

STAMFORD UNIVERSITY BANGLADESH

Thesis Report

ON

**An Empirical study on the Recruitment &
Selection Process of the banking industry in
Bangladesh.**

Submitted To

Ms. Nadia Farhana

Head of Marketing & Assistant Professor

Department of Business Administration

Stamford University Bangladesh

Submitted By

Rabeya Sultana

ID: BBA 02909053

Batch: 29(D)

Major: HRM

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Letter of Transmittal

Date: 27th April, 2010

Ms. Nadia Farhana
Head of Marketing & Assistant Professor
Department of Bachelor of Business Administration
Stamford University Bangladesh.
Dhaka -1217

Subject: Project Report submission.

Dear Madam,

It is my pleasure to submit to you my Project Work on Recruitment and Selection Process of Banking sector, a study on some private commercial banks in Bangladesh.

The entire trimester long project work has been a wonderful learning experience for me and I have thoroughly enjoyed it I take this opportunity to express my sincere gratitude to you for making all the necessary arrangements for my project.

I can assure you that I have tried to the best of my ability to prepare this report. I hope you will find it satisfactory and I am looking forward to the defense of my report at any date convenient to you.

Sincerely yours,
Rabeya Sultana.

Declaration

I, Rabeya Sultana, BBA, Batch # 29, Section- D, ID# 02909053; have prepared a thesis report on the Recruitment and Selection Process of the Banking industry in Bangladesh. I hereby declare that the topic was independently chosen and the report was prepared by me. I would also like to mention that I have done a field survey in some selected banks in Dhaka city and try to make a unique report.

Signature

BBA, Batch 29
Section- D
ID- 02909053

Certificate

This is to certify that Rabeya Sultana, Student of “Bachelor of Science in Business Administration (BBA)” major in HRM, I.D#BBA-02909053 from Stamford University Bangladesh, has completed her Internship report as a partial requirement of the degree of “ Bachelor of Science in Business Administration (BBA)”. This report entitled “**An Empirical Study on the Recruitment & Selection Process of the Banking Industry in Bangladesh**”

The report has been completed under my guidance and is a record of benefic work carried out successfully. I am fully satisfied with the work.

I wish her every success in her entire career.

.....
Nadia Farhana
Asst. Professor
Head of Marketing Department
Department of Business Administration
Stamford University Bangladesh

Acknowledgement

Probably this is the truth that a researcher or writer finds joy when he/she can express his/her feelings about the hidden truths undiscovered.

Nothing could be accomplished alone; people need one another in order to live. It starts from the day when he/she has born to this present day when he/she is promoted to say, “Thank you”. So, when you just seat sit back and try to thank people around you, they are uncountable. But for your each victory and accomplishment there are some people whom you can point out and say “They helped me to reach there”.

I would like to thank my parents for bringing me in this beautiful world and guiding me through all this ups and downs. And to the faculties whose dedication grew up the feelings to be dedicated for the country. These persons continuous encouragement has played a vital role in bringing out this paper. It’s a great pleasure and honor to show my respect to my supervisor MS. Nadia Farhana, Head of Marketing & Assistant Professor, Department of Bachelor of Business Administration, for providing me the opportunity to work on this project report.

My immense gratitude to the concerned field staffs and executives, for their impervious support and cooperation despite their busy schedule

All of the above mentioned people have been kind enough to take some time off their busy schedule and helped me in collecting the necessary information.

I am too grateful to all of them.

Executive Summary

For an organization to survive and prosper it's necessary to identify, select, develop, and retain qualified personnel. People are the most important resource of an organization. They supply the talent, skills, and knowledge, and experience to achieve the organization's objectives. By recruitment the organization attempts to identify and attract candidates to meet the requirements of actual job openings. On the other hand selection is the process of deciding which candidates out of the pool of applicants developed in recruiting, has the abilities, skills, and characteristics that most closely match job demands.

This report conducts a thesis on “An empirical study on the recruitment & selection process of the banking industry in Bangladesh” under the supervision of MS. Nadia Farhana, Head of Marketing & Assistant Professor, in the Department of Business Administration. This report is based on the perception of the employees according to their recruiting program in some selected banks in Bangladesh mainly in Dhaka city.

I have divided the report mainly in three parts:

- ✚ The theory part
- ✚ Overall banking sector
- ✚ The survey of questionnaire and its interpretation.

At the very beginning, I included the synopsis of the project report that is conveying the summary of information including research design, data sampling, research instruments etc.

There are always some techniques available to make “Recruitment and selection process” effective and efficient; I focused on some common and popular techniques. I discussed about the real figure of the “Recruitment and selection process”.

Table of contents

SL NO.	Content	Page No
	Letter of Transmittal.....	i
	Student's Declaration.....	ii
	Supervisor's Declaration.....	iii
	Acknowledgement	iv
	Executive Summery.....	v

Chapter -1

Introduction

1.1 Origin of the report	02
1.2 Background of the Study	03
1.3 Object of the report	04
1.4 Methodology	05
1.5 Limitation	07

Chapter -2

Banking Sector in Bangladesh

2.1. Number & Types OF Banks	10
2.2. Nationalized Commercial Banks (NCBs)	11
2.3. Private Commercial Banks (PCBs)	11
2.4. Foreign Banks	12
2.5. Development Banks	13
2.6. Other	13
2.7. Bangladesh Bank	13
2.8. Sonali Bank	16
2.9. Janata Bank	17
2.10. Agrani Bank	18
2.11. Rupali Bank	18
2.12. Pubali Bank	19
2.13. Uttara Bank	20
2.14. National Bank Ltd.	20
2. 15. The City Bank Ltd.	20
2. 16. United Commercial Bank Ltd.	21

2. 17. Arab Bangladesh Bank Ltd.	22
2. 18. IFIC Bank Ltd.	22
2.19. Islami bank Bangladesh Ltd.	22
2. 20. Al Baraka Bank Bangladesh Ltd.	23
2. 21. Eastern Bank Ltd.	23
2.22. National Credit & Commerce Bank Ltd.	24
2.23. Prime Bank Ltd.	24
2.24. South East Bank Ltd.	24
2. 25. Dhaka Bank Ltd.	25
2. 26. Al-Arafah Islami Bank Ltd.	25
2. 27. Social Investment Bank Ltd.	26
2. 28. Dutch-Bangla Bank Ltd.	26
2. 29. Mercantile Bank Ltd.	27
2. 30. Standard Bank Ltd.	27
2. 31. One Bank Ltd.	28
2. 32. EXIM Bank	28
2. 33. Bangladesh Commerce Bank Ltd.	28
2. 34. Mutual Trust Bank Ltd.	29
2. 35. First Security Bank Ltd...	29
2. 36. The Premier Bank Ltd.	29
2. 37. Bank Asia Ltd.	30
2. 38. The Trust Bank Ltd.	30
2. 39. Shah Jalal Bank Limited (Based on Islamic Shariah)	31
2. 40. American Express Bank...	31
2.41. Standard Chartered Grindlays Bank	32
2. 42. Habib Bank Ltd.	33
2. 43. State Bank of India	33
2. 44. Credit Agricole Indosuez (The Bank)	34
2. 45. National Bank of Pakistan	34
2. 46. Muslim Commercial Bank Ltd.	35
2. 47. City Bank NA	35
2. 48. Hanvit Bank Ltd.	36
2. 49. HSBC Ltd.	36
2. 50. Shamil Islami Bank of Bahrain EC	37
2. 51. Standard Chartered Bank	37
2. 52. Bangladesh Krishi Bank	38
2. 53. Rajshahi Krishi Unnayan Bank	40
2. 54. Bangladesh Shilpa Bank	40
2. 55. Bangladesh Shilpa Rin Sangstha	41
2. 56. Bank of Small Industries & Commerce Bangladesh Ltd	42
2. 57. Ansar VDP Unnayan Bank	42
2. 58. Bangladesh Samabai Bank Ltd. (BSBL)	43
2. 59. Grameen Bank	45
2. 60. Karmasansthan Bank	48

Chapter -3

Theoretical Background of the Study

3.1. Features	50
3.2. Academic Theory	51
3.3. Critical Academic Theory	52
3.4 Key process and System	53
3.5 Structure of the Human Resources Department	56
3.6 Relationship with other departments	57
3.7 The Development of Human Resources Management as a profession	61
3.8 The Emergence of the Personnel Department	62
3.9 HRM Areas	63
3.10 Recruitment of Human Resource	64
3.11 Recruitment- A Brief Definition	65
3.12 Purpose of Recruitment Process	68
3.13 Factors Influencing Recruitment Efforts	68
3.14 Factors Governing Process of Recruitment	69
3.15 External versus Internal Recruitment	72
3.16 Steps in Recruitment Policy	74
3.17 Recruitment Process	75
3.18 Recruiters	84
3.19 Prerequisites of good Recruitment & Selection policy	85
3.20 Recruitment Alternatives	86
3.21 Selection Methods Standards	86
3.22 Type of Selection Method	91

Chapter -4

Data Analysis & Interpretation

4.1 Data analysis	95-107
4.2 Interpretations	95-107
4.3 Summery of Findings	108

Chapter -5

Recommendation & Conclusion

5.1 Recommendation	111
5.2 Conclusion	112

Bibliography	113
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Chapter- 1

Introduction

Origin of the report
Background of the study
Objective of the report
Methodology
Limitations

Human resources is a function within an organization that monitors the availability of qualified workers; recruits and screens applicants for jobs; helps in selecting qualified employees; plans and presents appropriate orientation, training, and development for each employee; and administers all the employee benefit programs.

The field of human resources encompasses the type and level of management requisites for active and effective recruitment, hiring, day-to-day employee practices, job termination policy, job description policy and much more. The important station to which the field of human resources has ascended has been underscored in recent years, as more and more companies seek out the services of human relations professionals.

The management of human resources plays a vital role in the healthy functioning of a company's workforce. Through the application of measured principles, proven motivational techniques and accurate job placement and job description strategies, managing human resource effectively can actually result in visible profit margin increases for enterprises across the globe.

The Human Resource Management (HRM) function includes a verity of activities and key among them is deciding what staffing needs you have and whether to use independent contractors or hire employees to fill these needs, recruiting and training the best employees, ensuring they are high performers, dealing with performance issues, and ensuring your personnel and management practices conform to various regulations. Activities also include managing your approach to employee benefits and compensation, employee records and personnel policies. From recruiting to orienting new employees, from writing job description to tracking attendance, and from instituting and monitoring policies to monitoring benefits, there has been a need for a human resource generalist to assist senior management in both establishing a structure to holding down costs of administration.

1.1 Origin of the report

It is vital for any organization to have a competitive and effective workforce, which is ensured by the presence of an effective human resource department. And for any HRM department, recruitment and selection is a continuous process that needs to be done periodically. For that reason, I have chosen "recruitment and selection processes" as the project topic.

Specifically speaking the human resource management is responsible for the oversight of every single human resources issue that can and does come up within a company its employee base. For qualified employee human

resource recruitment is much essential. If the recruitment process has any slipup than the whole process will be vulnerable. That is why I have chosen this topic “Human Resource Recruitment and Selection Process”

1.2 Background of the study

The thesis program is itself an attempt to provide graduates an orientation to a real life situation in which they can observe and evaluate the use and applicability of theoretical concepts, which were taught in the classroom. As per norm, this report is the requirement of fulfillment of the internship / thesis program as well as of BBA program.

This report is intended to conduct a thesis on an empirical study on the recruitment & selection process of the banking industry in Bangladesh under the supervision of MS. Nadia Farhana, Head of Marketing& Assistant Professor, in the Department of Business Administration. This report is based on the perception of the employees according to their recruitment and selection program in some selected banks in Bangladesh mainly in Dhaka division.

The HR department of today’s organizations deals with recruitment process. HR officers job is to make the recruitment and selection process pretty much accurate, in order to ensure that, all other factors related to organization are handled quit effectively.

Therefore, HR officer has to concern about dealing with recruitment process as well as selection process due to importance of recruiting cost. Further more, he has to make the image of the company more attractive, nice working condition, good benefit and compensation. Because these are the part of HR recruitment process.

I visited numerous sites and conducted interviews, meetings and workshops involving such as, junior executives, branch managers, officers, etc in different banks in Dhaka. Based on these, I recommended that recruitment and selection is hot issue for the Human Resource Department. If the organization fails to select the best people for the company it will create problems in achieving the goal of that company. The major challenges what managers face today is retention of the manpower and the major cause of it is that they are paid better in the other organizations. A satisfied employee is

a productive employee and care should be taken that they are fairly paid for their worth in the organization.

1.3 Objective of the report

a) General objective

- ❖ To analyze the present “Human recruitment and selection processes” of private commercial banks in Bangladesh.

b) Specific objective

- ❖ To determine the steps involved with recruitment and selection process programs.
- ❖ To determine the roles of recruiters in recruitment and selection process.
- ❖ To identify the type of questions asked in recruitment and selection process.
- ❖ To forecast the effectiveness of recruitment and selection process.
- ❖ To gather comprehensive knowledge about Banking Sector.
- ❖ To know how many types of bank operate in Bangladesh and how they give their services.
- ❖ To know more about Human Resource Management. To more about the features of Human Resource Management and how those features performed.
- ❖ To know the perception of the employee regarding recruitment and selection process.

Primary data

In the primary source, data are being collected directly from interviewing their managers, supervisors and other related personnel. According to the questionnaire, staffs were also interviewed to determine the responding factors that are extremely related with “recruitment and selection process”.

Secondary data

In the secondary source, different textbooks and journals relating to the theoretical framework of the project was accessed to define and to determine “recruitment and selection process”. Moreover, annual reports, company project profile, related preserved data, financial statements and brochure had been collected from the different banks.

1.4 Methodology of the study

Survey research

a) Population and sampling frame: Here in the recruitment process basically the population for the survey will be whole organization employees. Because when HRD recruits people they recruit for the whole organization. But the sample may be one or two employees in every department if it wills possible.

Selection of samples

a) Selection of sample organizations: Human Recruitment and Selection process in some private commercial banks in Bangladesh.

b) Selection of sample employees: the staffs that are involved with the recruitment process and the candidates, who face the interviews, are considered the specific population for this “project work”.

c) Data collection instruments: questioner, interviews, organizations website, organizational manuals.

d) Field survey: The survey conducted in some selected banks in Dhaka. These banks are Agrani Bank (Zonal Office, Motizheel), Uttara Bank (Motizheel Branch), and Dutch-Bangla Bank Ltd. (Dhanmondi Branch), Janata Bank (Motizheel Branch), EXIM Bank (Motizheel Branch), Dhaka Bank Ltd, One Bank Ltd. (Motizheel Branch), among Assistant General Manager (A.G.M), Trainee Officer, Junior Executive, Assistant Officer, Senior Officer, Trainee Officer (cash), senior programmer, data entry supervisor, assistant system analyst. These employees are mainly officer level.

e) Secondary sources of data: organization website, organizational manuals, journals, newspapers, annual reports, and company projects profile, different textbooks etc.

Data processing and data analysis

Data processing and data analysis will be qualitative. Some reason may be quantitative.

Data instruments

Raw data collected by closed-ended questionnaire (enclosed with the research). Data analyzed by the spreadsheet program of the excel 2000. The excel program was also used for the table and graphical presentation.

Besides this the universal writing software Microsoft word 2000 was used to presses all necessary research writing, charts, graphs and tables.

Scope of the study

This report covered the recruitment and selection process. Such as-

- ❖ In this report only include the Perception of employees toward recruitment and selection practices in banking sector in Bangladesh
- ❖ The overall Banking Sector in Bangladesh.
- ❖ An Overview on Human Resource Management
- ❖ The analysis on recruitment and selection process in different banking sector in Bangladesh.
- ❖ Based on the analysis, the report will describe the objectives and states few recommendations.

1.5 Limitations

The present study suffered from certain limitations noted below:

- ❖ In case of interview, the answer varied depending on the background of person to person and amount of interest he/she took in it.
- ❖ Lack of website information to reach on any easy and nice ending.
- ❖ Within this limited period it is a bit tough to track all the facts accurately.
- ❖ There have much secret policy for the organization, which is very much related with recruitment, and selection process they were not provide those information.
- ❖ The report is based on facts, accumulated from word of mouth, while consulting secondary data.

- ❖ Some information presented in the report may be biased, as people tend to avoid their limitations regarding their job and tend to hold other departments responsible for drawbacks of their own.
- ❖ Non-availability of the most required data.
- ❖ In experience was one of the most important factors that have constituted the limitation of the study. So due to inexperience, the required approach might not be followed to prepare this report.
- ❖ For the restriction to disclose various information of a Bank. So for this it was a great difficulty in preparing the report



Chapter- 2

Banking Sector in Bangladesh

Number & types of Banks

Nationalized Commercial Banks

Private Commercial Banks

Foreign Banks

Development Banks

Others

Description of different Banks

The word Bank was probably derived from the word 'bench' as during ancient time Jews used to do money -lending business sitting on long benches. First modern banking was introduced in 1668 in Stockholm as 'Svingsss Pis Bank' which opened up a new era of banking activities throughout the European Mainland. In the South Asian region, early banking system was introduced by the Afghan traders popularly known as Kabuliwallas. Muslim businessmen from Kabul, Afghanistan came to India and started money lending business in exchange of interest sometime in 1312 A.D. They were known as 'Kabuliwallas'.

2.1 NUMBER AND TYPES OF BANKS

The number of banks in all now stands at 49 in Bangladesh. Out of the 49 banks, four are Nationalized Commercial Banks (NCBs), 28 local private commercial banks, 12 foreign banks and the rest five are Development Financial Institutions (DFIs).

Sonali Bank is the largest among the NCBs while Pubali is leading in the private ones. Among the 12 foreign banks, Standard Chartered has become the largest in the country. Besides the scheduled banks, Samabai (Cooperative) Bank, Ansar-VDP Bank, Karmasansthan (Employment) Bank and Grameen bank are functioning in the financial sector. The number of total branches of all scheduled banks is 6,038 as of June 2000. Of the branches, 39.95 per cent (2,412) are located in the urban areas and 60.05 per cent (3,626) in the rural areas. Of the branches NCBs hold 3,616, private commercial banks 1,214, foreign banks 31 and specialized banks 1,177.

Bangladesh Bank (BB) regulates and supervises the activities of all banks. The BB is now carrying out a reform program to ensure quality services by the banks.

2.2 Nationalized Commercial Banks (NCBs)

Name	Telephone
1. Sonali Bank	9550426-34, 8614588
2. Janata Bank	9560072-80, 9560042-43
3. Agrani Bank	9566153-54, 9566160-69, 9555179-80
4. Rupali Bank	9551624-25, 9554122, 9552183-4

2.3 Private Commercial Banks (PCBs)

1. Pubali Bank	9569050-2, 9551614-7
2. Uttara Bank	9566067-9, 9551162-63, 9565732
3. National Bank Ltd.	9563081-5, 9561201
4. The City Bank Ltd.	9565925-34
5. United Commercial Bank Ltd.	9560585
6. Arab Bangladesh Bank Ltd.	95608878, 9560312-6
7. IFIC Bank Ltd.	9562062, 9563020-29
8. Islami bank Bangladesh Ltd.	9552897,-8, 9563040, 9563046-9
9. Al Baraka Bank Bangladesh Ltd.	9563768-9, 9565031-2
10. Eastern Bank Ltd.	9556371, 9556361-2
11. National Credit & Commerce Bank Ltd.	9561902-4
12. Prime Bank Ltd.	9567265-70, 9564677
13. South East Bank Ltd.	9550081-5, 9551575, 9557714, 9551411
14. Dhaka Bank Ltd.	9556587-10, 9556583,
15. Al-Arafah Islami Bank Ltd.	
16. Social Investment Bank Ltd.	9559014, 9554855
17. Dutch-Bangla Bank Ltd.	9568537-39
18. Mercantile Bank Ltd.	9559333
19. Standard Bank Ltd.	9667224, 9667802
20. One Bank Ltd.	9564249, 7551799,

	9564255-6
21.EXIM Bank	9553925, 9553872, 9566418
22.Bangladesh Commerce Bank Ltd.	9559831-32, 9668170
23.Mutual Trust Bank Ltd.	9569318, 7113239
24.First Security Bank Ltd.	9560229, 9564733
25.The Premier Bank Ltd.	
26.Bank Asia Ltd.	8117055, 8117066
27.The Trust Bank Ltd.	9870011 Extn-4191
28. Shah Jalal Bank Limited (Based on Islamic Shariah)	9556011

2.4 Foreign Banks

1.American Express Bank	9561751-52, 9561496-97,
2.Standard Chartered Grind lays Bank	9561465, 9550181-90
3.Habib Bank Ltd.	9551228, 9555091-2, 9563043-5
4.State Bank Of India	9554251,9553371
5.Credit Agricole Indosuez (The Bank)	8111959
6.National Bank of Pakistan	9560248-9
7.Muslim Commercial Bank Ltd.	9563649, 9563650
8.City Bank NA	9550063-64
9.Hanvit Bank Ltd.	8813270-73
10.HSBC Ltd.	
11.Shamil Islamic Bank Of Bahrain EC	9666701-5
12.Standard Chartered Bank	9561465, 881718-9

2.5 Development Banks

1. Bangladesh Krishi Bank	9560021-5, 9560031-35
2. Rajshahi Krishi Unnayan Bank	
3. Bangladesh Shilpa Bank	9555150-9, 9566114
4. Bangladesh Shilpa Rin Sangstha	9565818, 9565046
5. Bank of Small Industries & Commerce Bangladesh Ltd.	9564830, 9658190

2.6 Other

1. Ansar VDP Unnayan Bank	8313198, 8322181
2. Bangladesh Samabai Bank Ltd. (BSBL)	
3. Grameen Bank	8015755-8
4. Karmasansthan Bank	9563311

2.7 BANGLADESH BANK

Bangladesh Bank (BB) has been working as the central bank since the country's independence. Its prime jobs include issuing of currency, maintaining foreign exchange reserve and providing transaction facilities of all public monetary matters. BB is also Bangladesh Bank (BB) has been working as the central bank since the country's independence. Its prime jobs include issuing of currency, maintaining foreign exchange reserve and providing transaction facilities of all public monetary matters. BB is also responsible for planning the government's monetary policy and implementing it thereby.

The BB has a governing body comprising of nine members with the Governor as its chief. Apart from the head office in Dhaka, it has nine more branches, of which two in Dhaka and one each in Chittagong, Rajshahi, Khulna, Bogra, Sylhet, Rangpur and Barisal.

2.7.1 Services

2.7.1.1 Accounts, Current, FDR, PDS, Deposit Scheme

Current Account: Generally this sort of account opens for business purpose. Customers can withdraw money once or more against their deposit. No interest can be paid to the customers in this account. If the amount of deposit is below taka 1,000 on an average the bank has authority to cut taka 50 from each account as incidental charge after every six months. Against this account loan facility can be ensured. Usually one can open this account with taka 500. One can open this sort of account through cash or check/bill. All the banks follow almost the same rules for opening current account.

2.7.1. 2 Savings Bank Account

Usually customers open this sort of account at a low interest for only security. This is also an initiative to create people's savings tendency. Generally, this account is to be opened at taka 100. Interest is to be paid in June and December after every six months. If money is withdrawn twice a week or more than taka 10,000 is withdrawn (if 25% more compared to total deposit) then interest is not paid. This account guarantees loan. Almost all the banks follow the same rules in the field of savings account, except foreign banks for varying deposit. On an average, all the banks give around six percent interest.

2.7.1.3 Special Services

Some Banks render special services to the customers attracting other banks.

2.7.1.4 Internet Banking

Customers need an Internet access service. As an Internet Banking customer, he will be given a specific user ID and a confident password. The customer can then view his account balances online. It is the industry-standard method used to protect communications over the Internet.

To ensure that customers' personal data cannot be accessed by anyone but them, all reporting information has been secured using Version and Secure Sockets Layer (SSL).

2.7.1.5 Home Banking

Home banking frees customers of visiting branches and most transactions will be automated to enable them to check their account activities transfer fund and to open L/C sitting in their own desk with the help of a PC and a telephone.

2.7.1.6 Electronic Banking Services for Windows (EBSW)

Electronic Banking Service for Windows (EBSW) provides a full range of reporting capabilities, and a comprehensive range of transaction initiation options.

The customers will be able to process all payments as well as initiate L/Cs and amendments, through EBSW. They will be able to view the balances of all accounts, whether with Standard Chartered or with any other banks using SWIFT. Additionally, transactions may be approved by remote authorization even if the approver is out of station.

2.7.1.7 Automated Teller Machine (ATM)

Automated Teller Machine (ATM), a new concept in modern banking, has already been introduced to facilitate subscriber's 24-hour cash access through a plastic card. The network of ATM installations will be adequately extended to enable customers to non-branch banking beyond banking.

