65.522	18.651		3.513	.002
	TI	.126	.004	.987	32.334	.000

a. Dependent Variable: HRE

Human Resource Expenses to Total Income

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.987[a]	.975	.974	645.37119

a. Predictors: (Constant), HRE

ANOVA[b]

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	4.354E8	1	4.354E8	1045.458	.000[a]
Residual	1.125E7	27	416503.979		
Total	4.467E8	28			

a. Predictors: (Constant), HRE

b. Dependent Variable: TI

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-437.071	154.464		-2.830	.009
	HRE	7.713	.239	.987	32.334	.000

a. Dependent Variable: TI