2. 7.1.8 Tele Banking

Tele Banking allows customers to get access into their respective banking information 24 hours a day. Subscribers can update themselves by making a phone call. They can transfer any amount of deposit to other accounts irrespective of location either from home or office.

2. 7.1.9 SWIFT

SWIFT is a bank owned non-profit co-operative based in Belgium servicing the financial community worldwide. It ensures secure messaging having a global reach of 6,495 Banks and Financial Institutions in 178 countries, 24 hours a day. SWIFT global network carries an average 4 million message daily and estimated average value of payment messages is USD 2 trillion.

SWIFT is a highly secured messaging network enables Banks to send and receive Fund Transfer, L/C related and other free format messages to and from any banks active in the network.

Having SWIFT facility, Bank will be able to serve its customers more profitable by providing L/C, Payment and other messages efficiently and with utmost security. Especially it will be of great help for our clients dealing with Imports, Exports and Remittances etc.

2.8 Sonali Bank

Sonali Bank performs all traditional banking functions including deposit mobilization and lending. The bank discharges the treasury functions as the agent of the BANGLADESH BANK. It collects tax, stamp duty and registration fees, operates special savings accounts, pays salaries to the teachers of schools, madrasahs, and colleges and pension to retired government employees. The bank provides funding to some income generating and economic development projects namely, Poverty Alleviation Credit Programme, Female Special Credit Programme, and Agro-based Industrial Credit Programme in the rural areas. It has a large participation in foreign exchange business and off-balance sheet activities. At present, the bank has correspondent relationships with 380 foreign banks/bank offices throughout the world. On 30 June 2000, Sonali Bank had 1,297 branches within the

country and of them, 421 were in the urban areas and 876 were in rural areas. In the early 1990s, the bank had 8 overseas branches, 7 in UK and 1 in Calcutta. The branches in UK were recently closed. In 1994, the bank established in New York a full-fledged subsidiary company of the name the Sonali Exchange Company Inc. to expand its participation in international banking. Bangladeshis working in USA send remittances through this company, which operates with its main office at Manhattan, New York and branches/booths at Brooklyn, Estoria, Jackson Height and Los Angeles. The management of Sonali Bank is vested in a 7-member board of directors appointed by the government. The managing director is the chief executive. A deputy-managing director, six general managers, and other senior executives assist him. The general managers are in charge of the bank's branches in the headquarters of the six administrative divisions of the country namely, Dhaka, Chittagong, Rajshahi, Khulna, Sylhet and Barisal. The bank has 32 departments at its head office including a training institute in Dhaka. On 30 June 2000, the total number of employees of the bank was 26,085. Sonali Bank monitors its work through a performance budget. It has a marketing intelligence unit and conducts a programme of human resources development through training and motivation. It introduced the Lending Risk Analysis suggested by the Financial Sector Reform Programme. Business policies of the bank in the 1990s included fulfilling capital adequacy requirement, mobilizing deposits in large amounts, and making investments in more profitable ways. The bank diversified its activities in off-balance sheet items to expand its area of operations and increase non-interest based incomes.

2.9 Janata Bank Limited

Janata Bank Limited, one of the state owned commercial banks in Bangladesh,. Immediately after the emergence of Bangladesh in 1971, the erstwhile United Bank Limited and Union Bank Limited were renamed as Janata Bank. On 15th November 2007 the bank has been corporative and renamed as Janata Bank Limited. Janata Bank Limited operates through 849 branches including 4 overseas branches at United Arab Emirates. It is linked with 1202 foreign correspondents all over the world. The Bank employs more than 13(Thirteen) thousand persons. The mission of the bank is to actively participate in the socio- economic development of the nation by operating a commercially sound banking organization, providing credit to

viable borrowers, efficiently delivered and competitively priced, simultaneously protecting depositors funds and providing a satisfactory return on equity to the owners. The Board of Directors is composed of 11 (eleven) members headed by a Chairman. The Directors are representatives from both public and private sectors. The Chief Executive Officer & Managing Director, who is a reputed banker, heads the Bank. The corporate head office is located at Dhaka with 10 (ten) Divisions comprising of 37 (thirty seven) Departments.

2.10 Agrani Bank Limited


Agrani Bank Limited, a leading commercial bank with 867 outlets strategically located in almost all the commercial areas throughout Bangladesh, overseas Exchange Houses and hundreds of overseas Correspondents, came into being in 1972 immediately after the emergence of Bangladesh as an independent state. It started functioning as nationalized commercial bank taking over assets and liabilities of the erstwhile Habib Bank Ltd and Commerce Bank Ltd. functioning in the East Pakistan. It has been corporatized on 15th November, 2007 and emerged as Agrani Bank Limited (ABL) taking over assets, liability and goodwill of Agrani Bank. Agrani Bank Limited is governed by a Board of Directors consisting of 11 (eleven) members headed by a chairman. The Managing Director & Chief Executive Officer head the Bank; Deputy Managing Director and General Managers assist Managing Director. The bank has 7 Circle offices, 30 Divisions in head office, 52 zonal offices and 867 branches including 10 corporate and 40 AD (authorized dealer) branches. The corporate and AD branches are authorized to deal in Foreign exchange business.

2.11 Rupali Bank

The bank was denationalized on 14 December of 1986 with the provision that the government of Bangladesh would hold at least 51% of its share capital and the general public would subscribe the rest. In addition to traditional deposit taking in various accounts and providing loans to almost all sectors of the economy, the bank offers different types of services including agency services to the government in food procurement and collection of government revenue through the network of its branches all

over Bangladesh. Rupali Bank has large participation in foreign exchange business including overseas remittance services. At present, the bank has correspondent relationships with 175 foreign banks/bank offices throughout the world. The management of the bank is vested in a 7-member board of directors appointed by the government. The board has a chairman assisted by 6 directors. The managing director is the chief executive of the bank. The bank has a divisional office at each of the six administrative divisions of the country and in addition, it has regional offices. The various important divisions/departments of the bank at its head office are for personnel, establishment and welfare, general banking, central accounts, development, planning and research, general credit, specialized credit, international transactions, audit and inspection, law and recovery and rural credit and reconciliation. The bank has a training institute at Dhaka for imparting training to its own personnel, the total number of which was 6,044 on 30 June 2000. Rupali Bank monitors its work through a performance budget. It has a marketing intelligence unit and conducts a programme of human resources development through training and motivation. It introduced the Lending Risk Analysis suggested by the Financial Sector Reform Programme. Business policies of the bank in the 1990s included fulfilling capital adequacy requirement, mobilizing deposits in large amounts, and making investments in more profitable ways. The bank diversified its activities in off-balance sheet items to expand its area of operations and increase non-interest based incomes.

2.12 Pubali Bank

Pubali Bank Limited the successor of the former Eastern Mercantile Bank Limited incorporated in 1959 under the COMPANIES ACT 1913. Eastern Mercantile Bank Ltd was nationalized under Bangladesh Bank's (Nationalization) Order 1972 and was renamed as Pubali Bank. It was denationalized on 30 June 1983 under the Bangladesh Bank's (Nationalization) Amendment Ordinance 1983.  The bank earned net profits after taxes but before adjusting provision requirements in all years from 1984 to 2000 except 1990 and 1991. The management of the bank is vested in a 14-member board of directors with the managing director as its chief executive. In 2001, the bank had 350 branches (196 urban and 154 rural) and the total number of its employees was 4,882.

2.13 Uttara Bank

Uttara Bank formed in 1972 as a scheduled bank with assets and liabilities of the Eastern Banking Corporation set up in East Pakistan on 28 January 1965. It started banking business 22 June 1965 and became a member of the Dhaka Clearing House on 17 September 1965. The bank is listed with both Dhaka and Chittagong Stock Exchanges. The management of the bank is vested in a 15-member board of directors consisting of a chairman and 14 directors. The managing director is the chief executive assisted by a deputy-managing director and 2 assistant managing directors. In 2001, the bank had 198 branches (150 urban and 48 rural) and the number of employees in all its branches 2,822 including 84 executives, 1,756 officers, 326 assistant officers, and 656 employees of non-officer grades. The bank's branch banking is supervised through its 12 zonal offices in different parts of the country. It formed in 1972 as a scheduled bank with assets and liabilities of the Eastern Banking Corporation set up in East Pakistan on 28 January 1965. It started banking business 22 June 1965 and became a member of the Dhaka Clearing House on 17 September 1965.

2.14 National Bank Limited

National Bank Limited (NBL) established in 1983, the bank conducts commercial banking activities including deposit mobilization, lending, servicing domestic and foreign trade and remittance services. The bank introduced credit card and master card for both internal and international use. It has a deposit insurance scheme and a monthly deposit project to encourage the public to save more. The management of the bank is vested in a 16-member board of directors with the managing director as the chief executive. In 2001, the bank had 66 branches (urban-53 and rural-13) and 1,878 employees. Its head office is at Dhaka

2.15 City Bank Ltd

City Bank Ltd started its operations on 28 March. The management of the bank is vested in a 13-member board of directors. That includes the chairman and a vice-chairman. The managing director is the chief executive. Three deputy-managing directors, three executive vice presidents, fourteen

vice presidents, fifty-four assistant vice presidents and some other employees of different categories assist him. The total number of employees of the bank stood at 1,845 at the end of business year 2000. That time the bank had 76 branches throughout the country. Sixty-one of them were urban and 15 were rural. It had 6 regional offices established at the 6 divisional towns/cities. The bank conducts all types of commercial banking activities. Core businesses of the bank include deposit mobilization, lending and foreign exchange dealings. The bank has correspondent relationships with 255 bank/bank offices and other financial institutions abroad.

2.16 United Commercial Bank

United Commercial Bank Limited incorporated on 26 June 1983 as a public company with limited liability under the Companies Act 1994. The bank has a huge amount of its aggregate loans and advances as overdue that turned into non-performing loans. These were classified and the compulsory provisioning for them from its profits affected the earning capacity of the bank's assets, which in turn reduced its profitability. The management of the bank is vested in a 20-member board of directors with the managing director as the chief executive. In 2001, the bank had 81 branches and a total of 1,960 employees.

2.17 Arab Bangladesh Bank Limited

Arab Bangladesh Bank Limited (ABBL) a joint collaboration bank with Dubai Bank Limited. It was formed in Dhaka on 31 December 1981. ABBL is the first Arabian-Bangladeshi joint venture private commercial bank in Bangladesh and was formed with the assistance and support of the Dubai-based Galadari family, a group active in international trade, finance and industry. A 9-member board of directors including the chairman governs the overall affairs of the bank. The chief executive of the bank is its managing director. In all, 1,472 employees, including the executives and officers, work in the bank in various capacities. The bank has 62 branches (urban-46, rural-15 and overseas-1). The Head Office of the bank is located at Dilkusha, Dhaka. ABBL was set up to conduct all types of traditional commercial banking functions including foreign exchange business and other financial services. It has been able to achieve satisfactory progress in all areas of its planned activities including deposit mobilization, credit expansion, servicing imports and exports, remittance services, investment, and product innovation.

2.18 IFIC Bank

IFIC Bank (International Finance, Investment and Commerce Bank Limited) originally named as International Finance and Investment Company was formed in October 1976. It obtained certificate of commencement on 28 February 1977 as an INVESTMENT BANKING company. The company was established mainly to carry out banking and other financial business outside Bangladesh (especially in the oil-rich Middle-Eastern countries) either singly or in collaboration with other companies, banks and financial institutions. BANGLADESH BANK allowed IFIC to transform itself into a banking company and accordingly, it was renamed and after completion of required legal formalities, it started full-fledged commercial banking operations on 24 June 1983. Overall management of the bank is vested in a 13-member board of directors with the managing director as the chief executive. In December 2000, the bank had a total of 1,659 employees and 54 branches including two overseas

2.19 Islami Bank Bangladesh Limited

Islami Bank Bangladesh Limited (IBBL) the first interest free Islamic Shariah based bank in Bangladesh incorporated on 13 March 1983 as a public limited company under the Companies Act 1913. The bank obtained license from BANGLADESH BANK on 28 March 1983 and started banking operations on 30 March 1983 through its main branch at Dhaka, which was formally inaugurated later, on 12 August 1983. The bank is a joint-venture enterprise of 22 private sponsors of Bangladesh, the government of Bangladesh, Islamic Development Bank, and 13 banks and financial institutions of the oil-rich Middle Eastern Muslim Countries. The bank is listed with both Dhaka and Chittagong Stock Exchanges. IBBL conducts businesses on the basis of Islamic Shariah and the modes of transaction include *Mudaraba*, *Musharaka*, Hire Purchase (under *Shirkatul Melk*), *Bai-Murabaha*, *Bai-Muajjal*, and *Bai-Salam*. The bank also provides all other kinds of commercial banking services to the customers observing the provisions of the Bank Company Act 1991, Bangladesh Bank's directives and the principles of Islamic Shariah. A 23-member board of directors oversees the aggregate business affairs of the bank. The executive president is its chief executive officer. In December 2001, the bank had 121 branches and a total of 3,060 employees including 145 executives. There is a 10-

member Shariah Council for the bank to ensure the compliance of Islamic rules in all spheres of its banking and financial activities. IBBL has training as well as a research institute in Dhaka. The investments (lending) of the bank are partnerships, profit sharing, and capital in affiliated projects, real estates, HOUSING, TRANSPORT, AGRICULTURE, export-imports, TRADE AND COMMERCE and other economic activities

2. 20 Al Baraka Bank Bangladesh Ltd.

Al Baraka Bank, registered in South Africa since 1989, pioneered Islamic banking in this country in response to the need for a system of banking in line with Islamic economic principles. South African investors jointly own the bank. DCD London & Mutual Plc, a company incorporated in England and Wales, and the Saudi Arabian-based Dallah Al Baraka Group, which - as part of its diversified business operations - has established one of the largest international Islamic banking groups in the world through the Al Baraka Banking Group, Al Baraka Bank's board comprises both local and international business people with individual professional and management abilities and collective expertise in the Islamic banking industry. All of Al Baraka Bank's products and services promote the understanding and adoption of Islamic business principles and so contribute to the socio economic development of the community. Since its inception, the bank has shown impressive growth. The bank's success may be attributed to its niche market's faith and confidence in its ability to implement and further develop a viable alternative to interest-based banking in South Africa. Al Baraka Bank's track record to date is indicative of a growing market's increasing acceptance of an alternative system of banking in South Africa.

2.21 Eastern Bank Limited

Eastern Bank Limited incorporated on 16 August 1992 as a public limited company with the primary objective of carrying out all kinds of banking business in and outside Bangladesh. Taking formed it over the businesses, assets, liabilities and losses of the erstwhile Bank of Credit and Commerce International (Overseas) Limited (BCCI). Eastern Bank commenced business with four branches; the management of the bank is vested in a board of directors. In 2000, the bank had a total of 561 employees and 22 branches in different places in the country.

2.22 National Credit and Commerce Bank Limited

National Credit and Commerce Bank Limited (NCCBL) started banking operations on 17 May. A 23-member board of directors, including the chairman and a vice-chairman oversees the affairs of the bank. The managing director is its chief executive. In 2001, the bank had 38 branches and 502 employees. The registered head office of the bank is at Dhaka. The bank conducts traditional commercial banking functions as well as foreign exchange business and provision of other financial services. At present, the bank's main focus is on the delivery of personalized customer services and expansion of its clientele base.

2.23 Prime Bank Limited

Prime Bank Limited a private sector commercial bank incorporated in Bangladesh under the COMPANIES ACT 1994. The management of the bank is vested in a 12-member board of directors with the managing director as the chief executive. In 2001, the bank had 20 branches and in all, 518 employees. The registered head office of the bank is at Dhaka. The bank carries out all types of banking activities and along with traditional commercial banking services; it provides ISLAMIC BANKING through two of its branches, one in each Dhaka and Sylhet.

2.24 Southeast Bank Limited

Southeast Bank Limited a private sector scheduled bank incorporated as a public limited company on 12 March 1995 under the COMPANIES ACT 1994. It commenced banking operations on 25 May 1995. Bank provides all kinds of commercial banking services to its customers including acceptance of deposits, lending, servicing foreign trade and project financing. It has been carrying out foreign exchange business since the inception. In 2000, the bank had correspondent relationships with 253 banks/bank offices in 50 countries. The management of the bank is vested in a 13-member board of directors including the chairman and a vice-chairman. The managing director is the chief executive. In 2001, the bank had 12 branches (all in urban areas) and 253 employees in various grades at the head office and branch levels.

2.25 Dhaka Bank Limited

Dhaka Bank limited a private sector commercial bank. It was incorporated as a public limited company on 6 April 1995 under the COMPANIES ACT 1994. It started commercial banking operations on 5 July 1995. The provisions are treated as supplementary capital of the bank. In addition to all sorts of traditional banking activities, Dhaka Bank provides on-line tele-banking services and a comprehensive range of financial services to national and multinational companies in the country. It also underwrites shares and debentures, works as issue manager, and participates in other operations in MONEY MARKET and CAPITAL MARKET. As a member of the Dhaka and Chittagong STOCK EXCHANGES, the bank participates in the day-to-day transactions of the stock exchanges. The bank has established a large network of foreign correspondents covering important business centers in 107 countries around the world and now has 325 foreign correspondents in these countries. Management of the bank is vested in an 18-member board of directors that includes the chairman and a vice-chairman. The managing director is the chief executive of the bank. 3 executive vice presidents, 9 senior vice presidents, 7 vice presidents, 8 senior assistant vice presidents, 12 first assistant vice presidents, and 9 assistant vice presidents assist him. Total number of regular employees working in the bank is 247. The bank had 14 branches in December 2000.

2.26 Al-Arafah Islami Bank

Al-Arafah Islami Bank incorporated in Bangladesh as a banking company in 1995 with limited liability by shares. It started business on 27 September of that year. The management of the bank is vested in a 23-member board of directors, who oversee the affairs of the bank through a managing director, the chief executive officer of the bank. In December 2000, the bank had a total of 622 employees, including its executives and it had 35 branches (30 urban and 5 rural). The registered head office of the bank is at Motijheel, Dhaka. All activities of the Al-Arafah Islami Bank are conducted on an interest-free system according to Islamic Shariah. It invests all of its surplus funds on the basis of the trade mode of financing ensuring buying and selling of *halal* commodities and on a profit and loss sharing basis. A fixed percentage of income derived from investment of mudaraba deposits is distributed to the mudaraba deposit holders. The investment of the bank is supervised strictly so that no investment becomes overdue with consequential loss of investment income.

2.27 Social Investment Bank Limited

Social Investment Bank Limited an interest-free Shariah bank in Bangladesh incorporated as a banking company on 5 July 1995 under the COMPANIES ACT 1994. It commenced banking operations on 22 November 1995, the bank provides all types of commercial banking services and it conducts business on the Islamic principles of *musharaka*, *murabaha*, *bai-muazzal* and hire purchase transactions. The broad-spectrum operational aspects of the bank have been set out to encompass three sectors - formal, non-formal and voluntary - in a comprehensive programme. In the formal corporate sector, the bank offers banking services through deposit and investment accounts, trade financing, collection of bills, money transfers, lease of equipment and consumers' durable, hire purchase and installment sale of capital goods, investment in low-cost housing and real estate management, and financing projects in agriculture, transport, education and health sectors. In the non-formal non-corporate sector, it is involved in opening and introducing various savings and investment schemes for the unemployed poor and the educated. In the voluntary sector, it is involved in the development and management of WAQF and mosque properties, management of inheritance properties, and joint venture projects relating to religious affairs and charitable activities. The management of the bank is vested in a 27-member board of directors headed by a chairman. There is a 5-member Shariah Council of the bank to ensure the compliance of Islamic rules in its activities. The bank has also a 13-member honorary foreign members' international advisory council to advise it on international business affairs, particularly in Islamic countries. In December 2000, the bank had 13 branches and in all, 310 employees including executives of different cadres.

2.28 Dutch-Bangla Bank Limited

Dutch-Bangla Bank Limited a Bangladeshi-European joint venture scheduled bank with equity participation from the Netherlands Development Finance Company. It started banking operations in Bangladesh on 3 June 1996. The bank conducts all types of commercial banking activities including customer services related to local and foreign remittances but its core business is trade financing. It also extends short and medium-term loans to industrial undertakings on a limited scale. Innovative products on credit and deposit scheme introduced by the bank are commission free remittance,

the 'Money Plant' scheme, monthly term deposits, and small credit facilities for shop owners, small-scale taxicab loans, small-scale transport loans and consumer credit. In addition to its banking activities, Dutch-Bangla Bank Limited takes part in different national activities promoting sports, culture, social awareness, etc. Participation in these activities as sponsors is part of its business development policy. An 8-member board of directors comprising a chairman and four representatives from local sponsors and three representatives from the Netherlands Development Finance Company oversees the management of the bank. The board with the approval of BANGLADESH BANK appoints the managing director. He runs the bank's day-to-day business with the assistance of its 248 other employees working in various grades. In December 2000, the bank had 9 branches in different towns of Bangladesh.

2.29 Mercantile Bank Limited

Mercantile Bank Limited a scheduled commercial bank in the private sector incorporated in Bangladesh under the Banking Companies Act 1991. 30 sponsors established the bank and it started its operations on 2 June 1999. The bank introduced some innovative deposit schemes such as Monthly Profit Payment Project, Monthly Savings Project, and Advanced Savings Project. The bank has its head office at Dhaka. It is governed by a 21-member board of directors with a managing director as the chief executive. In December 2001, it had 14 branches and 305 employees including the executive officers.

2.30 Standard Bank Limited

Standard Bank limited a private sector commercial bank that commenced operations on 3 June 1999. The bank was incorporated as a public limited company on 11 May 1999 under COMPANIES ACT 1994. The bank offers commercial banking services including deposit taking, providing loans and advances, export and import financing, inland and international remittance facilities and other customer services ancillary to banking and finance. It conducts foreign exchange business, which amounted to approximately Tk 799 million in 2000. The bank has correspondent relationships with 13 foreign banks. The management of the bank is vested in a 17-member board of directors including the chairman and the vice-chairman. The managing director is the chief executive and in 2000, the bank had 125 employees of different levels.

2.31 One Bank Limited

One Bank Limited incorporated in Bangladesh as a public limited company was established in 1999 under the COMPANIES ACT 1994. It started banking operations on 14 July 1999.

2.32 EXIM Bank

EXIM Bank (Export Import Bank of Bangladesh Limited) incorporated on 2 June 1999 as a private sector banking company under the COMPANIES ACT 1994. It started operations on 3 August 1999. Management of the bank is vested in a 22-member board of directors headed by the chairman. The managing director is the chief executive and the bank has a total of 130 employees including 19 executive officers.

2.33 Bangladesh Commerce Bank Ltd

Bangladesh Commerce Bank Ltd incorporated in Bangladesh on 1 June 1998 as a banking company; it started banking operations on 16 September 1999. The former BCIL was set up on 27 January 1986 as a NON-BANK FINANCIAL INSTITUTION. It continued its business till April 1992. Consequent upon its liquidity crisis, Bangladesh Bank suspended its operations in April 1992. As a result, the investors of the company suffered a lot and its employees became jobless. Both the depositors and the jobless employees launched a movement for reopening the company in some form or other and demanded return of their money and dues. With a view to safeguarding the interest of the depositors, employees and the general public, and to protecting the BANKING SYSTEM itself from contagious effects of bank failures, the government of Bangladesh established the Bangladesh Commerce Bank on the ashes of the collapsed BCIL. Subsequently, the government on 8 February 1998 constituted a 10-member board of directors to organize and transform BCIL into BCBL and to administer the affairs of the bank. The 24 branches of BCIL were reopened as full-fledged branches of BCBL. The broad objective of the bank is to carry out all kinds of commercial banking activities and to respond quickly to the changing demands for modern banking products. A 9-member board of directors appointed by the government manages the bank. A total of 590 officers and other staff work in the head office and the 24 branches of the bank. It has inherited a training institute from BCIL. This institute is being reorganized to provide training to its employees in modern banking services

2.34 Mutual Trust Bank Limited

Mutual Trust Bank Limited is a private sector commercial bank. It started operations on 24 October 1999. The bank is a Bangladeshi joint venture company with equity participation from Advanced Chemical Industries Ltd., East West Properties Development Ltd. and Associated Builders Corporation Ltd. The bank has its head office at Dhaka and 4 branches. The total number of employees of the bank is 68. The management of the bank is vested in an 18-member board of directors, including representatives of the 3 sponsor firms. The managing director is its chief executive. The bank conducts all types of commercial banking activities including foreign exchange business and other financial services. During the first two years of operations, the bank's main focus was on the delivery of personalized customer services and expansion of its clientele base.

2.35 First Security Bank Ltd

First Security Bank Ltd incorporated as a commercial bank on 29 August 1999 and received permission to conduct banking business from the BANGLADESH BANK on 22 September 1999. It started banking operations on 25 October 1999. The bank has correspondent relationships with 50 foreign banks and other financial institutions. The management of the bank is vested in a 19-member board of directors with the managing director as the chief executive. The bank has 4 branches and 147 employees including the executive officers.

2.36 Premier Bank Limited

Premier Bank Limited incorporated as a bank company under the COMPANIES ACT 1994. It started banking operations on 26 October 1999 with 2 branches in Dhaka city. The head office of the bank is at Dhaka. Its management is vested in a 12-member board of directors headed by the chairman. The managing director is its chief executive. In 2001, it had 6 branches, of which five were in urban areas. It had 135 employees including the executive officers. The bank established correspondent relationships with 6 foreign banks in different centers of international financial markets.

2.37 Bank Asia

Bank Asia is a public limited banking company incorporated on 28 September 1999. It started banking business on 27 November 1999 with equity participation from 22 promoters; the bank has correspondent relationships with 12 foreign banks/bank offices and exchange houses in international financial markets. The general administration and management of the bank are vested in a 15-member board of directors consisting of a chairman and 14 directors, including the managing director as the chief executive. On 31 December 2000, the bank had 6 urban branches and a total of 82 employees. The 7 functional divisions at the bank's corporate head office in DHAKA are credit, central accounts, human resources, establishment, branch expansion and development, international, and public relations departments.

2.38 The Trust Bank Ltd.

Trust Bank Limited is one of the leading private commercial bank having a spread network of 39 branches across Bangladesh and plans to open few more branches to cover the important commercial areas in Dhaka, Chittagong, Sylhet and other areas in 2008. The bank, sponsored by the Army Welfare Trust (AWT), is first of its kind in the country. With a wide range of modern corporate and consumer financial products Trust Bank has been operating in Bangladesh since 1999 and has achieved public confidence as a sound and stable bank. In 2001, the bank introduced automated branch banking system to increase efficiency and improve customer service. In the year 2005, the bank moved one step further and introduced ATM services for its customers. Since bank's business volume increased over the years and the demands of the customers enlarged in manifold, our technology has been upgraded to manage the growth of the bank and meet the demands of our customers. In January 2007, Trust Bank successfully launched Online Banking Services which facilitate Any Branch Banking, ATM Banking, Phone Banking, SMS Banking, & Internet Banking to all customers. Customers can now deposit or withdraw money from any Branch of Trust Bank nationwide without needing to open multiple accounts in multiple Branches. Via Online Services and Visa Electron (Debit Card), ATMs now allow customers to retrieve 24x7 hours Account information

such as account balance checkup through mini-statements and cash withdrawals. Trust Bank is about to introduce Visa Credit Cards to serve its existing and potential valued customers. Credits cards can now be used at shops & restaurants all around Bangladesh and even internationally. Trust Bank is a customer oriented financial institution. It remains dedicated to meet up with the ever growing expectations of the customer because at Trust Bank, customer is always at the center.

2.39 Shahjalal Islami Bank Limited (SJIBL)

Shahjalal Islami Bank Limited (SJIBL) commenced its commercial operation in accordance with principle of Islamic Shariah on the 10th May 2001 under the Bank Companies Act, 1991. During last eight years SJIBL has diversified its service coverage by opening new branches at different strategically important locations across the country offering various service products both investment & deposit. Islamic Banking, in essence, is not only INTEREST-FREE banking business, it carries deal wise business product thereby generating real income and thus boosting GDP of the economy. Board of Directors enjoys high credential in the business arena of the country, Management Team is strong and supportive equipped with excellent professional knowledge under leadership of a veteran Banker Mr. Muhammad Ali.

2.40 American Express Bank

American Express Bank a subsidiary of American Express, a travel agency as well as a bank incorporated in the USA, conducting business in 37 countries including Bangladesh. The bank provides services to corporations, well-to-do entrepreneurs, financial institutions and other wholesale and retail customers. The bank started its operations in East Pakistan in February 1966 when it opened a branch at Motijheel, Dhaka. It opened a new branch in Citation in 1967. After the independence of Bangladesh in 1971, these branches continued to operate in the country. The functions of the American Express Bank in Bangladesh were initially confined mainly to commercial and correspondent banking, and treasury services to multinational companies, but were later expanded to include local entrepreneurs and financial institutions. The American Express Travel Related Services (TRS), an affiliate of the bank, provides the public with travel management services. The bank pioneered the use of SWIFT in Bangladesh. Its headquarters in

New York in conformity with the stipulations lay down by the Banking Companies Act, 1991 of Bangladesh and also the directives issued by the Bangladesh Bank from time to time controls the American Express Bank in Bangladesh. The Asia Pacific Regional Office of American Express Bank in Singapore oversees the overall operational activities of the bank's branches in Bangladesh. The country manager, appointed by its headquarters, is the CEO of the bank in Bangladesh. As the oldest foreign commercial bank in Bangladesh, the American Express Bank has contributed greatly to the reorganization of the country's banking system after independence in 1971. The bank played a significant role in the revival of the country's banking structure shattered by the WAR OF LIBERATION. It's lending in industry and trade made a significant contribution to the growth of the economy through mobilization of funds and financing value addition sectors.

2.41 Standard Chartered Grindlays Bank Limited

Standard Chartered Grindlays Bank Limited formed on 1 August 2000 with the branches of ANZ Grindlays Bank Limited in Bangladesh following the purchase of the Global Grindlays Business by the London based Standard Chartered Bank PLC, an announcement by the former to this effect, and the permission by the BANGLADESH BANK issued on 27 April 2000. The Grindlays Bank Plc was registered in London on the 23 March 1866 as a multinational commercial and merchant banking company under the British Companies Act of 1862. The bank's operations in East Bengal started under the name National Bank of India in 1905 with a branch at SADARGHAT, Dhaka and another one in Chittagong. The bank's operations remained suspended during the WAR OF LIBERATION. It resumed business in Bangladesh in a new name National and Grindlays Bank. The ANZ Group (Australia and New Zealand) bought the global banking business of Grindlays Bank plc. In 1985 and the transfer of ownership has been completed in 1989, when the National and Grindlays Bank was further renamed as ANZ Grindlays Bank Plc. On 31 December 2000, the Standard Chartered Grindlays Bank had 10 branches in Bangladesh. It launched electronic banking including Automated Teller Machine (ATM) services to provide 24-hour banking facilities in the country. It also introduced credit card and a sophisticated system of contacting and serving its corporate customers. The country general manager is the bank's chief executive officer appointed by the head office in London. Bangladesh operations of Standard Chartered Grindlays Bank have merged with Standard Chartered Bank on 1 January 2003, since when the combined bank has become known as Standard Chartered Bank.

2.42 Habib Bank Limited

It is a Pakistani commercial bank that started business in Bangladesh on 9 July 1976 with two branches, one at DHAKA and the other at CHITTAGONG. Mohammed Ali Jinnah, Pakistan's founding father, realized the importance of financial intermediation while he was campaigning for the creation of a separate homeland for the Muslims of India. He persuaded the Habib family to establish a commercial bank that could serve the Indian Muslim community. His initiative resulted in the creation of Habib Bank in 1941, with HO in Bombay (now Mumbai), and fixed capital of 25,000 rupees. The bank played an important role in mobilizing funds from the Muslim community to finance the All-India Muslim League's campaign for the establishment of Pakistan. Habib Bank also played an important role in channeling relief funds to the people hurt in the communal riots and violence that preceded the departure of the British from India. After Pakistan was born in 1947, Habib Bank, at the urging of Governor-General Jinnah, moved its headquarters to Karachi, Pakistan's first capital. This gave Karachi its first commercial bank of the newly formed Islamic Republic of Pakistan. The Habib family owned and managed the bank until the Pakistan government nationalized it on 1 January 1974. it has operations in the following countries: Afghanistan, Australia, Bahrain, Bangladesh, Belgium, Canada, China, France, Hong Kong, Iran, Kenya, Lebanon, Maldives, Nepal, Netherlands, Nigeria, Oman, Singapore, Sri Lanka, Tanzania, Turkey, UAE, UK & USA.

2.43 State Bank of India

It is the only branch of the bank operating in Bangladesh since 5 May 1975. State Bank of India was incorporated in India under State Bank of India Act 1955. As on 31 December 2000, paid up/statutory capital of the bank's Dhaka unit (hereinafter referred to as the bank) was Tk 550.7 million. The bank provides all kinds of commercial banking services. In 2001, the bank had 41 employees and a chief executive officer appointed by its parent office heads its management.

2.44 Credit Agricole Indosuez

It started banking operations in Bangladesh in 1980 with only two branches, one at DHAKA and the other at CHITTAGONG. Credit Agricole Indosuez is incorporated in France. It was created by the merger of two banks, namely, Banque De L'Indochine and Bank De Suez et de L'Union des Mines to form Banque Indosuez. In 1996, Banque Indosuez became a wholly owned subsidiary of Caisse Nationale de Credit Agricole (CNCA), the largest bank in France and in 1997; it became known as Credit Agricole Indosuez. Subsequently, the Bangladesh branch of Banque Indosuez took the new name of Credit Agricole Indosuez Bangladesh. In addition to the two branches in Dhaka and Chittagong, the bank has two booths under its Dhaka main branch, one each at Gulshan and the Pan Pacific Hotel Sonargaon International. The bank is incorporated in Bangladesh under the COMPANIES ACT 1913. This capital fund was deposited with BANGLADESH BANK through the purchase of government securities. The net profits earned by the bank helped it to enhance its capital base in Bangladesh without depending on its head office. However, maintenance of compulsory provision requirements from its gross profit to compensate the classified loans squeezed the bank's net profitability since the late 1980s. It managed to reduce the volume of classified loans over time thanks to its advanced management efficiency and ability to conduct banking operations while coping with the host country's economic environment and while obeying local rules and regulations.

2.45 National Bank of Pakistan

National Bank of Pakistan (NBP) a banking company incorporated in Pakistan. It commenced banking operations in Bangladesh as a foreign commercial bank on 31 August 1994. The only branch of the bank in Bangladesh is at Dhaka. A general manager, appointed by its parent office in Pakistan, heads the management of the bank. Its 12 employees of different categories assist him. It is the largest commercial bank operating in Pakistan. Its balance sheet size surpasses that of any of the other banks functioning locally. It has redefined its role and has moved from a public sector organization into a modern commercial bank. The Bank's services are available to individuals, corporate entities and government. While it continues to act as trustee of public funds and as the agent to the State Bank of Pakistan (in places where SBP does not have a presence) it has diversified

its business portfolio and is today a major lead player in the debt equity market, corporate investment banking, retail and consumer banking, agricultural financing, treasury services and is showing growing interest in promoting and developing the country's small and medium enterprises and at the same time fulfilling its social responsibilities, NBP headquarters in Karachi, Pakistan with over 1,200 branches country wide. The bank provides both commercial and public sector banking services.

2.46 Muslim Commercial Bank Limited

Muslim Commercial Bank Limited a banking company incorporated in Pakistan. It commenced its banking operations in Bangladesh on 21 September 1994 with a branch at Dhaka. The activities of the bank's two branch offices in Bangladesh, one at Dhaka and the other at Chittagong, include commercial banking services to its customers ie, deposit mobilization and lending and investment in various sectors of the economy of Bangladesh. The country general manager having the status of an executive vice president supervises business affairs of the bank in Bangladesh. He is assisted by a total of 65 employees including 58 executives of different levels.

2.47 Citibank N A

It a foreign private bank in Bangladesh. The Bangladesh branch commenced its banking operations on 24 June 1995 after obtaining license from BANGLADESH BANK in January 1995. Before starting full-fledged banking activity through the branch at DHAKA, it established a foreign representative office here in 1987. The present branch of the bank is the upgraded and transformed shape of the representative office. Citi Group Inc., a merger of Citicorp Inc. and Travelers Group Inc. formed on 8 October 1998, is a bank holding company under the laws of United States of America. It is the sole shareholder of Citibank N A and its head office in New York governs the businesses of its Bangladesh branch. The principal activities of the Dhaka branch of Citibank N A are to provide all kinds of commercial and merchant banking services to its customers. Citibank N A provided support to large, medium and small scale industries in the form of working capital financing, medium and long-term financing, export servicing and import financing, and

loans and advances to trade and commerce. The bank maintained its liquid assets in the form of short-term investments in government treasury bills and deposits with other banks and financial institutions in the host and home countries. Citibank N A performed well in terms of its net profits almost each year except in 1995, when it incurred a loss of Tk 24.88 million. Its income was derived mainly from interests, discounts, commissions, and brokerages.

2.48 Hanvit Bank

Hanvit Bank previously known as Hanil Bank is incorporated in the Republic of Korea in 1932. On 1 January 1999, it changed its name to Hanvit Bank after being merged with Commercial Bank of Korea. Hanil Bank started its banking business in Bangladesh on 21 September 1996 through opening a branch at DHAKA. The bank obtained permission from BANGLADESH BANK in 1997 to open an off-shore banking unit in Bangladesh. The general manager appointed by its headquarters in Korea is the bank's chief executive officer in Bangladesh. He is assisted by a total of 25 employees in the regular and offshore units in Dhaka.

2.49 HSBC (Hong Kong and Shanghai Banking Corporation Limited)

HSBC obtained license from BANGLADESH BANK on 17 April 1996 to conduct banking business in the country and commenced formal banking operations on 3 December 1996 through opening a branch at Dhaka. In Bangladesh, the HSBC Group is represented by Hong Kong Bank, which has its head office in Hong Kong and a holding company, HSBC Holding Plc, which is incorporated in England. Businesses of HSBC in Bangladesh cover personal banking, cash management, remittances, corporate banking, trade services, custody services, and treasury and securities services to the customers. It expanded its operations in the country through opening a full-fledged branch at Chittagong, one off shore unit and two cash booths in Dhaka. A chief executive officer appointed by the head office heads the management team for the bank in Bangladesh. HSBC in Bangladesh continued to suffer net losses every year, as the operating expenses were greater than the operating incomes.

2.50 Shamil Bank of Bahrain EC, Dhaka

It is a bank that started business in Bangladesh as a branch of Faysal Islamic Bank of Bahrain EC (Islamic Bankers) in March 1997 after obtaining necessary permission from BANGLADESH BANK. The parent bank is a member of the Dar Al-Islami Group, Geneva, Switzerland. In June 2000, Faysal Islamic Bank of Bahrain EC and Islamic Investment Company of the Gulf (Bahrain) EC merged together into a new corporate body Shamil Bank of Bahrain EC (Islamic Bankers). In the beginning of its banking operations in Bangladesh in 1997, A country general manager of the status of an executive vice president appointed by the head office in Bahrain is the chief executive officer of the bank's Dhaka branch. He works with the assistance of 25 employees of different levels. The principal activities of the Bangladesh branch of the bank (hereinafter referred to as the bank) are to provide all kinds of commercial banking services to the customers on the basis of ISLAMIC BANKING principles.

2.51 Standard Chartered Bank

Standard Chartered Bank a banking company chartered in England by the Royal Charter 1853 and headquartered in London. The bank started its operation in Bangladesh in 1948 through establishing a branch at Dhaka and expanded its operations by opening new branches and widening areas of activity as well as banking facilities. Number of branches of the bank in Bangladesh stood at 6 including its offshore unit in the EXPORT PROCESSING ZONE area at Savar near the Dhaka city. The bank is a pioneer in establishing the ATM network in Bangladesh to provide 24-hour banking facilities to its customers. The bank also opened non-branch-banking booths at Tejgaon in Dhaka and Naziabad in Chittagong. Its head office in London appoints the chief executive of the bank in Bangladesh. In 2001, the bank had a total of 221-member work force in the country and its administration is accountable to its Middle Eastern and South Asia Regional Office at Dubai in the United Arab Emirates. In April 2000, Standard Chartered Bank PLC bought the global banking business of the ANZ Grindlays Bank Plc from the ANZ Group, following which the branches of ANZ Grindlays Bank Plc in Bangladesh became units of the Standard Chartered Grindlays Bank Limited. A Bangladesh operation of Standard Chartered Grindlays Bank has merged with Standard Chartered Bank on 1 January 2003, since when the combined bank has become known as Standard Chartered Bank.

2.52 Bangladesh Krishi Bank

Bangladesh Krishi Bank (BKB) established in 1973 as a specialized government bank for agricultural development under the Bangladesh Krishi Bank Order .It is the successor to the former Agricultural Development Bank of Pakistan, which was established in 1961 through merging the Agricultural Development Finance Corporation (established 1952), and the Agricultural Bank of Pakistan (established 1957) into one institution. BKB provides credit facilities to individual and corporate bodies engaged in CROP production, horticulture, forestry and fisheries. It also offers financial and technical assistance to agro-based and cottage industries. Its charter requires the bank to act on commercial considerations but with due regard to the development of AGRICULTURE, and agro-based and other related industries in rural and urban areas. Under the provisions of its charter, BKB is supposed to give preference to the credit needs of small farmers and other disadvantaged groups. BKB, therefore, has to fulfill both social and economic objectives. Being a scheduled bank, it also receives deposits in various accounts, performs foreign exchange business, and other banking functions. BKB was issued authorized dealership license in 1981 by the BANGLADESH BANK for dealing in foreign exchange. In the same year, BKB set up an International Department at its head office. Since then BKB has been participating actively in the foreign exchange business and offering overseas remittance services through its 11 authorized branches for dealing in foreign exchange. The total volume of foreign exchange business handled by the bank in servicing imports, exports, and remittance. Soon after liberation, the government appointed an administrator to look after the affairs of BKB. In accordance with the provisions of the Bangladesh Krishi Bank Order, a managing director took overall charge of the bank in April 1973. In March 1975, the government constituted a board of directors for the bank and until March 1981, the managing director served as the ex-officio chairman of the board. In April 1981, two separate offices of the chairman and managing director were set up and the government appointed a non-official director as chairman of the board. The managing director continued to be the bank's chief executive. At present, the board of directors of the bank consists of 11 directors, including the chairman. The bank's head office in DHAKA has 7 department's viz., administration, credit, finance, operation, planning and recovery, audit and inspection and the international departments. A general manager heads each department. In 2001, BKB had 844 branches (77 urban and 767 rural) all over the country. The number of branches of the bank was 197 in June 1978 and 871 in March 1984. The

branches in the districts of RAJSHAHI division were separated from BKB to form a regional agricultural bank in March 1985. This was named as the RAJSHAHI KRISHI UNNAYAN BANK. Other BKB branches have been put under divisional offices, which also have regional offices, each headed by either a deputy or an assistant general manager. The total number of employees of BKB was 11,523 on 31 December 2000 as against 3,180 in 1977 and 9,862 in 1984. For effective administration of credit and supervision of branches, a regional auditing system has been introduced in the bank. Under the system, inspection teams from regional offices visit branches for verification of all aspects of their operations and make on-the-spot corrections as and when appropriate. The bank gives preference to financing crop production in a package. It offers short, medium, and long-term financing for production, processing, warehousing and marketing of agriculture and agro-based industrial products. Loan terms are determined by the purpose for which it is given, the gestation period, and income generating capacity. The bank provides short-term loans generally for seasonal agricultural production activities. The medium-term loans are sanctioned for acquisition of farm machinery, low lift pumps, hand pumps, agricultural implements, bullocks, carts, goats, dairy, poultry, and draft animals, transportation facilities for agricultural produces, and related development activities. Long-term loans are advanced for capital expenditures including purchase of tractors, power tillers and shallow tube wells, construction of ice plants, establishment of agro-based industries, extension of tea gardens or investment in horticulture, forestry and fisheries. Amortization period for short-term loans is 18 months, for medium-term loans up to 5 years and for long-term loans over 5 years. Apart from the above areas, BKB provides about Tk 14 billion annually in financing numerous projects and special programmes such as the Special Agricultural Credit Programme, and in helping contract growers of BADC, funding schemes of POTATO cultivation and preservation, TEA plantation, and installation of hand pumps, shallow and deep tube wells, the Rural Finance Experiment Project, projects in dairy farming, poultry, fisheries, aquaculture and livestock, loans for production and marketing of TOBACCO, BANANA and COTTON, the Betagi Community Forest Project, Swanirvar Bangladesh, and financing self-employment schemes of educated unemployed youths.

2.53 Rajshahi Krishi Unnayan Bank

Rajshahi Krishi Unnayan Bank (RAKUB) a government owned specialized financial institution for financing development of AGRICULTURE and its backward and forward linkage industries in the Rajshahi division of the country. The bank was established on 15 March 1987 by taking over of all offices, branches, and other establishments of BANGLADESH KRISHI BANK (BKB) in Rajshahi division, including their assets and liabilities. In addition to development financing, RAKUB conducts traditional commercial banking activities. The management of RAKUB is vested in a 9-member board of directors including the chairman and the managing director appointed by the government. In 2001, the bank had 302 branches and a total of 3,737 employees 1,675 executive officers. Sources of funds for the bank's lending are its deposit holdings; funds receive from government and loans and refinance facility from the BANGLADESH BANK. RAKUB also receives fund supports from various development partner agencies against agricultural development projects and prominent among these agencies are the Asian Development Bank (ADB), International Development Association

2.54 Bangladesh Shilpa Bank

Bangladesh Shilpa Bank (BSB) established under the Bangladesh Shilpa Bank Order 1972 (Presidential Order No. 129 of 1972) on 31 October 1972, to provide credit facilities and equity support to industrial enterprises in Bangladesh. It is the prime development financing institution (DFI) in the country for extending financial assistance for industrialization. The Bank provides long and medium-term loans both in local and foreign currencies, guarantees repayment of loans raised by investors from other sources, and provides equity support by way of outright purchase of shares and by underwriting the public issue of shares. It also extends short-term bridge financing and working capital loans on a limited scale. BSB provides free technical advice in respect of plant and machinery, product and process, raw materials, market for products, and other related aspects to prospective entrepreneurs. It prepares project profiles for private entrepreneurs. All industrial projects either in the public sector or in the private sector are eligible for financial assistance from the bank. It follows a policy of diversifying its lending portfolio for widespread geographical dispersal of industrial enterprises, especially in less-developed areas of the country. With the view to bringing more dynamism and diversity in its activities, BSB

started full-fledged commercial banking in 1993-94. This enables bank-financed projects to obtain commercial banking services including working capital loans, import of raw materials, etc. The management of the bank is vested in a 9-member board of directors, including the chairman and the managing director appointed by the government. However, there is a provision that non-government shareholders of the bank shall elect 4 directors from amongst themselves. But till now, there is no private subscription in the bank's capital, and the government appoints all directors. The managing director is the chief executive officer. The bank has 16 branches. The total number of employees in the bank is 997. The head office of the bank is at DHAKA and it has 3 zonal offices, one each at CHITTAGONG, RAJSHAHI and KHULNA. It has six divisions and 23 departments.

2.55 Bangladesh Shilpa Rin Sangstha

Bangladesh Shilpa Rin Sangstha (BSRS) established on 31 October 1972 by the President's Order No. 128 of 1972 to provide credit facilities and other assistance to industrial concerns and to encourage and broaden the base of investment in Bangladesh. BSRS was vested with the undertakings of the Pakistan Industrial Credit and Investment Corporation Limited (PICIC), Investment Corporation of Pakistan, and National Investment Trust (NIT) located in Bangladesh. Later, on 16 March 1987, the Investment Advisory Center of Bangladesh (IACB) was merged with BSRS. As a member of the Dhaka STOCK EXCHANGE, BSRS engages in trading of securities in primary and secondary markets. On 4 May 1997, it started commercial banking operations through a commercial bank branch located at DHAKA. The commercial banking operation is directed towards deposit mobilizations, issue of pay order and SDR, collection through a clearing house and sale and purchase of ICB unit certificates, saving certificates and PRIZE BONDS. BSRS also works as banker to the public issue of shares and debentures of companies through commercial banks. The management of BSRS is vested in a 9-member board of directors, including a chairman and a managing director appointed by the government. The managing director is the chief executive officer of the organization. It has 350 employees, including executive officers of different cadres. BSRS has 20 operational departments under 4 divisions at its head office in Dhaka and a commercial branch. It also has 4 branch offices outside Dhaka, one each at CHITTAGONG, RAJSHAHI, KHULNA and SYLHET.

2.56 BASIC Bank

BASIC Bank (Bank of Small Industries and Commerce Bangladesh Limited) a state owned scheduled bank established as a banking company. BASIC Bank started as a joint venture enterprise of the BCC Foundation, which had 70% shares. The government of Bangladesh held the remaining 30% shares. The management of the bank is vested in a 6-member board of directors that includes the chairman and the managing director who is also the chief executive. The government appoints all members of the board of directors. Two general managers acting under the managing director and nine divisional heads perform day-to-day operational activities of the bank. At present, the total employee strength of the bank is 417. The bank launched intensive inland training programmes for its staff at both management and non-management levels. In 2000, BASIC Bank had 25 branches spread in all major industrial and commercial hubs of Bangladesh. Their distribution was 8 in Dhaka city, 5 in Chittagong and one each in Narayanganj, Narsingdi, Rajshahi, Saidpur, Bogra, Khulna, Jessore, Sylhet, Moulvibazar, and Comilla. Activities of the bank are grouped into industrial credit, commercial credit, and MICRO CREDIT. Its services are directed towards entrepreneurs in the small industry sector. Short-term trade related loans and other non-fund businesses get special attention in the bank. It offers services to exporters and importers. All 25 branches of the bank receive deposits in current and savings accounts and also provide facilities for term deposits. The bank has several sources of long-term funds specially for financing development-banking activities. It avails a credit line facility of KFW, a German Development Bank for financing micro credit scheme and small-scale industries. Another source of its borrowing is the BANGLADESH BANK.

2.57 Ansar VDP Unnayan Bank

Ansar-VDP Unnayan Bank established on 16 September 1995 as a body corporate under the Ansar VDP Unnayan Bank Ordinance, 1995. In March 2000, the bank had 72 branches with a total of 388 employees, including 325 officers working under the overall governance of the managing director at its head office at Dhaka. A manager accountable to the managing director, the chief executive officer of the bank, heads each branch. The bank follows group-based multipurpose micro-credit lending policies to finance various rural income-generating activities. List of these activities includes beef

fattening, poultry farming, fish and shrimp culture, small and cottage industries, light engineering workshops, trade in grocery items, buying sewing machines and marketing of agricultural products. The bank plans to expand credit facilities to at least 60 types of income generating activities. To avail the credit facilities of the bank, a borrower must be a member of a group of five. The principal objective of such savings schemes is to let members understand the impact of savings in the long run and develop their savings habit. In addition to its group-based micro credit facilities, Ansar VDP Unnayan Bank also provides project loans with or without equity participation and collateral depending upon the feasibility of projects.

2.58 Bangladesh Samabai Bank Ltd. (BSBL)

A concept arising out of cooperative efforts for group welfare. It provides for the collective savings of small amounts of money by a group of people belonging to the same profession or class and utilization of that capital to try to enhance their income. Cooperative banking essentially tries to collect the savings of the cooperative societies and attempts to invest them among the members. Cooperative banking in Bengal developed out of the mutual credit association set up in 1901 as recommended in 1880 by the Strachey Famine Commission to address the problem of agricultural credit. In 1904, the British government promulgated the Cooperative Societies Act, thereby encouraging the formation of cooperative societies, especially agricultural cooperative credit societies, all over India. An amended cooperative society's law was enacted in 1912 to make the Cooperative Movement stronger. It was further amended in 1940 by the Bengal Legislative Council to enact the Bengal Cooperative Societies Act to make the movement more effective. This law was in force in Bangladesh until 1984, when the Cooperative Societies Ordinance replaced it. At present, this law and the cooperative rules of 1987 regulate all cooperative societies. After Partition of Bengal in 1947 an effort was made to set up an apex cooperative bank in East Pakistan. Accordingly, the East Pakistan Provincial Cooperative Bank was established on 31 March 1948. This bank was reconstituted as Bangladesh Jatiya Samabaya Bank Ltd after the liberation of Bangladesh. In 1977, it was renamed Bangladesh Samabaya Bank Ltd. Cooperative societies in Bangladesh work in three stages with the Bangladesh Samabaya Bank Ltd. at the apex, central cooperative banks and the central cooperative societies in the middle, and primary societies at the field level. The apex bank provides capital to the mid-level banks, which in turn lend money to

the primary societies. The societies distribute this fund as loan among their members. All cooperative banks in Bangladesh are members of the apex bank. According to the Cooperative Societies Ordinance 1984, the cooperative bank cannot lend money to anyone other than a member of the bank. In the 1997-98 financial year the apex bank had 482 members. The members included (a) central societies: central cooperative banks (71), central multipurpose cooperative societies (43), central sugarcane growers, cooperative societies (16), Thana central cooperative societies (53); (b) primary societies: cooperative land mortgage banks (43), primary multipurpose cooperative societies (155), town cooperative bank societies (12), fishermen's cooperative societies (3) and other societies (86). The objectives of Bangladesh Samabaya Bank Ltd. were: a) to act as the apex financial institution in the cooperative sector; b) to help promote development and growth of cooperative societies; c) to regulate the activities of the central cooperative banks and the cooperative societies and coordinate their activities; d) to assist in marketing the products of the primary societies and to finance construction of go downs and other infrastructure; e) to support and advise the listed societies; and f) to conduct banking activities with the cooperative societies according to the cooperative rules and regulations. The basic units of the cooperative credit system are the primary credit societies. The purpose of the primary societies is to provide credit to members engaged in activities such as AGRICULTURE, afforestation, fishing and cottage industries. These societies are partly financed by the middle-stage central cooperative banks. The cooperative land mortgage banks and cooperative banks of urban areas are also listed as primary societies. These banks too lend money to members engaged in agriculture and cottage industries, but are partly financed by the samabaya banks. The membership of such banks is open only to individuals. Cooperative banking begins from the bottom. Farmers or members of other professions submit their applications for credit to their primary societies. These are scrutinised by the local assistant cooperative inspector and submitted to the central cooperative banks with the recommendations of the agriculture officers. The central cooperative banks in turn ask for funding from Bangladesh Samabaya Bank Ltd through the district cooperative officer. This bank applies for fund to BANGLADESH BANK, which releases fund against the guarantee of the government. The fund goes to the central cooperative banks, which in turn give the money to the primary societies for distribution among the applicants according to their own rules and regulations. There are several basic differences between the working of cooperative banks and general banks. Cooperative banks are not involved in commercial banking and mostly

provide small loans to the agriculture sector. Commercial banks in the country operate through a network of branches under the control of their head offices. In contrast, Bangladesh Samabaya Bank Ltd and each of the central cooperative banks are independent entities run and regulated by their own board of directors. Cooperative banks are constituted on a cooperative basis. Cooperative members according to the cooperative laws run each. Government-appointed external auditors audit their activities. Commercial banks are allowed to lend money to individual borrowers and can accept deposits under wide-ranging principles of banking and credit. But borrowers of commercial banks do not play any role in running these banks. On the other hand, cooperative banks can only lend money to their members in accordance with cooperative rules and regulations in pursuance of the policies lie down by the government and can accept deposits of their members. As the borrowers of cooperative banks are their members they play a role in running the banks. The activities of cooperative banks are regulated by the Bangladesh Bank as the country's central bank under the provision of the Banking Companies Act of 1991. There are 145,000 cooperative societies in Bangladesh. One of the most successful societies is the Bangladesh Banks Employees Cooperative Credit Society. This was set up in Dhaka in 1948. It has a membership of 4,613 and has total assets worth Tk 200 million. Most cooperative societies in the country have deviated from the basic principles and aims of cooperatives and are suffering from inefficiency and mismanagement. Overall, the cooperative movement has been badly hit by personal clashes, political interference in management, and misuse of resources. Promoting the cause of the cooperative movement for the country's economic well-being is, nevertheless, a duty of all irrespective of political affiliations and caste or creed.

2.59 Grameen Bank

Grameen Bank a specialized bank established in October 1983 as a body corporate under the Grameen Bank Ordinance 1983 for extending credit exclusively to the landless men and women of rural areas of the country. The Bangla word *grameen* means rural and the bank emerged out of a rural banking project that began in 1976 at Jobra village of HATHAZARI upazila of CHITTAGONG district. The project was an experiment initiated by Dr. Muhammad Yunus, a former professor of Economics at the UNIVERSITY OF CHITTAGONG. The principal objective of the Grameen Project (GP) was to

develop an organizational structure, which can provide collateral-free credit to the landless people in a reasonably dependable form. The project also explored the potentiality of the poor to generate productive self-employment with marginal financial support at reasonable terms and conditions. Encouraging results of the experiment inspired Prof. Yunus to expand the project in more villages of TANGAIL and Chittagong districts in November 1979 and he was extended funding support from the BANGLADESH BANK for the purpose. In 1982, it was further expanded to DHAKA, RANGPUR and PATUAKHALI districts with the financial assistance from the International Fund for Agricultural Development (IFAD). By that time the project took the shape of a new type of banking for the poor and the banking units of the project were kept attached with the local branches of BANGLADESH KRISHI BANK and of the nationalised commercial banks. The main functions of Grameen Bank are to provide collateral-free credit facilities in cash or in kind to landless persons for various types of income-generating and livelihood activities. The bank also accepts money on deposit, borrows money (against its assets as the security, or otherwise) for the purpose of its business excluding business in foreign exchange transactions. It invests in government securities, provides professional counsel to landless persons regarding investment in small business and cottage industries, and carries out survey and research. The bank runs its credit programmes with the philosophy that credit for self-employment is a fundamental human right. It takes credit to the doorsteps of the poor instead of the conventional practice of clients coming to banks. The principle works as a powerful instrument in ensuring access of the poor to credit for providing them a chance to improve their economic condition. Grameen Bank gives loans to individuals or group. The member-borrower alone is responsible for his/her loan although there exists informal inter-locking responsibility among the members of a group. The bank has a sixteen-point guideline for implementation of its credit delivery and the social development programmes. All members of the Grameen groups are to know and follow this guideline, which teaches them to follow and advance the principles of discipline, unity, courage and hard work. It instructs the Grameen beneficiaries to bring prosperity to their families, reconstruct and repair their own houses to avoid living in dilapidated houses, grow, eat and sell vegetables all the year round, plant trees, keep the families small, minimized expenditure and save more, look after their own health, educate their children, keep children and the environment pollution free, build and use pit-latrines, drink tube well water or boiled water, give up the practice of child marriage, avoid taking and paying dowry, refrain from doing any injustice on any one, undertake

collective and bigger investments, follow the rule of mutual help, restore discipline in case of breach or violation by the fellow members, introduce physical exercise at all centres, and take part in all social activities collectively. The broad activities for which Grameen Bank provides credit facilities from its own fund are processing and manufacturing, AGRICULTURE and forestry, service sector enterprises, trading, peddling (pulling rickshaws and rickshaw vans), shop keeping, etc. There are innumerable types of different activities under each of these broad categories for which the bank extends credit financing. The bank accumulates savings of its members in the forms of direct deposits in savings accounts as well as through mandatory deductions from the loans sanctioned to create group funds. Members may be given loans from the group fund for their projects as well as for social and household expenditures, health and medical expenses, loan repayment, maintenance, repairing, and addition of capital. Grameen Bank has a programme of leasing loan services, under which it introduced village phone to provide easy telecommunication services to the rural poor in Bangladesh. At the end of December 1999, the number of village phones distributed by 198 branches of 10 Grameen zones was 1,114. The bank started an Arsenic Mitigation Pilot Project with the assistance of UNICEF and the Department of Public Health and Engineering of the government of Bangladesh in CHANDPUR district. The main focus of the project was to build capacity of the community and to undertake activities that will lead to comprehensive, sustainable and country-based solutions for arsenic contamination. Grameen Bank is praised for success in its mission of alleviating poverty. Its success is attributed to employment creation and income generation through its extensive credit programmes for the landless rural poor of both genders. The special features of the institution are its high loan recovery rate, organization of its members into groups exercising peer pressure in loan repayment and proper utilization of the loans, close supervision by the bank's field staff, organized advisory services to the clients, and empowerment of the poor, especially the poor rural women by involving them in self-employment and income-generating activities. The management of Grameen Bank is vested in a 13-member board of directors with its chairman appointed by the government. Nine of the 12 directors are nominated from amongst the female members of different centres under its different branches. The head office of the bank located at Dhaka has 9 departments namely, accounts, administration, establishment, training, international programme, monitoring and evaluation, service, audit and the managing director's secretariat. There are also some sections like technology and development, construction, special programme and planning.

2.60 Karmasangsthan Bank

Employment Bank a specialized bank established in 1998 under the Act for Establishing Karmasangsthan (employment) Bank 1998. It commenced business on 30 June 1998 with the principal objective of providing credit to youths, especially the unemployed youths of the country, for the promotion of self-employment and economic activities. The bank provides credit financing for 33 income-generating activities. The bank has its head office at DHAKA and 68 branches (up to 31 May 2001) in the district headquarters including Dhaka city. A total of 285 employees including 127 officers of different grades are now working in the bank. Within the selected fields of economic activities, potential youths can undertake any income-generating project and receive financial support from the bank to run the approved projects. According to its lending policy, the Employment Bank does limit loan size to any minimum amount. The loan size depends upon the nature and size of projects but an individual may be given a maximum Tk 0.5 million as loan for a project. The youths may form groups to undertake projects; a group-based project can avail itself of a maximum of Tk 2 million in credit. The repayment schedule is varied depending upon the nature of activity, size of investments and flow of incomes from the projects. However a loan is to be repaid within a maximum period of 5 years. Interest rates had been variable and during the bank's operational period up to December 2000; the maximum lending rate recorded was 14% per annum. Upon repayment of installments on or before the expiry date, one receives a 3% rebate on the total amount of interest accrued on a particular loan account

Chapter- 3

Theoretical Background of the Study

Futures

Academic theory

Critical Academic theory

Structure of the HR department

Relationship with other department

HRM Areas

Recruitment of human resources

Steps in recruitment policy

Recruitment process

Types of selection methods

Human resources management refers to the philosophy, policies, and practices related to the management of people within an organization. The partners at Kingston Technology believe their employees are the company's most important asset, thereby creating an environment where people care about the welfare of the company.

Human resource management (HRM) is the strategic and coherent approach to the management of an organization's most valued assets - the people working there who individually and collectively contribute to the achievement of the objectives of the business. The terms "human resource management" and "human resources" (HR) have largely replaced the term "personnel management" as a description of the processes involved in managing people in organizations. In simple sense, HRM means employing people, developing their resources, utilizing, maintaining and compensating their services in tune with the job and organizational requirement.

3.1 Features

Its features include:

- Organizational management
- Personnel administration
- Manpower management
- Industrial management

But these traditional expressions are becoming less common for the theoretical discipline. Sometimes even employee and industrial relations are confusingly listed as synonyms, although these normally refer to the relationship between management and workers and the behavior of workers in companies.

The theoretical discipline is based primarily on the assumption that employees are individuals with varying goals and needs, and as such should not be thought of as basic business resources, such as trucks and filing cabinets. The field takes a positive view of workers, assuming that virtually all wish to contribute to the enterprise productively, and that the main obstacles to their endeavors are lack of knowledge, insufficient training, and failures of process.

HRM is seen by practitioners in the field as a more innovative view of workplace management than the traditional approach. Its techniques force

the managers of an enterprise to express their goals with specificity so that they can be understood and undertaken by the workforce and to provide the resources needed for them to successfully accomplish their assignments. As such, HRM techniques, when properly practiced, are expressive of the goals and operating practices of the enterprise overall. HRM is also seen by many to have a key role in risk reduction within organizations.

Synonyms such as *personnel management* are often used in a more restricted sense to describe activities that are necessary in the recruiting of a workforce, providing its members with payroll and benefits, and administering their work-life needs. So if we move to actual definitions, Torrington and Hall (1987) define personnel management as being:

“a series of activities which: first enable working people and their employing organizations to agree about the objectives and nature of their working relationship and, secondly, ensures that the agreement is fulfilled” (p. 49).

While Miller (1987) suggests that HRM relates to:

“.....those decisions and actions which concern the management of employees at all levels in the business and which are related to the implementation of strategies directed towards creating and sustaining competitive advantage” (p. 352).

3.2 Academic Theory

The goal of human resource management is to help an organization to meet strategic goals by attracting, and maintaining employees and also to manage them effectively. The key word here perhaps is "fit", i.e. a HRM approach seeks to ensure a fit between the management of an organization's employees, and the overall strategic direction of the company (Miller, 1989).

The basic premise of the academic theory of HRM is that humans are not machines; therefore we need to have an interdisciplinary examination of people in the workplace. Fields such as psychology, industrial engineering, industrial, Legal/Paralegal Studies and organizational psychology, industrial relations, sociology, and critical theories: postmodernism, post-structuralism

play a major role. Many colleges and universities offer bachelor and master degrees in Human Resources Management.

One widely used scheme to describe the role of HRM, developed by Dave Ulrich, defines 4 fields for the HRM function

- Strategic business partner
- Change management
- Employee champion
- Administration

However, many HR functions these days struggle to get beyond the roles of administration and employee champion, and are seen rather as reactive than strategically proactive partners for the top management. In addition, HR organizations also have the difficulty in proving how their activities and processes add value to the company. Only in the recent years HR scholars and HR professionals are focusing to develop models that can measure if HR adds value.

3.3 Critical Academic Theory

Postmodernism plays an important part in Academic Theory and particularly in Critical Theory. Indeed Karen Legge in 'Human Resource Management: Rhetorics and Realities' poses the debate of whether HRM is a modernist project or a postmodern discourse (Legge 2004). In many ways, critically or not, many writers contend that HRM itself is an attempt to move away from the modernist traditions of personnel (man as machine) towards a postmodernist view of HRM (man as individuals). Critiques include the notion that because 'Human' is the subject we should recognize that people are complex and that it is only through various discourses that we understand the world. Man is not Machine, no matter what attempts are made to change it i.e. Fordism / Taylorism, McDonaldisation (Modernism).

Critical Theory also questions whether HRM is the pursuit of "attitudinal shaping" (Wilkinson 1998), particularly when considering empowerment, or perhaps more precisely pseudo-empowerment - as the critical perspective notes. Many critics note the move away from Man as Machine is often in many ways, more a Linguistic (discursive) move away than a real attempt to recognise the Human in Human Resource Management.

Critical Theory, in particular postmodernism (poststructuralism), recognizes that because the subject is people in the workplace, the subject is a complex one, and therefore simplistic notions of 'the best way' or a unitary perspectives on the subject are too simplistic. It also considers the complex subject of power, power games, and office politics. Power in the workplace is a vast and complex subject that cannot be easily defined. This leaves many critics to suggest that Management 'Gurus', consultants, 'best practice' and HR models are often overly simplistic, but in order to sell an idea, they are simplified, and often lead Management as a whole to fall into the trap of oversimplifying the relationship.

According to the process-systems view, human resources management is the systematic planning, development, and control of a network of interrelated processes affecting and involving all members of an organization. These processes include

- Human resources planning:
- Job and work design
- Staffing
- Training and development
- Performance appraisal and review
- Compensation and reward
- Employee protection and representation
- Organization improvement

3.4 Key Processes and Systems

Offering an unusually high salary in the man hiring efforts part of the staffing process may cause serious problems in the man agreement of the compensation and reward process. People already on the payroll may complain bitterly about what they are paid and press for a readjustment.

3.4.1 Human Resources Planning

Human resources planning are the process of assessing the organization's human resources needs in light of organizational goals and making plans to ensure that a competent, stable work force is employed. The planning process includes an analysis of skill levels among employees and in the external labor market, of current and expected job openings, of plans for

expanding or reducing staff throughout the organization, and of the external legal environment.

3.4.2 Job and Work Design

Job and work design specifies the tasks to be performed by individuals and groups within the organization, and establishes the rules, schedules, and working conditions under which people perform those tasks.

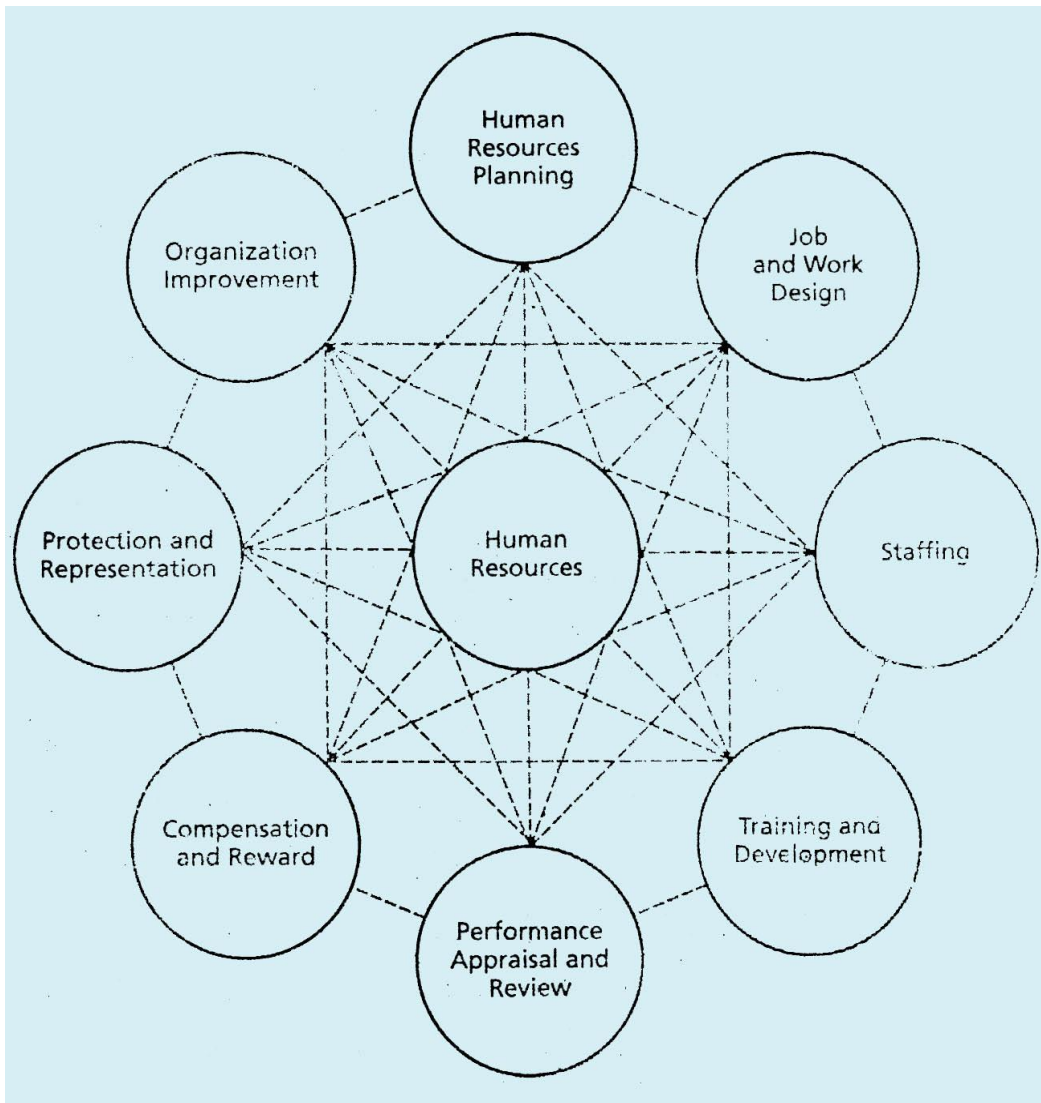


Figure1: HR key process and system

3.4.3 Staffing

Staffing is the process that results in the continuous assignment of workers to all positions in the organization. This broad process includes the following activities: attracting qualified people to the organization; selecting from among candidates; bringing new people aboard and assigning and orienting them to their jobs; reassigning employees through transfer, promotion, or demotion; and ultimately managing employee separation through resignation, discharge, or retirement.

3.4.4 Training and Development

Training and development process is a complex mixture of activities intended: improves the performance of individuals and groups within the organization. Some organizations, especially those that carry out complex and specialized operations and are confronted with rapid changes in technology, are heavily committed to training and development.

3.4.5 Performance Appraisal and Review

The performance appraisal and review process is the ongoing evaluation of individual and group contributions to the organization, and the communication of those evaluations to the persons involved. Such evaluations are made for a variety of purposes: to provide feedback about performance, to determine the need for training, to make decisions about pay increases, to select people for promotion, or to make judgments about the need for discipline.

3.4.6 Compensation and Reward

The compensation and reward process is the flow of events that determines what wages, salaries, and incentives are paid and what supplemental benefits and non-financial rewards are provided.

3.4.7 Protection and Representation

Most organizations have formal or informal ways to protect employees — to some extent, at least—from arbitrary and impulsive treatment and from physical danger and health hazards.

3.4.8 Accommodation:

The accommodation process refers to the extent to which management listens and responds to — or accommodates — the needs, wants, and complaints (or grievances) of organization member.

3.4.9 Collective Bargaining

The collective bargaining process refers to those events that establish a formal agreement between workers and management regarding: such matters as wages and employee benefits, hours, working conditions, and grievance procedures.

3.4.10 Health and Safety Management

The health and safety management process attempts to protect organization member from illness and physical dangers in the workplace.

3.4.11 Organization Improvement

The organization improvement process is the flow of events that determines the strategies by which organizations attempt to improve their effectiveness, increase employee satisfaction.

3.5 Structure of the Human Resources Department

In organizations large enough to have a human resources or personnel department, the personnel director and his or her staff will play a key role in the design and monitoring of human resources systems. Even in very small organizations, some person or persons — perhaps the president or owner or that person's assistant — will coordinate human resources activities for the entire enterprise.

3.6 Relationship with Other Departments

What organizational charts do not show is that human resources manager's usually sleeper responsibility for personnel activities invite other managers. For example, human resources departments typically do not make the final hiring decisions for accounting or manufacturing departments. Rather, controllers or manufacturing directors, respectively, have the final say. But human resources departments typically do have major responsibility for designing and overseeing major components of the hiring system, including initial screening and referral. Similarly, human resources departments are likely to do much of the human resources planning, most of the advertising and recruiting, and much of the interviewing. But these activities are usually performed in cooperation with other managers throughout the organization.

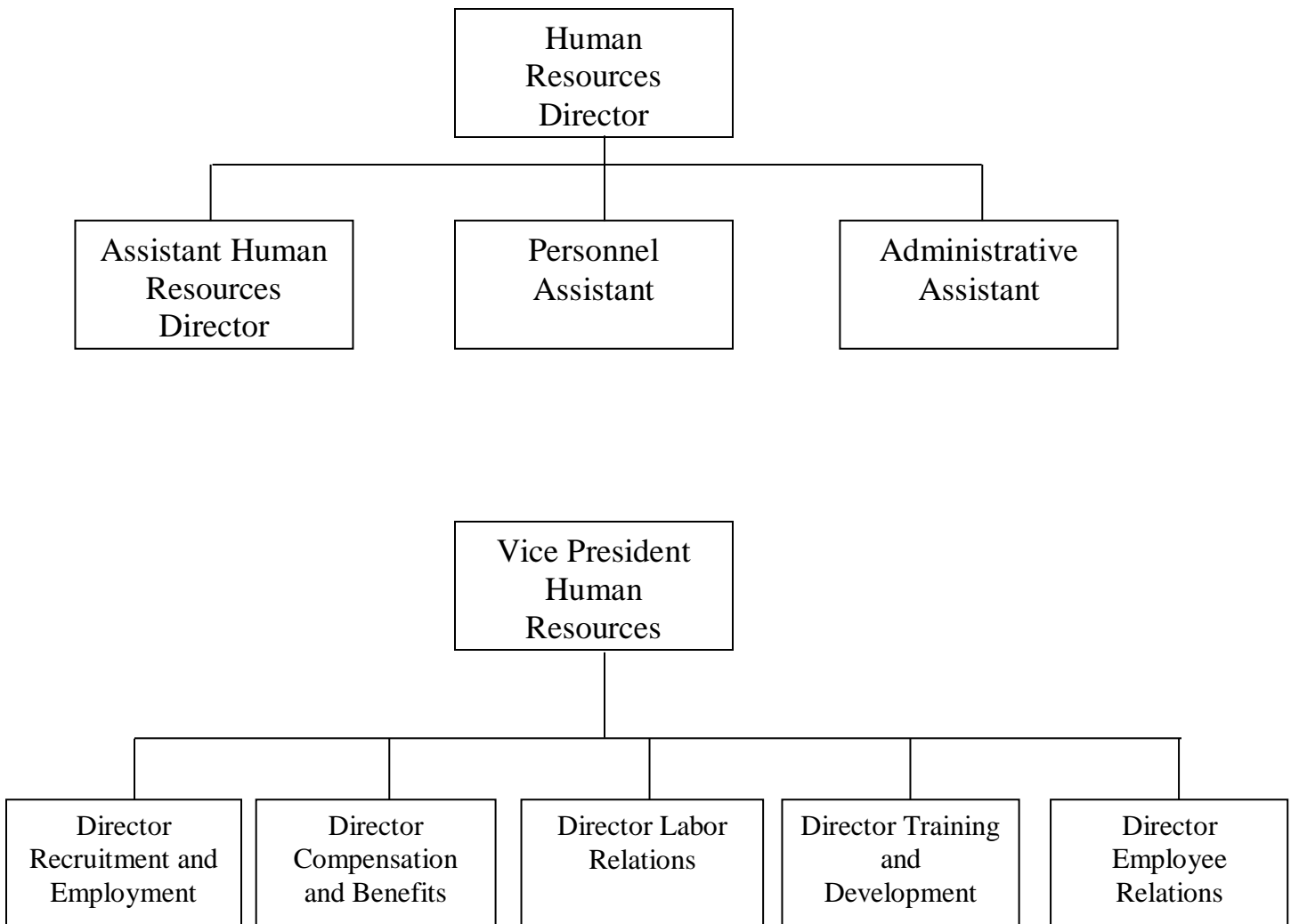


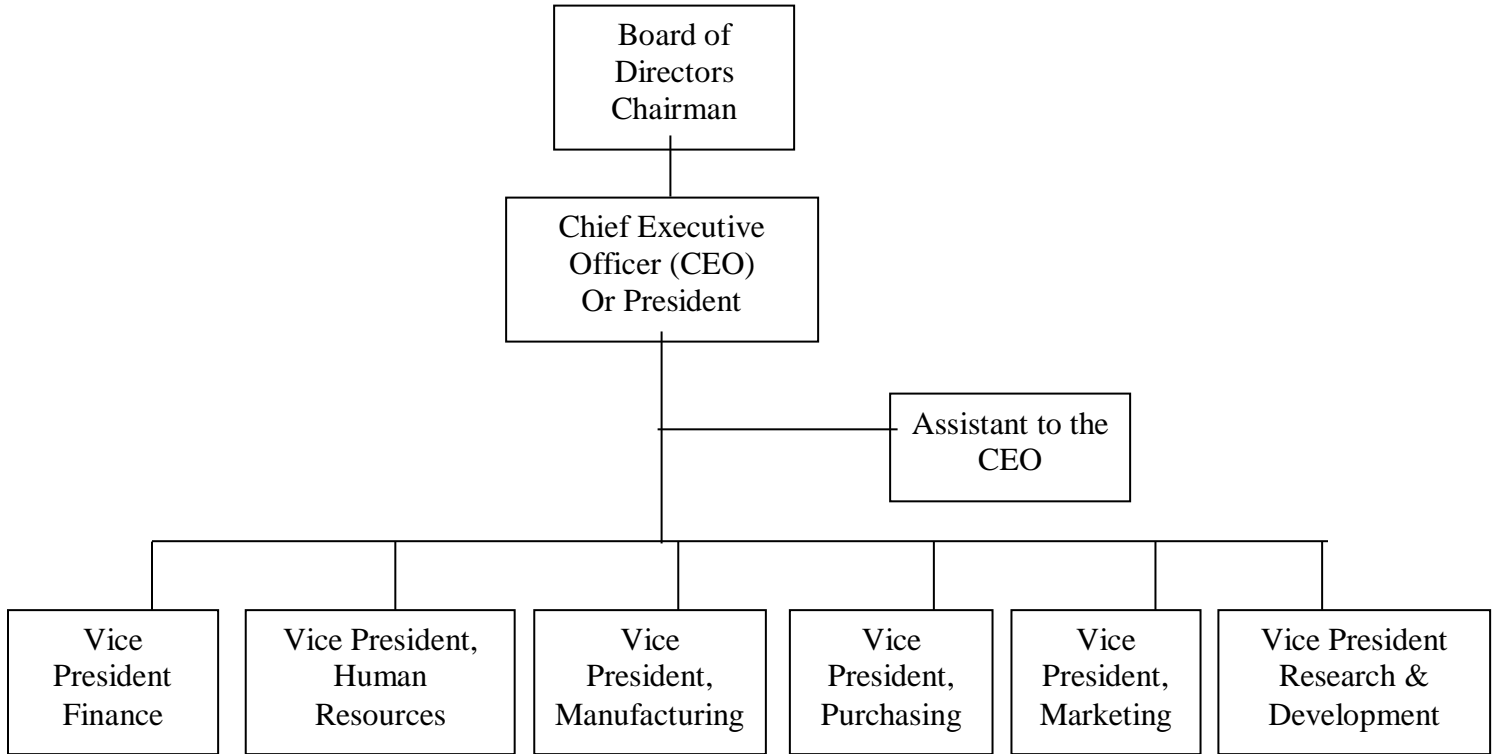
Figure 2: Human resource relationship with Other Departments

Table 1.1 Responsibilities of the Human resources department in small company and a large corporation.

Position	Small company Responsibilities	Position	Large Corporation
Human resources Director	Human resources Planning Managerial/professional Compensation Recruiting Labor relations Grievances	Vice President Human Resources	Executive committee Organization planning Human resources Planning Policy Organization development
Assistant Human resources Director	Wage and salary administration Recruiting Interviewing Orientation Training Reassignments Terminations Safety and healthy Special programs	Director, Recruitment And Employment	Recruiting Interviewing Testing Placement Terminations
		Director, Compensation and Benefits	Job analyses and evaluation Serves Performance appraisal Compensation administration Bonus, Profit sharing Plans Employee benefits
Personnel Assistant	Testing Interviewing Job descriptions Job evaluation Training Employee benefits Employee services Suggestion plan		
Administrative	Secretary to staff Word		

Assistant	processing Records Interviewing	Director, Labor Relations	Negotiation Contract administration Grievance procedure Rabbi traction Health and safety Medical plans Cafeteria
		Director, Training and Development	Orientation Training Management Development Career planning And development Suavity circles Edit interviews
		Director, Employee Relations	EEO Relations Contract compliance Staff assistance Programs Employee counseling Outplacement

Figure: 2.2 Reporting relationship of the human resources director to top management in a large manufacturing firm



3.7 The Development of Human Resources Management as a Profession

3.7.1 The Federal Civil Service

The Civil Service Commission, established by the Pendleton Act of 1883, has had a major influence on the development of human resources management in the United States. Drawing many of its ideas from the British civil service system, the Pendleton Act established the use of competitive examinations for admission into public service; provided job security for public employees, including those who refused to engage in politics; prohibited political activity by the civil service; and encouraged a nonpartisan approach to employee selection. A commissioner was appointed to administer the act.

3.7.2 Personnel Specialists in Industry

Between 1900 and 1920, concurrently with developments in scientific management, industrial psychology, and the federal civil service, some companies began hiring specialists to assist with such matters as employment, safety, and training.

This trend was influenced by a number of management books published between 1899 and 1912 in Great Britain and the United States. Moreover, the first comprehensive text in the field appeared in 1920 — Teal and Aletcalf's *Personnel Administration*.²⁰ Such publications stimulated interest in the field and encouraged the use of personnel specialists.

3.8 The Emergence of the Personnel Department

As early as the 1880s, in some companies, a few specialized personnel activities were grouped into larger departments. But not until the second decade of the twentieth century did the modern personnel department emerge.

Systems theory Sociotechnical Systems Design, the Behavioral Sciences, and Industrial Organizational Psychology

Since the late 1940s, and especially during the 1970s and 1980s, and to the present, human resources practitioners have drawn on the emerging knowledge from several sources. In particular, these sources have been systems theory, sociotechnical systems design, and the behavioral sciences, including industrial-organizational psychology. "Systems theory, by emphasizing the relationships among the parts of a totality, helps human resources managers understand how a change in one component of an organization can have repercussions throughout the firm. For example, if a company hires people with greater skills and more education than those it has hired previously, it may also need to upgrade its training program and pay more attention to opportunities for advancement in order to help meet the aspirations of both groups. Sociotechnical system design focuses on the design of organizations and jobs toward improving the relationship between the technical systems of organizations and their social systems toward improving productivity, quality, and employee motivation and satisfaction. While the scientific management movement tended to emphasize the technical system, and the human relations movement tended to emphasize the social system, sociotechnical system design focuses on the interdependence between the two.²⁸ This field of inquiry and application has led to many improvements in manufacturing and mining, in particular, and to a greater understanding of how to design jobs.

The behavioral sciences — the social and biological sciences pertaining to human behavior — have provided especially important insights. Specifically, those aspects of the behavioral sciences that can be called industrial-organizational psychology, with emphasis on the dynamics of leadership, group behavior and motivation, have had a tremendous impact on human resources management. (To a large extent, industrial-organizational psychology is an extension of early industrial psychology and the human relations movement.)

3.9 HRM Areas

Chief areas of HRM can take on a number of characteristics we generally find four distinct areas-. (1) employment, (2) training and development, (3) compensation/benefits, and (4) employee relations.

3.9.1 Employment:

The main thrust of the employment function is to promote the activities of the staffing function. Working in conjunction with position control specialists (either in compensation, in benefits, or in a comptroller's office), the employment department embarks on the process of recruiting new employees.

It is important to note that the employment specialist's role is not to make the hiring decision, but to coordinate the effort with line management. Once a line area has selected its candidate; the employment specialist usually makes the job offer and handles the routine paperwork associated with hiring an employee.

3.9.2 Training and Development:

The training and development section of an organization is often responsible for helping employees to maximize their potential. Their focus is to enhance the personal qualities of the employees such that improvements made will lead to greater organizational productivity. More importantly, the training and development managers are often better known as organizations internal change agents. The role of these change agents, or organizational development specialists, is to help the members of the organization cope with change.

3.9.3 Compensation and Benefits:

Work in a compensation and benefits area is often described as dealing with the most objective areas of a subjective field. As the name implies, compensation and benefits is concerned with paying employees and administering, their benefits package. These tasks are by no means easy ones.

First of all, job salaries are not paid on a whim; rather, dollar values assigned to positions come from elaborate investigations and analyses. These investigations run the gamut of simple, logical job rankings (i.e., the position of president of a company should be paid more than the position of a maintenance engineer) to extensive analyses. Once these analyses are finished, job ratings are statistically compared to determine the relative worth of the job to the company, external factors, such as market conditions, limited supply of potential workers, and the like, may affect the overall range of job worth. Additionally, analysis is conducted to ensure that there is internal equity in the compensation system. This means that as job rates are set, they are determined on such dimensions as skill, job responsibility, effort, and accountability—not by personal characteristics that may be suspect under employment law.

3.9.4 Employee Relations:

The final phase in our scheme of HRM operations is the employee relation's function. Employee relations (ER) have number of major accountabilities. Before we go further, however, we must differentiate between employee relations and labor relations. While the two are structurally similar, labor relations involves dealing with labor unions.

3.10 Recruitment of Human Resources

For the majority of organizations the main resource involved in achieving the purpose of the organization and providing quality goods and services are its people. Even with a robotic production line a human hand is 'pushing the buttons'. Human resource Management is therefore an important aspect of all organizations and the way in which staff are lead, managed and motivated will be a major influence on how successful an organization is. Human Resource Planning helps determine the number and type of people an organization needs. Job analysis and job design specify the task and duties of jobs and the qualifications expected from prospective jobholders. Human resource recruitment refers to any organizational activity that is designed to affect-

- (1) The number of people who apply for vacancies.
- (2) The type of people who apply for them and or
- (3) The likelihood that those applying for vacancies will accept positions if offered.

3.11 Recruitment - A Brief Definition

In simple terms, recruitment is understood as the process of searching for and obtaining applicants for jobs, from among whom the right people can be selected. A formal definition of recruitment is:

It is the process of finding and attracting capable applicants for employment. The process begins when new recruits are sought and ends when their applications are submitted. The result is a pool of applicants from which new employees are selected. *According to Dates Beach* "Recruitment is the development and maintenance of adequate HR resources. It involves the certain of available labor union whom the organization can depend upon when it needs additional employees,"

So the recruitment functions are:

- (A) To discover sources of Human Resources
- (B) To attract an adequate number of prospective candidates.

Though, theoretically, recruitment process is said to end with the receipt of applications, in practice, the activity extends to the screening of applications so as to eliminate those who are not qualified for the job.

The Recruitment Process

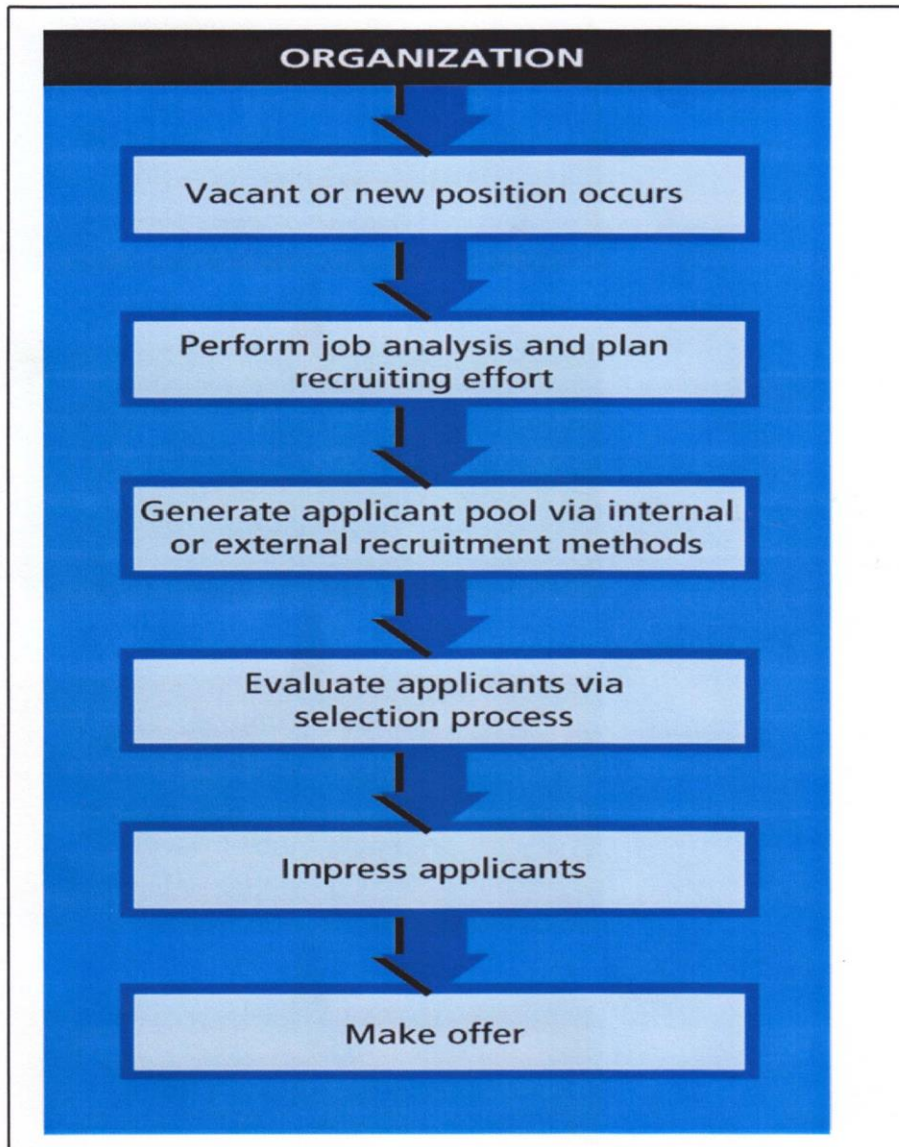


Fig: 3- The Recruitment Process

Strategic Recruiting Stages



Fig: 4- Strategic Recruiting Stages

3.12 Purpose of Recruitment Process

The general purpose of recruitment is to provide a pool of potentially qualified job candidates. Specially, the purposes are to:

1. Determine the present and future recruitments of the organization in conjunction with its personnel planning and job -analysis activities.
2. Increase the pool of job candidates at minimum cost.
3. Help increase the success rate of the selection process by reducing the number of visibly under qualified or overqualified job applicants.
4. Help reduce the probability that job applicants, once recruited and selected, will leave the organization only after a short period of time.
5. Meet the organization's legal and social obligations regarding the composition of its workforce.
6. Begin identifying and preparing potential job applicants who will be appropriate candidates.
7. Increase organizational and individual effectiveness in the short-term and long term.
8. Evaluate the effectiveness of several of recruiting techniques and sources for all long term.

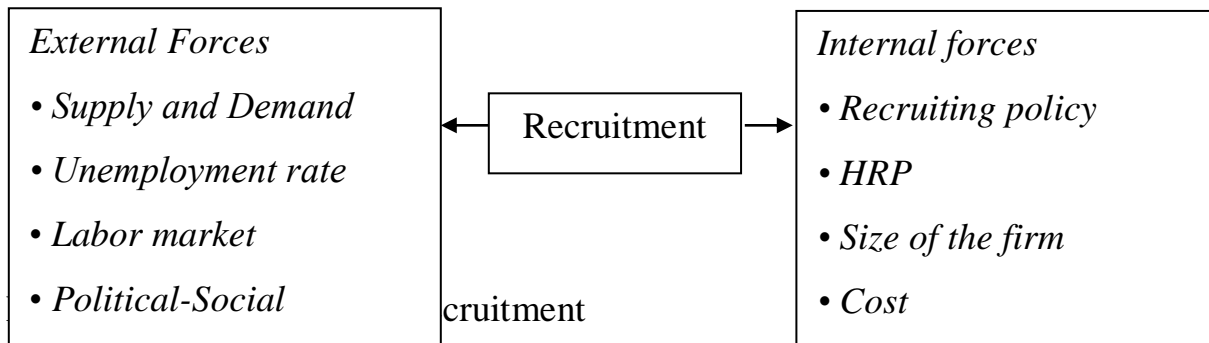
3.13 Factors Influencing Recruitment Efforts

The factors that influence the recruiting efforts are as follows:

- Image of the organization
- Working condition of the organization
- Environment of the organizations
- Colleagues whom he has to work with
- Economic condition of the country
- Technological condition of the country,
- Recruitment cost
- Government influence

3.14 Factors Governing Process of Recruitment

Recruitment is the process of finding and attracting capable applicants for employment. Given its key role and external visibility, recruitment is naturally subject to influence of several factors, these include external as well as internal forces:



3.14.1 External Factors:

External factors of recruitment refer to prospective candidates outside the enterprise. Following are the most common external factors.

3.14.1.1 Supply and Demand:

Supply and Demand is a specific skill in the labor market. If tuff demand for a particular skill is high relative to the supply, an extraordinary recruiting effort may be needed. For instance, the demand for programmers and financial analysts is likely to be higher than their supply, as opposed to the demand-supply relationship for non-technical employees.

3.14.1.2 Unemployment Rate:

When the Unemployment rate in a given area is high, the company's recruitment process may be simpler. The number of unsolicited applicants is usually greater, and the increased size of the labor pool provides better opportunities for attracting qualified applicants. On the other hand, as the unemployment rate drops, recruiting efforts must be increased and new sources explored.

3.14.1.3 Labor-market:

Labor-market conditions in a local area are primary importance in recruiting for most non-managerial, supervisory and middle- management positions, however, so far as recruitment for executive and professional positions is concerned, conditions of all market are important.

3.14.1.4 Political-Social:

Political-Legal is another external factor in recruitment. Reservation of jobs for SCs, STs, minorities, and other backward classes (OBCs) is a political decision. There is a strong case for giving preference to people hailing from less-advantage sections of the society. Reservation has been accepted as inevitable by all sections of the society. The Supreme Court also has agreed upon 50 percent reservation of seats and jobs.

3.14.1.5 Sons of soil:

It is another political factor in recruitment. Political leaders clamor that preference must be given to the people of their respective states in matters of employment.

The company's image also matters in attracting large number of job seekers. Blue cheap companies attract large number of applications. Often, it is not the money that is important. It is the perception of the job seekers about the company that matters in attracting qualified prospective employees.

There are some other external factors which influencing the recruitment.
Advertising Employment agencies Employment exchange Educational institutions Recommendations

3.14.2 Internal Factors;

Internal factors include the HR already on the pay roll of the organization whenever any vacancy arise somebody from within the organization may be looked in to.

3.14.2.1 Recruiting Policy:

Most organization has a policy on recruiting internally (from own employees) or externally (from outside organization). Generally, the policy is to prefer internal sourcing, as own employees know the company well and can recommend candidates who fit the organization culture. Another related policy is to have temporary and part-time employees. An organization hiring temporary and part-time employees is in a less advantage position in attracting sufficient applications. In a Multinational Corporations (MNCs), there is the policy relating to the recruitment of local citizens. MNCs operating in our country prefer local citizens, as they can understand local languages, customs and business practices well.

3.14.2.2 HRP:

A major internal factor that can determine the success of the recruiting programmed is whether or not the company engages in HRP. In most cases, a company cannot attract prospective employees in sufficient numbers and with required skills overnight. It takes time to examine the alternatives regarding the appropriate sources of recruits and the most productive methods for obtaining them. Once the best alternatives have been identified, recruiting plans may make. Effective HRP greatly facilitates the recruiting efforts.

3.14.2.3 Size of the firm:

Size is another internal factor having its influence on the recruitment process. An organization with one hundred thousand employees will find recruiting less problematic than an organization with just one hundred employees.

3.14.2.4 Cost:

Cost of recruiting is yet another internal factor that has to be considered. Recruiting costs recalculated per new hire and the figure is considered now-a-days. Recruiters must, therefore, operate within budgets. Careful HRP and forethought by recruiters can minimize recruitment costs. One cost-saving measure, for instance, is recruiting for multiple jobs operating

simultaneously. The best solution is to use proactive personal practices to reduce turnover, thus, minimizing the need for recruiting. Evaluating the quality, quantity and costs of recruitment helps ensure that it is efficient and cost effective.

3.14.3 Growth and Expansion:

An organization registering growth and expansion will have more recruiting on hand than the one, which finds its fortunes declining.

There are some other internal factors which influencing the recruitment:

- **Promotion:** Promotion means shifting of an employee to a higher position carrying higher responsibilities, facilities, status and salary. Various positions in an organization are usually filled up by promotion of existing employees on the basis of merit or seniority.
- **Transfer:** Transfer refers to a change in job assignment. It may involve a promotion or demotion. A transfer may be either temporary or permanent depending on the necessity of filling jobs.

3.15 External versus Internal Recruitment:

3.15.1. Advantages of external sources of recruitment:

1. **Wide options** External sources bring in a large number of applicants. This will permit the enterprise to have a free hand in making the selection.
2. **Infusion of new blood:** The enterprise can expect to set fresh, talented candidates from outside. This means infusion of new blood and new ideas into the enterprise.
3. **Elements of competition:** Internal candidates have to compete with outside candidates for the vacancies. This is a healthy feature from the point of view of the enterprise.
4. **Benefits of new skills:** new talents and new experiences to organizations
5. **Compliance with reservation policy** becomes easy.
6. **Scope for resentment, jealousies and heartburn** are avoided.

3.15.2. Disadvantages of external sources of recruitment:

- (1) Frustration among existing employees: Recruitment from outside may cause dissatisfaction and frustration among the existing employees who aspire for the jobs by promotion or transfer.
- (2) High expense: The process of recruitment of candidates from outside involves considerable expense in the form of advertising for vacancies.
- (3) Time consuming: External recruitment takes more time than the internal recruitment since the enterprise has to publicize about vacancies and wait for their response.
- (4) Better morale and motivation: Better morale and motivation are associated with internal recruiting are denied to the organization.
- (5) Negative and positive errors: Chances of creeping in false positive and negative errors.
- (6) Adjustment: adjustment of new employees to the organizational culture takes longer time.

3.15.3. Advantages of internal sources of recruitment:

- (1) Familiarity: The organization and its employees are familiar to each other. The organization knows the ability and skills of the candidates since they are insiders -similarly employees also know about the working conditions job requirements of the vacancies.
- (2) Economy: the cost of recruitment internal employees is minimal. The enterprise does not need any expenditure on informing and inducing its employees to apply,
- (3) Motivational value: Internal recruitment is a source of encouragement and motivation for employees. The employees can look for promotion and transfer with hope and thereby do their jobs well.
- (4) Less costly: it is less costly.
- (5) Better knowledge: organizations have better knowledge about the internal candidates.
- (6) Good performance is rewarded.

3.15.4. Disadvantages of internal sources of recruitment:

- (a) Restricted Choice: Internal recruitment restricted the options and freedom for the enterprise in choosing the most suitable candidates for the vacancies. The enterprise may have to compromise on quality of its choice of candidates.
- (b) Absence of completion: In absence of completion from qualified candidates from outside employees are likely to expect automatic promotion by seniority.
- (c) Conflict: there may be chance of conflict among those workers who aspire for promotion to the vacancies. Those who are not promoted are unhappy and their efficiency may decline.
- (d) It perpetuates the old concept of doing things.
- (e) It abets raiding.
- (f) Candidates' current work may be affected.
- (g) Politics play greater role.
- (h) Morale problem for those not promoted.

3.16 Steps in Recruitment Policy:

The recruitment process consists of the following steps:

(1) The first step in the recruitment process is the requisition from the department. The requisition consists of the following information-

- The positions to be filled
- Number of persons to be recruited
- Qualifications required from the prospective candidates.
- Duties to be performed
- Terms and conditions of employees
- The time by which the person should be available

The next step is locating and developing the source from where the persons are made available

(2) Identifying the prospective employees with required features.

(3) The HR Department is then to communicate the information about the organization the job and the terms and conditions of the service.

(4) Encouraging the identified prospective candidates to apply for the job in the organization.

(5) The last step in the process is to assess the effectiveness of the recruitment.

3.17 Recruitment Process:

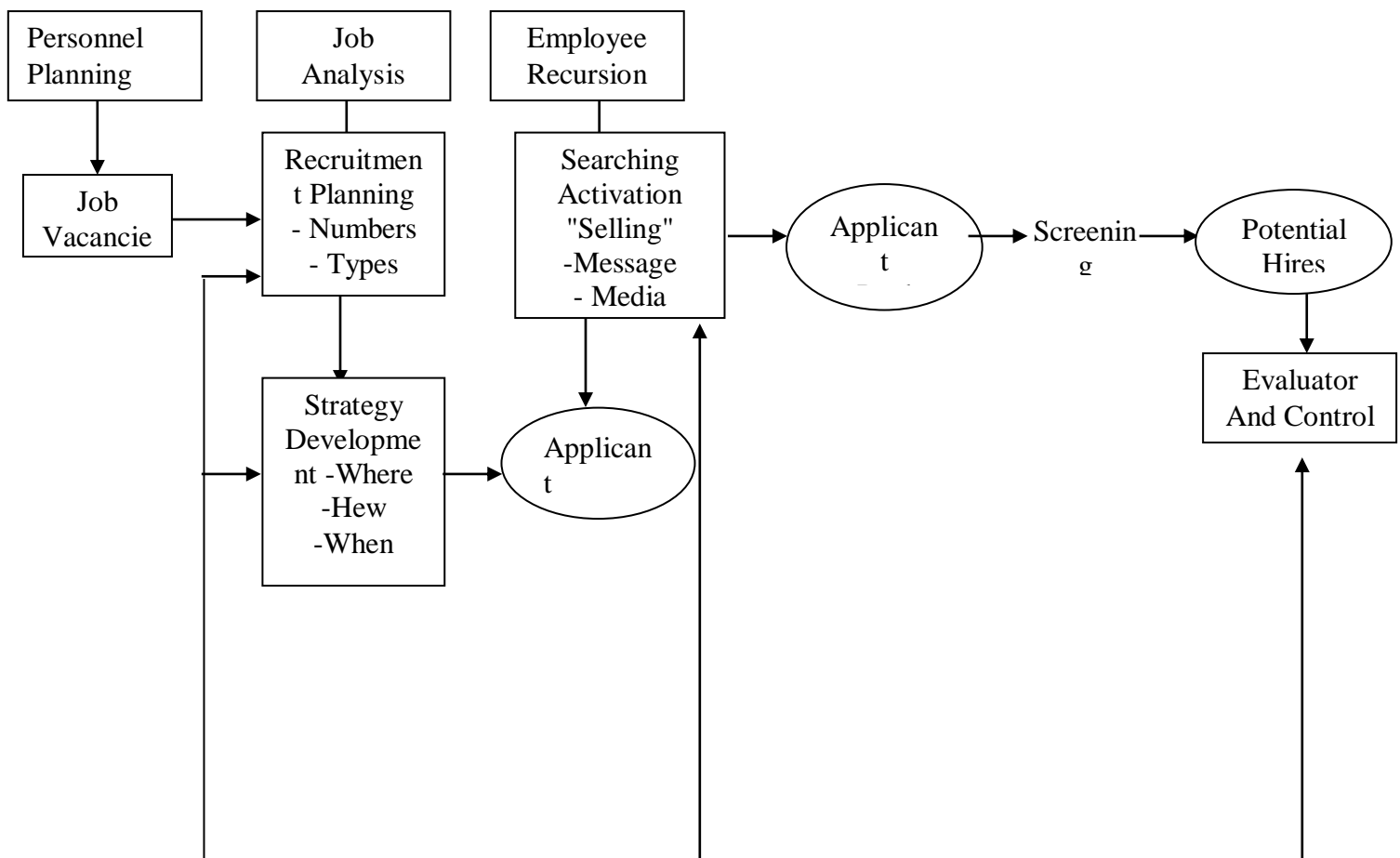


Figure 6: Recruitment Process •

Recruitment refers to the process of identifying and attracting job seekers so as to build a pool of qualified job applicants. The process comprises five interrelated stages.

These are:

- (1) Planning
- (2) Strategy development
- (3) Searching
- (4) Screening
- (5) Evaluation and Control

Recruitment Planning:

The first stage in the recruitment process is planning. Planning involves the translation of likely job vacancies and information about the nature of these jobs into a set objectives or targets that specify to be contacted. These are:

(a) Number and

(b) Type of applicants

(a) Number of Contacts: Organization, nearly always, plan to attract more applicants than they will hire. Some of those contacted will be uninterested, unqualified, or both. Each time a recruitment program is contemplated; one task is to estimate the number of applicants necessary to fill all vacancies with qualified people.

(b) Types of Contacts: this refers to the type of recruits are required. The type of people depends on the task and responsibilities involved and the qualifications and experience expected. These details are available through job description and job specification.

Strategy Development:

According to strategy development, there are considering five way to set up in recruitment process. These are:

(a) 'Make' or 'Buy' Employees

(b) Technological Sophistication

(c) Geographic Distribution

(d) Source of Recruitment

(e) Sequence of Activities

(a) 'Make' or 'Buy' Employees: Organization must decide whether to hire less skilled employees and invest on training and education programmers, or they can hire skilled labor and professionals. Essentially, this is the 'make' (hire less skilled workers) or 'buy' (hire skilled workers and professionals) decision.

(b) Technological Sophistication: Technological advancement has made it possible for job seekers to gain better access. They have begun sending videotapes about themselves to number of organization without wasting time and without spending money of travel.

(c) Geographic Distribution: Generally, companies look in to the national market for managerial and professional employees, regional or local markets for technical employees, and local markets for clerical and blue-collar employees.

(d) Source of Recruitment: There may be two sources categorized. These are:

(1) Internal Recruitment

(2) External Recruitment

(1) Internal Recruitment: Internal recruitment seeks applicants for position from those who are currently employed. Internal sources include present employees, employee referral, former employees and former applicants.

(2) External Recruitment: External sources far outnumber the internal methods. Specifically, sources external to an organization are professional or trade associations, advertisement, employee exchanges, college/university/institute placement services, walk-ins and write-ins, consultants, contractors, displaced persons, radio and television, acquisitions and mergers, and competitors.

(e) Sequence of Activities: An effective recruiting strategy must determine to sequence of activity that decide on the timings .of events besides knowing where and how to look for job applicants.

Searching:

Once a recruiting plan and strategy are worked out, the search process can be categorized in to two steps. These are:

(a) Source Activation

(b) Selling

(a) **Source Activation:** Typically, sources and search methods are activated by the issuance of an employee requisition. This means that no actual recruiting takes place until line managers have verified that a vacancy does exist or will exist. If the organization has planned well and done a good job of developing its sources and search methods, activation soon results in a flood of applicants and/or resumes.

(b) Selling: In selling the organization, both the message and media deserve attention. Message refers to the employment advertisement With regard to media, it may be stated that effectiveness of any recruiting message

descends on media. Media are several such as some have low credibility, while others enjoy high credibility (advertisement in business magazines, for example). Selection of medium and media needs to be done a lot of care.

Screening:

Screening of applications can be regarded as an integral part of the recruiting process. Applications received in response to advertisements are screened and only eligible applications are called for an interview. The purpose of screening is to remove from the recruitment process, at an early age. Those applicants who are visible unqualified for the job. Effective screening can save a great deal of time and money.

Evaluation and Control:

Evaluation and control is necessary as considerable costs are incurred in the recruitment process. The costs generally incurred are:

- i. Sales for recruiters.
- ii. Management and professional time spent on preparing job description, job specifications, advertisement, agency liaison and so forth,
- iii. Cost of advertisements or other recruitment methods that is agency fees,
- iv. Cost of producing supporting literature,
- v. Recruitment overheads and administrative expenses
- vi. Costs of overtime and outsourcing while the vacancies remain unfilled
- vii. Cost of recruiting suitable candidates for the selection process.

3.17.1 Evaluation of Recruitment Process:

The recruitment process has the objective of searching for and obtaining applications from job seekers in sufficient numbers and quality. Keeping this objective in mind, the evaluation might include;

- 1 Return rate of applications sent out.
2. Number of suitable candidates for selection.
3. Retention and performance of the candidates selected.
4. Cost of the recruitment process.
5. Time lapsed data.
6. Comments on image projected.

3.17.2 Internal versus External Recruiting:

One desirable feature of a vacancy, which we mentioned earlier, is that it, provides ample opportunity for advancement and promotion. One organizational policy that affects this is the degree to which the company "promotes from within" that is, recruits for upper-level vacancies % internally rather than externally.

3.17.3 Led-the-Market Pay Strategies:

Because pay is an important job characteristic for almost all applicants, companies that take a "Lead-the-Market" approach to pay-that is, a policy of paying higher-than -current market -wages-have a distinct advantage in recruiting. Pay can also be used to make up for a job's less desirable features- for example, paying higher wages to employees who have to work midnight shifts.

3.17.4 Employment-at-Will Policies:

Employment -at-will policies state that either party in the employment relationship can terminate that relationship at any time, regardless of cause. Companies that do not have employment-at-will provisions typically have extensive due process policies. Due process policies formally lay out the steps an employee can take to appeal a termination employee with impunity. To protect themselves from wrongful discharge suits, employees have been encouraged to state explicitly, in all formal recruiting documentation that the employment is "at will".

3.17.5 Image Advertising:

Organizations often advertise specific vacancies. Sometimes, however, organizations advertise just to promote themselves as a good place to work, in general. Image advertising is particularly important for companies in highly competitive labor markets that perceive themselves as having bad image.

3.17.6 Direct Applicants and Referrals:

Direct applicants are people who apply for a vacancy without prompting from the organization. Referrals are people who are prompted to apply by someone within the organization. These two sources of recruits share some characteristics that make them excellent sources from which to draw.

First, many direct applicants are to some extent already "sold" on the organization. Most of them have done some homework and concluded that there is enough fit between themselves and the vacancy to warrant their submitting an application. This process is called "self-selection", and when it works effectively, it takes a great deal of pressure off the organization's recruiting and selection systems. A form of aided self-selection occurs with referrals too. Current employees (who are knowledgeable about both the vacancy and the person they are referring) do their homework and conclude that there is a fit between person and the vacancy; they then sell the person on the job. Indeed, research shows that new hires that used at least one informal source reported having greater pre hire knowledge of the organization than those whom relied exclusively on formal recruitment sources. Those who report having multiple sources were even better, however, in terms of both pre hire knowledge about the position and subsequent turnover. In fact, the turnover rate for applicants who came from multiple recruiting sources was half that of those recruited via campus interviews or newspaper advertisements.

3.17.7 Advertisements in Newspapers and Periodicals:

Advertisements to recruit personnel are ubiquitous, even though they typically generate less desirable recruits than direct applications or referrals and at greater expense. However, since few employers can fill all their vacancies with direct applications and referrals, some form of advertising is usually needed. Moreover, an employer can take many steps to increase the effectiveness of this recruitment method.

The two most important questions to ask in designing a job advertisement are:

- **What do we need to say?**
- **To whom do we need to say it?**

With respect to the first question, many organizations fail to "adequately communicate the specifics of the vacancy. Ideally, persons reading an ad should get enough information to evaluate the job and its requirements, allowing them to make a well-informed judgment regarding their qualifications. This could mean running longer advertisements, which costs more. However, these additional costs should be evaluated against the costs of processing a huge number of applicants who are not reasonably qualified or who would not find the job acceptable once they learn more about it. In terms of whom to reach with this message, the organization placing the advertisement has to decide which medium it will use. The classified section of local newspapers is the most common medium.

3.17.8 Public Employment Agencies:

The Social Security Act of 1935 requires that everyone receiving unemployment compensation be registered with a local state employment office. These state employment offices work with the U.S. Employment Service (USES) to try to ensure that unemployed individuals eventually get off state aid and back on employer payrolls. To accomplish this, agencies collect information from the unemployed about their skills and experiences.

3.17.9 Private Employment Agencies:

Public employment agencies serve primarily the blue-collar labor market; private employment agencies perform much the same service for the white-collar labor market. Unlike public agencies, however, private employment agencies charge the organization for the referrals. Another difference between private and public employment agencies is that one doesn't have to be unemployed to use a private employment agency.

3.17.10 Colleges and Universities:

Most colleges and universities have placement services that seek to help their graduates obtain employment. Indeed, on-campus interviewing is their graduates obtain employment. Indeed, on-campus interviewing is the most important source of recruits for entry-level professional and managerial vacancies.

3.17.11 Electronic Recruiting:

As we highlighted in the vignette that opened, many of the advantages of a typical job fair can now be gained without the need to place the recruiter and recruit in the same physical location. Computer recruitment networks allow employers to conduct searches that are widely distributed geographically, without ever leaving the home office. Within the last few years, the use of computer networks to recruit employees has expanded a great deal.

3.17.12 Evaluating the Quality of a Source:

Because there are few rules about the quality of a given source for a given vacancy, it is generally a good idea for employers to monitor the quality of all their recruitment sources. One means of accomplishing this is to develop and compare yield ratios for each source. Yield ratios express the percentage of applicants who successfully move from one stage of the recruitment and selection process to the next. Comparing yield ratios for different sources helps determine which is best or most efficient for the type of vacancy being investigated. The following table shows hypothetical yield ratios and cost-per-hire data for five different recruitment sources. For the job vacancies generated by this company, the best two sources of recruits are local universities and employee referral programs. Newspaper advertisements generate the largest number of recruits, but relatively few of these are qualified for the position. Recruiting at nationally renowned universities generates highly qualified applicants, but relatively few of them ultimately accept positions. Finally, executive search firms generate a small list of highly qualified and interested applicants, but this is an expensive source compared with other alternatives.

.	Recruiting Source				
	Local University	Renowned University	Employee Referrals	Newspaper Ad	Executive Search Firm
Resumes generated	200	400	50	500	20
Interview offers accepted	175	100	45 %	400	20
Yield ratio	87%	25%	90%	80%	100%
I Judged acceptable	100	95	40	50	19
Accept employment offers	90	10	35	25	15
Yield ratio	90%	11%	88%	50%	79%
Cumulative yield ratio	90/2000	10/400	35/50	25/500	15/20
Yield ratio	45%	3%	70%	5%	75%
Cost	\$30000	\$50000	\$15000	\$20000	\$6000
Cost per hire	\$333	\$5,000	\$428	\$800	\$ 6,000

Table 2: Hypothetical Yield Ratios for five Different Recruitment Source

3.18 Recruiters:

In many cases, by the time a recruiter meets some applicants^ they have already made up their minds about what they desire in a job and what the current job has to offer. Moreover, many applicants approach the recruiter with some degree of skepticism. Knowing that it is the recruiter's job to sell them on a vacancy, some applicants may discount what the recruiter says relative to what they have heard from other sources. For these and other reasons, recruiters' characteristics and behaviors seem to have less impact on applicants' job choice than one might expect. Moreover, as shown in the following figure, whatever impact a recruiter does have on an applicant lessens as one moves from reaction criteria (i.e., how the applicant felt about the recruiter) toward job choice criteria (i.e. Whether the applicant takes the job).

3.18.1 Recruiter's Functional Area:

Most organizations must choose whether their recruiters are Specialists in human resources or experts at particular jobs (e.g. supervisors or job incumbents). Some studies indicate that applicants find a job less attractive and the less credible when he or she is a personnel specialist. This does not completely discount the role of personnel specialists in recruiting, but it does indicate that such specialists need to take extra steps to ensure that applicants perceive them as knowledgeable and credible.

3.18.2 Recruiter's Traits:

Two traits stand out when applicants' reaction to recruiters are examined. The first, which could be called "warmth," reflects the degree to which recruiter seems to care about the applicant and is enthusiastic about his or her potential to contribute to the company. The second characteristic could be called "informativeness." In general, applicants respond more positively to recruiters who are perceived as warm and informative. These characteristics seem more important than such demographic characteristics as age, sex, or race, which have complex and inconsistent effects on applicant responses.

3.18.3 Recruiter's Realism:

Perhaps the most well researched aspect of recruiting deals with the level of realism that the recruiter incorporates into his or her message. Since the recruiter's job is to attract candidates, there is some pressure to exaggerate the positive features of the vacancy while downplaying the negative features. On the other hand, if the recruiter goes too far, the candidate can be misled and lured into taking the job under false pretenses. This can lead to a serious case of unmet expectations and a high job turnover rate.

3.18.4 Enhancing Recruiter Impact:

Although research suggests that recruiters don't have much influence on job choice, this does not mean recruiters cannot have an impact. Most recruiters receive little training, and recent research has attempted to find conditions in which recruiters do make a difference. Based on this research, an organization can take several steps to increase the impact that recruiters have on those they recruit.

First, recruiters can provide timely feedback. Applicants react very negatively to delays in feedback, often making unwarranted attributions for the delays (e.g., the organization is uninterested in my application). Second, recruiters need to avoid behaviors that might convey the wrong organizational impression. Third, individuals can do in teams rather than recruiting. As we have seen, applicants tend to view line personnel (e.g., job incumbents and supervisors) as more credible than personnel specialists, so these kinds of recruiters should be part of any team. On the other hand, personnel specialists have knowledge that is not shared by line personnel (who perceive recruiting as a small part of their "real" job), so they should be included as well.

3.19 Prerequisites of a good Recruitment & Selection policy:

Prerequisites of a good recruitment policy:

1. It should be flexible enough to meet the changing needs of an organization.
2. It should provide job security and continuous employment.
3. It should assure employees of fairness in all employment relationship including promotion and transfer.
4. It should not be against the relevant public policy.

5. It should provide equal chance to each employee to develop his knowledge and skills the maximum possible extent.

3.20 Recruitment Alternatives

There are some recruitment alternatives. They are-

- Temporary help service
- Employee leasing
- Independent contractors

3.21 Selection Methods Standards

Personnel Selection is the process by which companies decide who will or will not be allowed into their organizations. Several generic standards should be met in any selection process. We focus on five:

- Reliability
- Validity
- Generalizability
- Utility
- Legality.

The first four build off each other, in the sense that the preceding standard is often necessary but not sufficient for the one that follows. This is less the case with legal standards. However, a thorough understanding of the first four standards helps us understand the rationale underlying many of the legal standards.

Reliability

Much of the work in personnel selection involves measuring characteristics of people to determine who will be accepted for job openings. For example, we might be interested in applicants' physical characteristics (e.g., strength or endurance), their cognitive abilities e.g. mathematics ability. Whatever the specific focuses, in the end we need to quantify people on these dimensions i.e. assign numbers to them) so we can order them from high to low on the characteristic of interest. Once people are ordered in this way, we can then make decisions about whom to hire and whom to reject.

Standards for Reliability:

Regardless of what characteristic we are measuring, we want highly reliable measures. But how high is high enough? Although there are many general rules for determining an acceptable level of reliability, it is best to keep in mind the kinds of decisions you make with the measure. The following table depicts two different scenarios of a manager choosing between two applicants for mechanic's position and using a measurement of mechanical aptitude to aid in the decision. As the table, makes clear, for some decisions, a reliability of .70 may be sufficient. In Scenario 1, the applicants' scores are so far apart (15 points) relative to the standard error of the measure (5.48 points) that even with .70 reliability; the manager can safely conclude that Job a Applicant A has more mechanical aptitude than Job Applicant B.

In Scenario 2, on the other hand, the two applicants' scores are so close that even a reliability of .95 *is* insufficient to guarantee that person A's "True" mechanical aptitude is actually higher than person B's. That is, because the standard error of the measure (2.23 points) is larger than the difference between the two persons scores (1 point), if we tested these two people again, person B could easily obtain a higher score than person A. Under these conditions the manager needs to find some other basis for making the decision regarding these two applicants.

Although these scenarios suggest that no specific value of reliability is always "acceptable," they also demonstrate why more reliability is better. Clearly, the more reliable the measure, the more likely it is that we will be able to base decisions on score differences that reveals.

Table 3		Required Level of Reliability for Two Different Decision Situations	
Scenario 1			
Test's reliability	=		.70
Test's standard deviation	=		10.00
Test's standard error of measurement	=		5.48
Job applicant A's test score	=		96
Job applicant B's test score	=		81
Scenario 2			
Test's reliability	=		.95
Test's standard deviation	=		10.00
Test's standard error of measurement	=		2.23
Job applicant A's test score	=		90
Job applicant B's test score	=		89

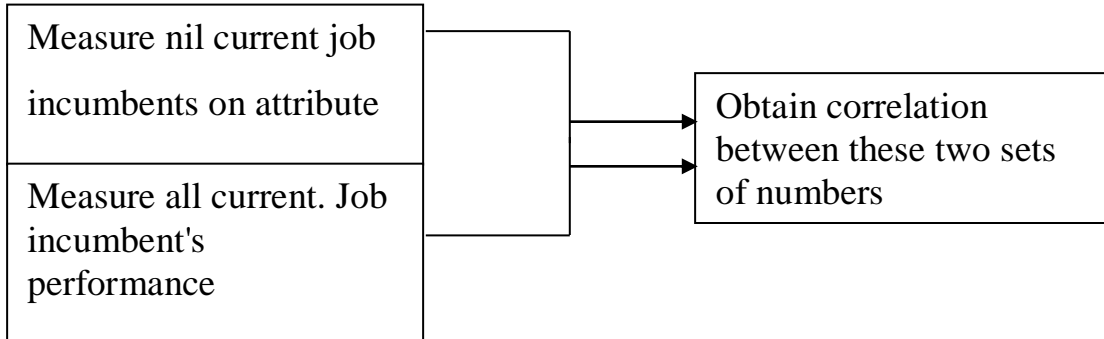
Validity:

We define validity as the extent to which performance on Joe measure is associated with performance on the job. A measure must be reliable if it is to have any validity. On the other hand, we can reliably measure many characteristics (e.g., height) that may have no relationship to whether someone can perform a job. For this reason, reliability is a necessary but insufficient condition for validity.

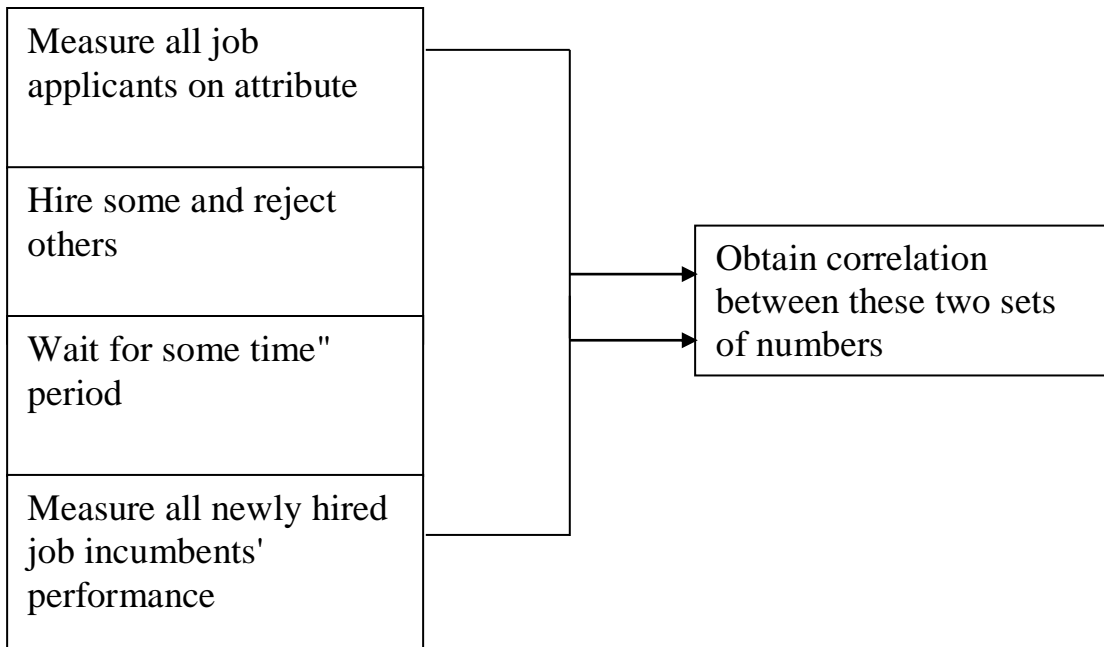
Criterion-Related Validation:

One way of establishing the validity of a selection method is to show that there is an empirical association between scores on the selection measure and scores for job performance. If there is a substantial correlation between test scores and job performance scores, criterion-related validity has been established. This correlation is referred to as a validity coefficient.

Concurrent Validation



Predictive Validation



Generalizability

Generalizability is defined as the degree to which the validity of a selection method established in one context extends to other contexts. There are three primary "contexts" over which we might like to generalize: different situations (i.e., jobs or organizations), different samples of people, and different time periods. Just as reliability is necessary but not sufficient for validity, validity is necessary but not sufficient for Generalizability.

It was once believed, for example, that validity coefficients were situational specific—that is, the level of correlation between test and performance varied as one went from one organization to another, even though the jobs studied seemed to be identical. Subsequent research has indicated that this is largely false. Rather, tests tend to show similar levels of correlation even across jobs that are only somewhat similar (at least for tests of intelligence and cognitive ability). Correlations with these kinds of tests change as one goes across widely different kinds of jobs, however. Specially, the more complex the job, the higher the validity of many tests.

It was also believed that tests showed differential subgroup validity, which meant that the validity coefficient for any test-job performance pair was different for people of different races or gender. This belief was also refuted by subsequent research, and, in general, one finds very similar levels of correlations across different groups of people.

Utility

Utility is the degree to which the information provided by selection methods enhances the bottom-line effectiveness of the organization. In general, the more reliable, valid, and generalizable the selection method is, the more utility it will have. On the other hand, many characteristics of particular selection contexts enhance or detract from the usefulness of given selection methods, even when reliability, validity and generalizability are held constant.

Legality

The final standard that any selection method should adhere to is legality. All selection methods should conform to existing laws and existing legal precedents. Many of the issues related to selecting employees safely under Bangladeshi law were discussed generically. Out treatment there were broad and dealt wit legal aspects in all areas of human resource management. It this, we will focus more narrowly on issues that relate directly to personnel selection.

Constitutional Law

As we noted, the U.S. Constitution is directly involved in hiring when complaints are brought against employers under the Fourteenth Amendment. The Fourteenth Amendment regulates states and his or her agents and guarantees that no person shall be denied life, liberty, or property by the state without due process of law. Thus, a hiring decision made by a state agent (e.g., a state university) could be considered unconstitutional if it bore no reasonable relation to any legitimate purpose.

3.22 Type of Selection Methods

3.22.1 Interviews

A selection interview has been defined as "a dialogue initiated by one or more persons to gather information and evaluate the qualifications of an applicant for employment." The selection interview is the most widespread selection method employed in organizations.

Unfortunately, the long history of research on the employment interview suggests that, without proper care, it can be unreliable, low in validity, and biased against a number of different groups. Moreover, interviews are relatively costly because they require at least one person to interview another person, and these persons have to be brought to the same geographic location. Finally, in terms of legality, the subjectivity embodied in the process often makes applicants upset, particularly if they fail to get a job after being asked apparently irrelevant questions. The Supreme Court ruled in *Watson v. Fort Worth Bank and Trust* that subjective selection methods like the interview must be validated by traditional criterion-related or content-validation procedures.

3.22.2 References and Biographical Data

Just as few employers would think of hiring someone without an interview, nearly all employers also use some method for getting background information on applicants before an interview. This information can be solicited from the people who know the candidate through reference checks.

3.22.3 Physical Ability Tests

Although automation and other advances in technology have eliminated or modified many physically demanding occupational tasks, many jobs still require certain physical abilities. In else cases, test of physical abilities may be relevant not only to prediction performance but also to predicting occupational injuries and disabilities as well. There are seven classes of tests in this area, ones that evaluate

- Muscular Tension.
- Muscular power.
- Muscular Endurance.
- Cardiovascular Endurance.
- Flexibility.
- Balance.
- Coordination.

The criterion -related validities for these kinds of tests for certain jobs are quite strong. Unfortunately, these tests, particularly the strength tests, are likely to have an adverse impact on some applicants with disabilities and many female applicants. For example, roughly two-thirds of all males score higher than the highest-scoring female on muscular tension tests.

3.22.4 Cognitive Ability Tests

Cognitive ability tests differentiate individuals on their mental rather than physical capacities. Cognitive ability has many different facets, although we will focus only on three dominant ones. Quantitative ability concerns the speed and accuracy with which one can solve arithmetic problems of all kinds. Reasoning ability, a broader concept, refers to a person's capacity to invent solutions to many diverse problems.

3.22.5 Personal Inventories

While ability tests attempt to categorize individuals relative to what they can do, personality measures tend to categorize individuals by what they are like. Two recent reviews of the personality literature independently arrived at five common aspects of personality. We refer to these five major dimensions as

- Extroversion
- Adjustment
- Agreeableness
- Conscientiousness
- Inquisitiveness

The following lists each of these with a corresponding list of adjectives that fit each annion. Although it is possible to find reliable, commercially available measures of each of these traits, the evidence for their validity and general ability is low. Conscientiousness is one of the few factors that display any validity across a number of different job categories, and many real-world managers rate this as one of the most important characteristics they look for in employees. People high in conscientiousness show more stamina work, and this can be needful in many occupations. For example, at the highest levels of management, many of the CEOs of the largest companies-such as He SBL Kelleher of Southwest Airlines, Tony O Reilly of H J Heinz, and Wolfgang Schmitt of Rubbermaid-report working 80-90 hours a week and get by on as little as 5-6 hours of sleep each night.

3.22.6 Work Samples

Work-sample tests and job-performance tests attempt to simulate the job in miniaturized form. For example, many organizations use an "In-Basket" test when assessing people who are applying for managerial jobs. In an in-basket test, job candidates are asked to respond to memos that typify the problems confronted by those who already hold the job. The key in this and other forms of work-sample tests is the behavioral consistency between the requirements of the jobs and the requirements of the test.



Chapter- 4

Data analysis & Interpretation

Data analysis (Table & Chart)
Interpretations
Summery of findings

4.1 Data analysis

4.2 Interpretations

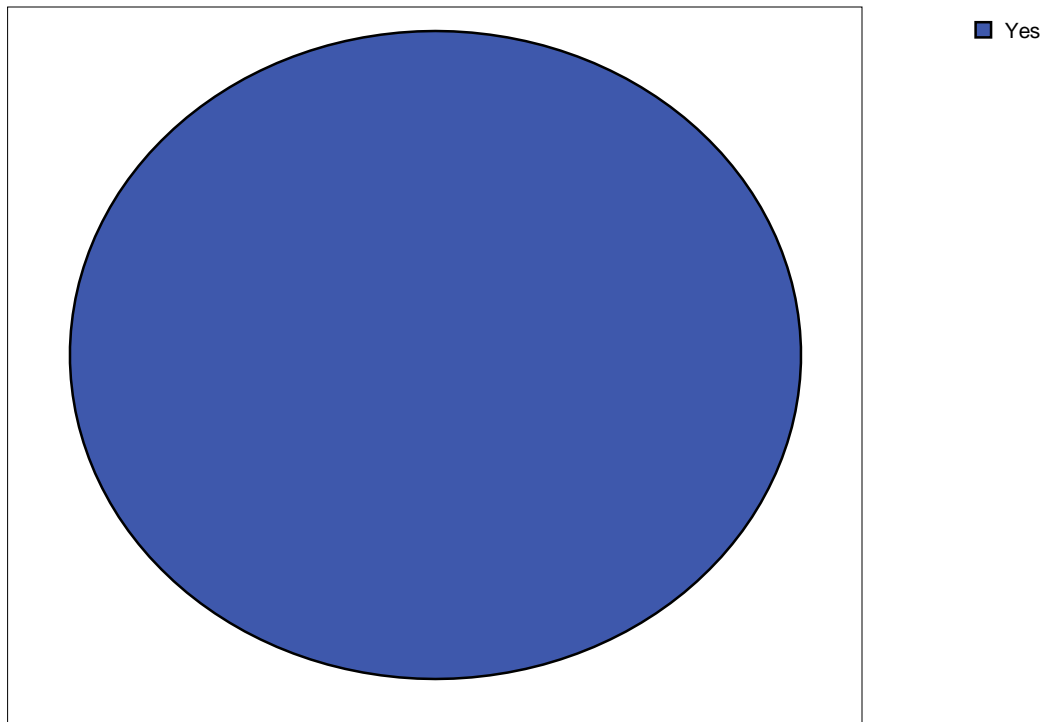
Source: Do you have any H.R department?

Table: 1

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	10	100.0	100.0	100.0

Chart: 1

The percentage of H.R department in the organization



Interpretation: This chart shows that all most all the respondents strongly agree that they have a well understood HR department. That is 100% people are saying 'Yes' to this question.

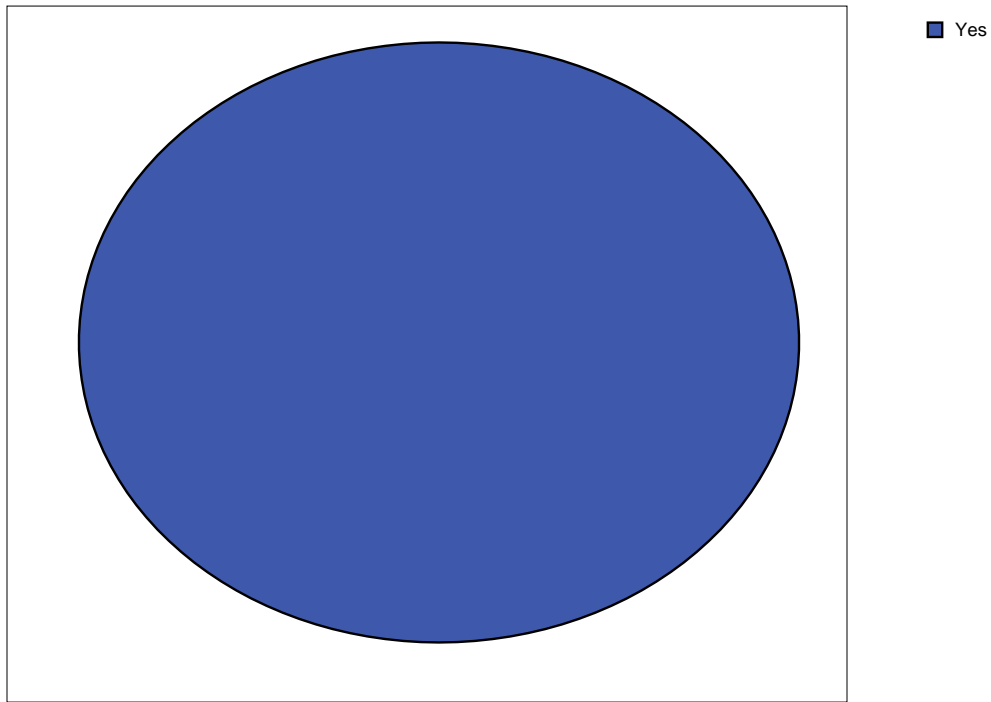
Source: Are the policies conducted by the government?

Table: 2

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	10	100.0	100.0	100.0

Chart: 2

The policies conducted by the government



Interpretation: Most of the organization says they follow the policies that are governed by the government it means 100% people agree with this option. So organizations are legally running there activities within the country.

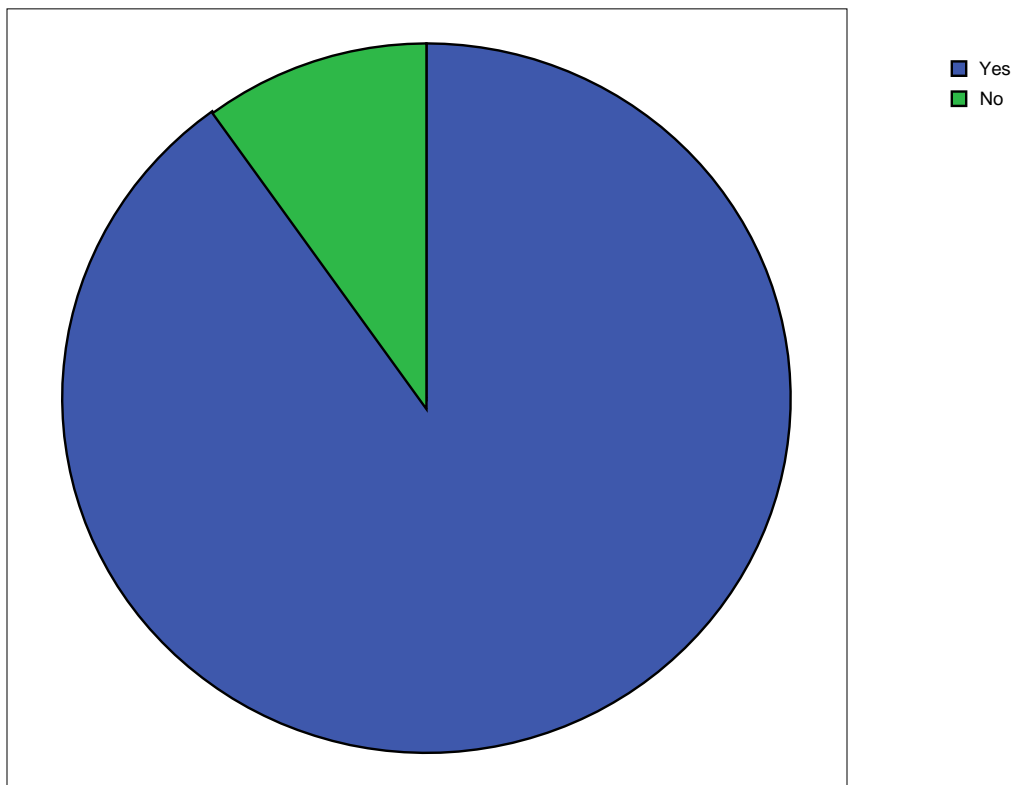
Source: Are the policies conducted by your organization?

Table: 3

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	9	90.0	90.0	90.0
no	1	10.0	10.0	100.0
Total	10	100.0	100.0	

Chart: 3

The policies conducted by the organization



Interpretation: From the above table and chart I found that only 10% people say 'no' they don't have separate policies for their organization; they simply follow the government regulated policies. But majority of the people that means 90% of the respondents say they also follow their own policies as well.

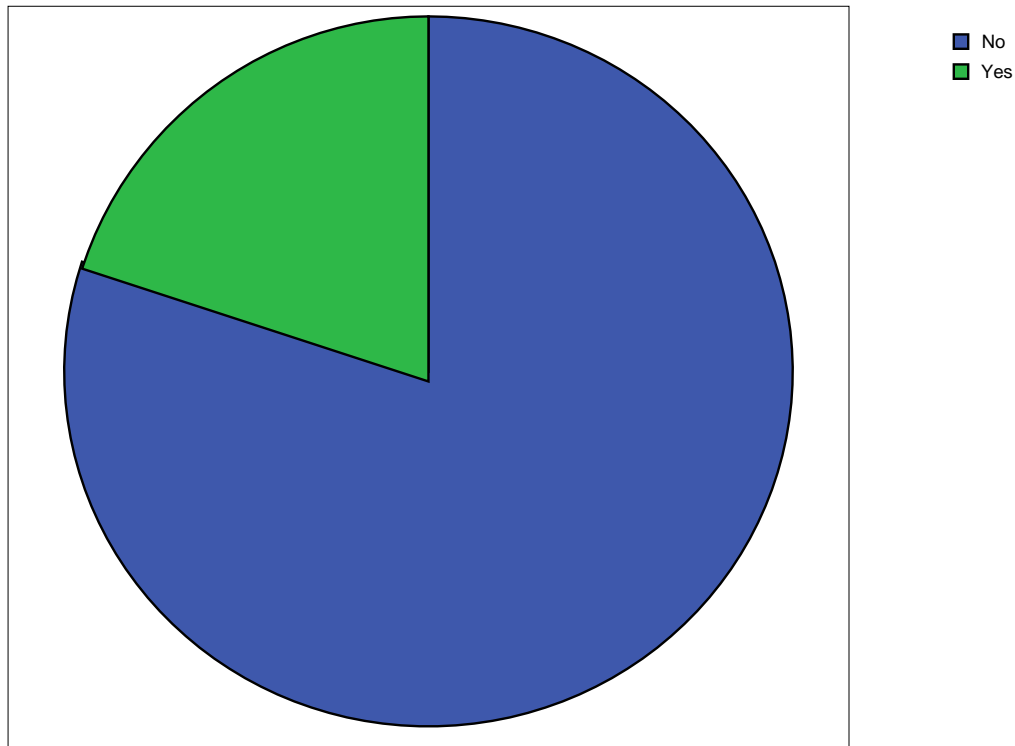
Source: Does your organization yearly change or modify the policies?

Table: 4

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid no	8	80.0	80.0	80.0
yes	2	20.0	20.0	100.0
Total	10	100.0	100.0	

Chart: 4

Organizations yearly change or modify the policies



Interpretation: About 20% respondents says their organizations sometimes make changes or modifies their policies on yearly basis; but 80% people says they don't change or modifies their policies on yearly basis. It is decided by the top level management according to the situation.

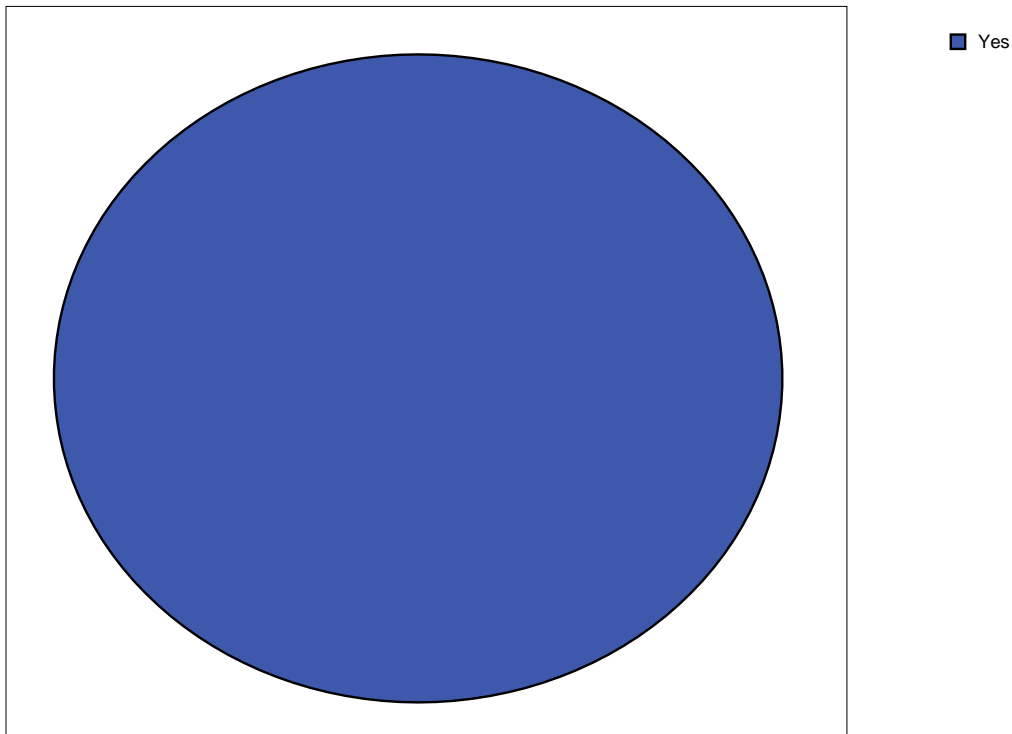
Source: Are you conscious about the policies of your organization?

Table: 5

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	10	100.0	100.0	100.0

Chart: 5

Employee consciousness about the policies



Interpretation: Almost all the respondents are much more conscious about the policies that their organization holds. It is important for an employee to be conscious about the policies of the organization where he/she works.

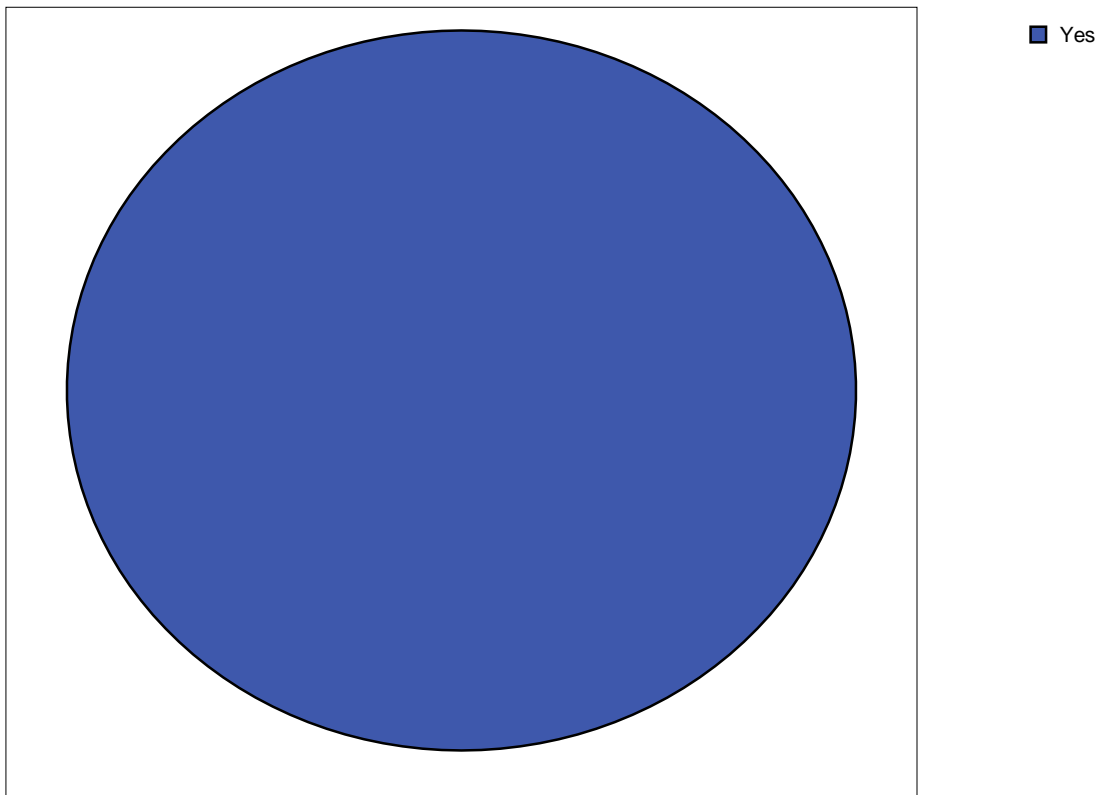
Source: Are you satisfied about the policies of your organization?

Table: 6

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	10	100.0	100.0	100.0

Chart: 6

Employee satisfaction about the policies of organization



Interpretation: As we see people have consciousness about the policies so they are obviously well satisfied with their disciplined organizations.

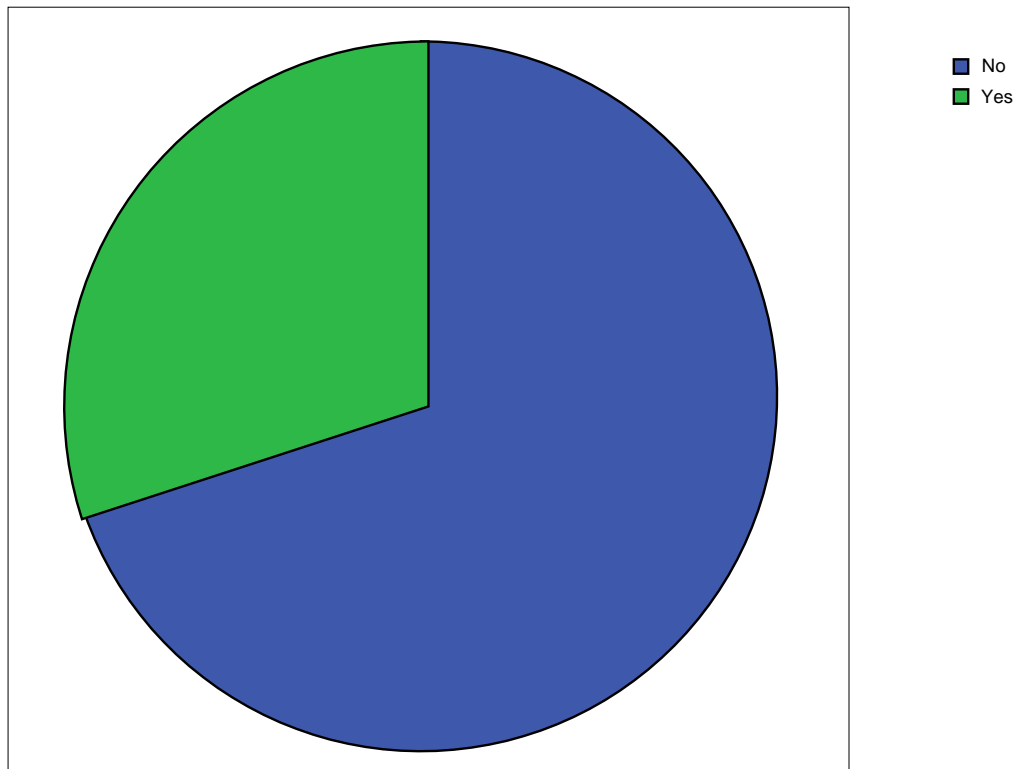
Source: Are you facing any problem to implement the policies of your organization?

Table: 7

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid no	7	70.0	70.0	70.0
yes	3	30.0	30.0	100.0
Total	10	100.0	100.0	

Chart: 7

Problems faced by the organization to implement the policies



Interpretation: Around 30% people agree sometimes they face some problems while implementing the policies but rest of 70% don't face any problem to implement the policies.

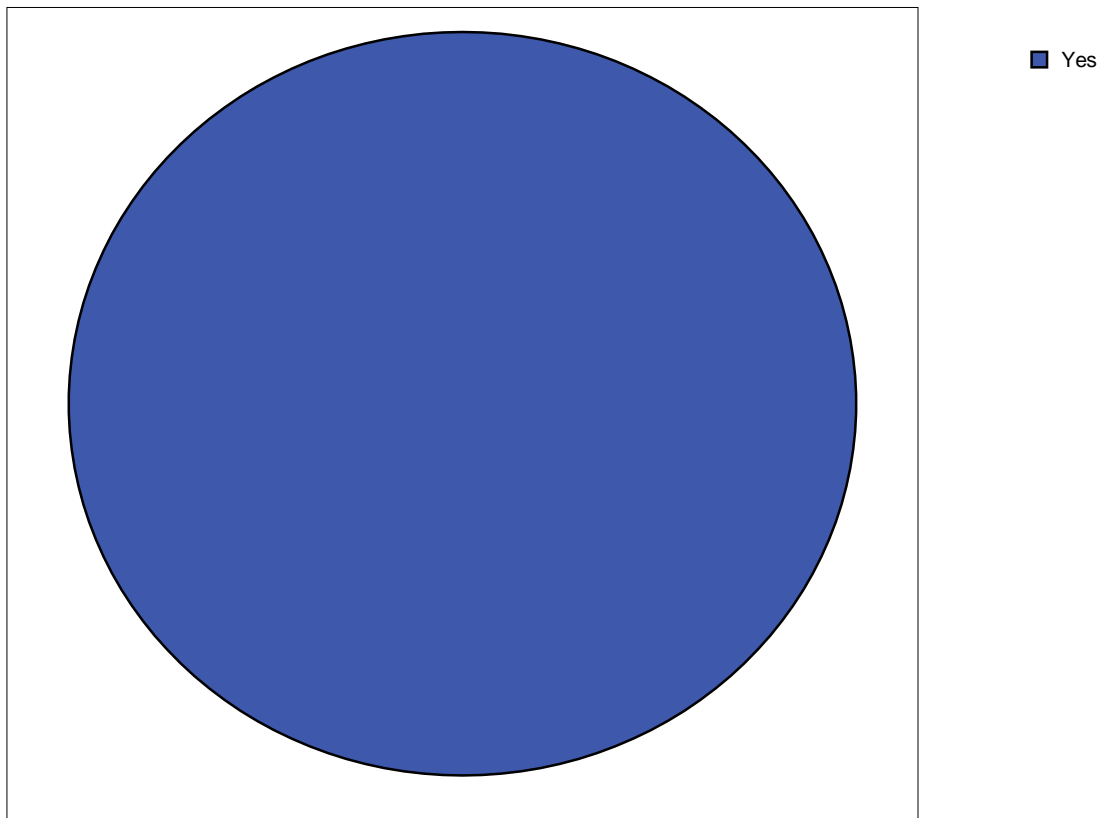
Source: Does your organization use external recruiting process?

Table: 8

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	10	100.0	100.0	100.0

Chart: 8

The percentage of using external recruiting process



Interpretation: Most of the organizations recruit human resources externally. This chart also describe 100% recruitment occurs from the external sources.

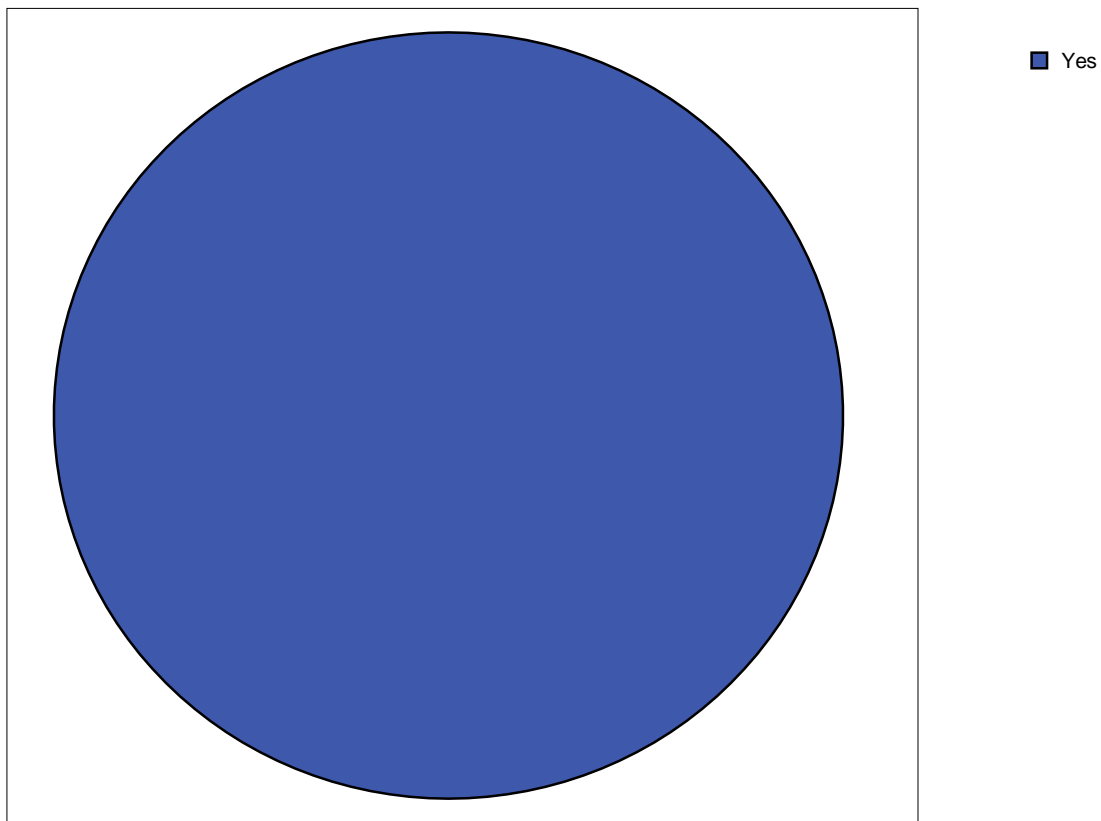
Source: Does your organization use internal selection process?

Table: 9

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	10	100.0	100.0	100.0

Chart: 9

The percentage of using internal selection process by organization



Interpretation: Organizations also use internal selection process in some cases. This may occur through the promotional activities. Employees are being promoted to the next higher level.

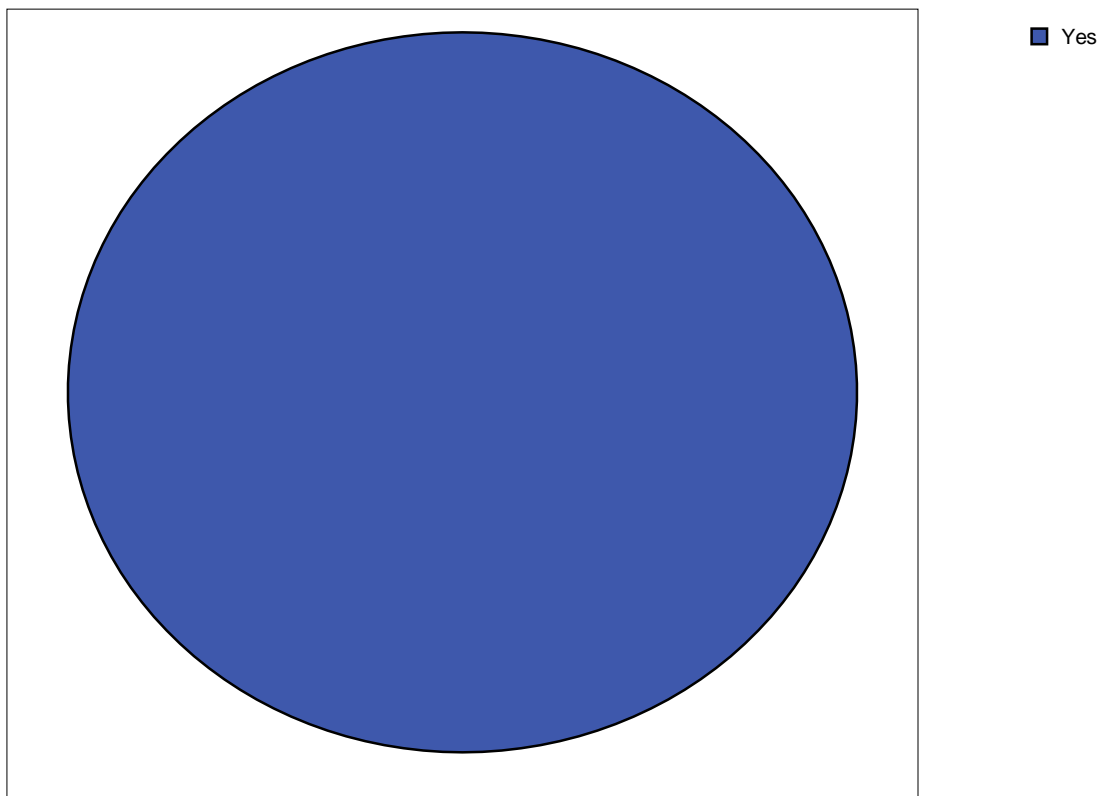
Source: Does your organization invite any external experts for selection process?

Table: 10

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	10	100.0	100.0	100.0

Chart: 10

Organization invites external experts for selection process



Interpretation: This chart shows that organizations invite external experts for selecting the human resources among the huge candidates. May be they want to make the selection process fair enough that's why they invite external experts.

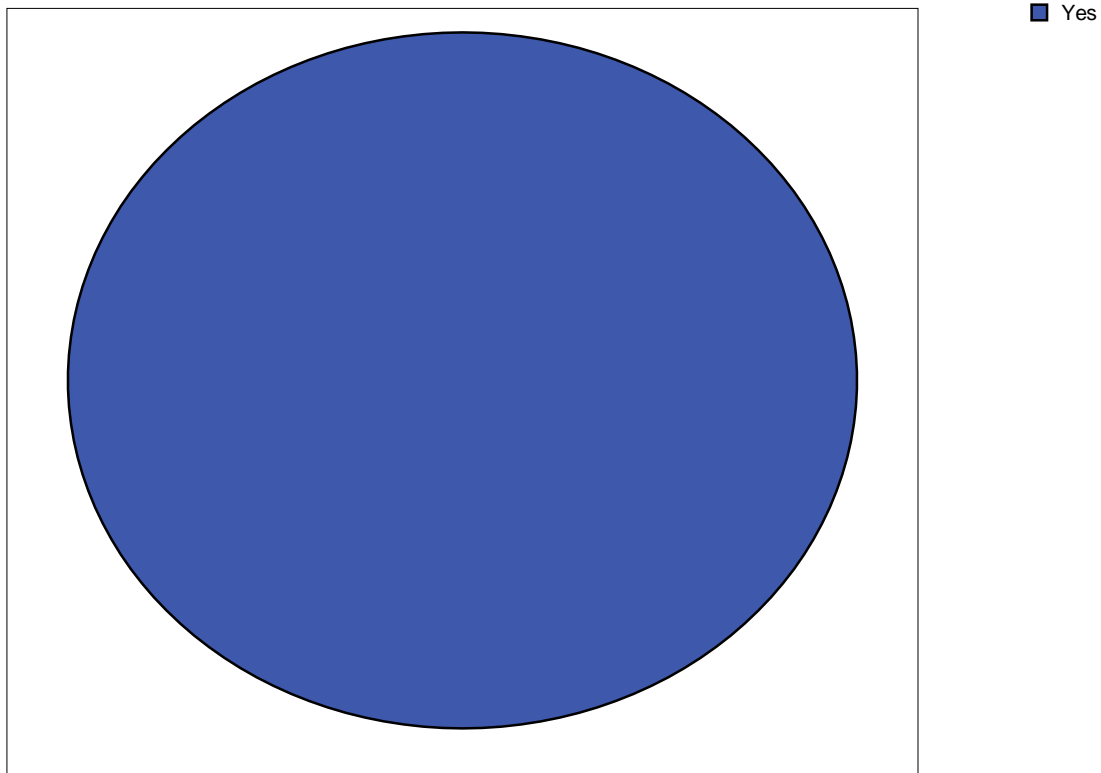
Source: Does your organization have different selection process for different levels of management?

Table: 11

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	10	100.0	100.0	100.0

Chart: 11

Different selection process for different levels of management



Interpretation: Organizations always use different selection process for different levels of management because employees overall performance, qualifications, experience, knowledge, skills etc varies for the each and every levels of management. 100% respondents say 'yes' to this question.

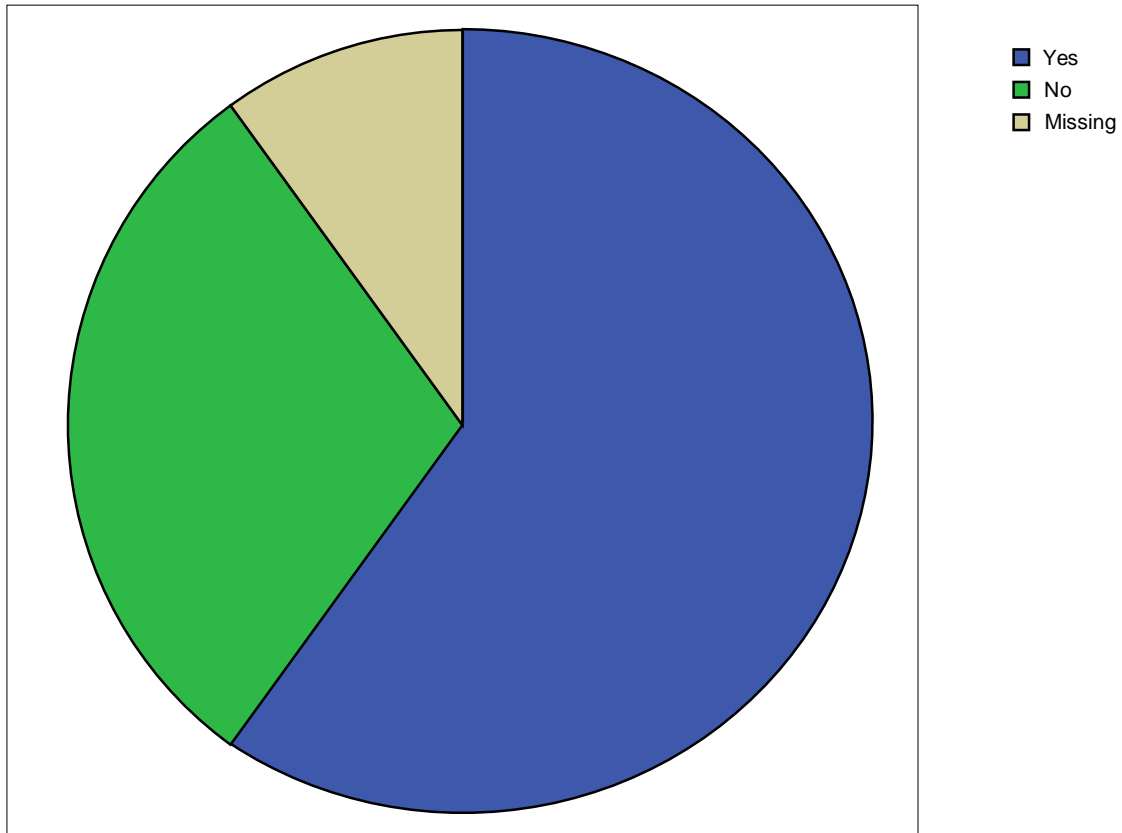
Source: Are you satisfied with the service provided by external expert?

Table: 12

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	6	60.0	66.7	66.7
	no	3	30.0	33.3	100.0
	Total	9	90.0	100.0	
Missing	System	1	10.0		
Total		10	100.0		

Chart: 12

Satisfaction with the service provided by external experts



Interpretation: Around 60% people are satisfied with the service that is provided by the external experts; only 30% shows dissatisfaction to the external expert's service. Moreover 10% respondents denied answering this question.

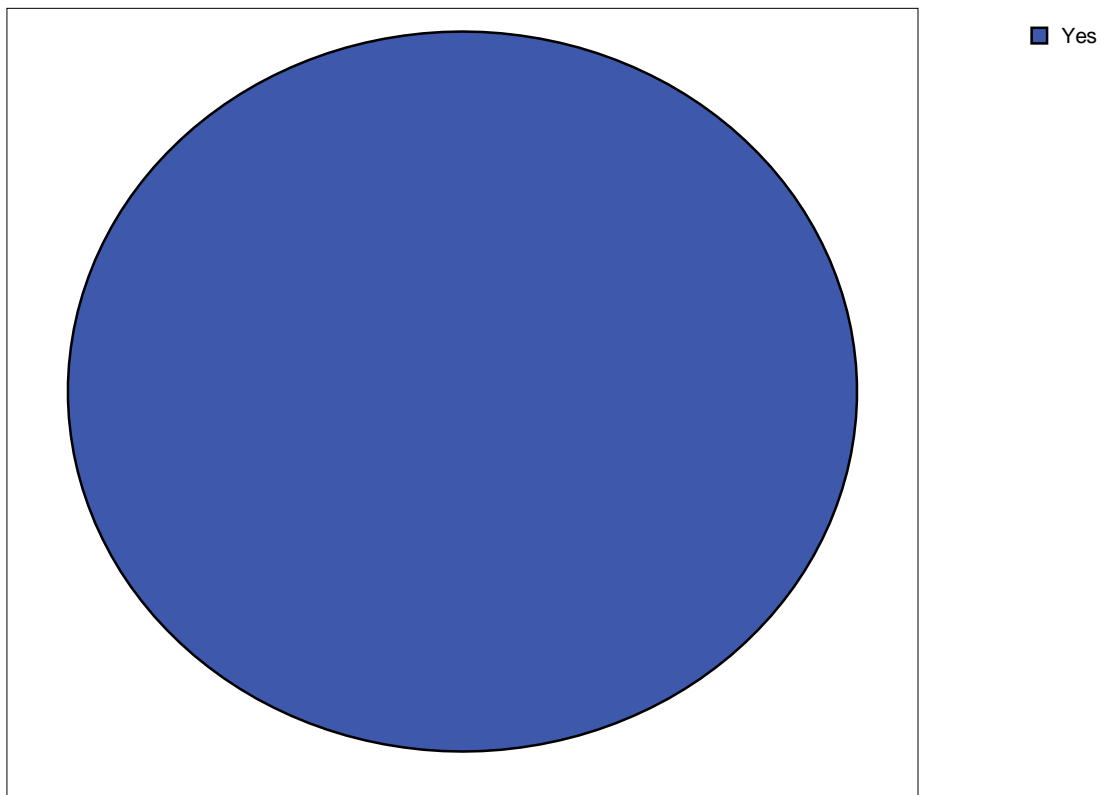
Source: Do you consider fresh graduate to work in your organization?

Table: 13

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	10	100.0	100.0	100.0

Chart: 13

Organizations consider fresh graduate to work



Interpretation: One thing found common in all most all the organization that I visit is that, they all give opportunity to the fresh graduates to perform their internship for 3 or above months which is a partial fulfillment of the graduate degree. This may create a positive attitude among the fresh graduates about those organizations.

4.3 Summary of findings:

I have surveyed the questionnaire in some few banks inside the Dhaka city to find out the views of employees about their organization on recruitment and selection process. In the interpretation I used the pie chart

- To understand it more clearly
- And also for avoiding mistakes

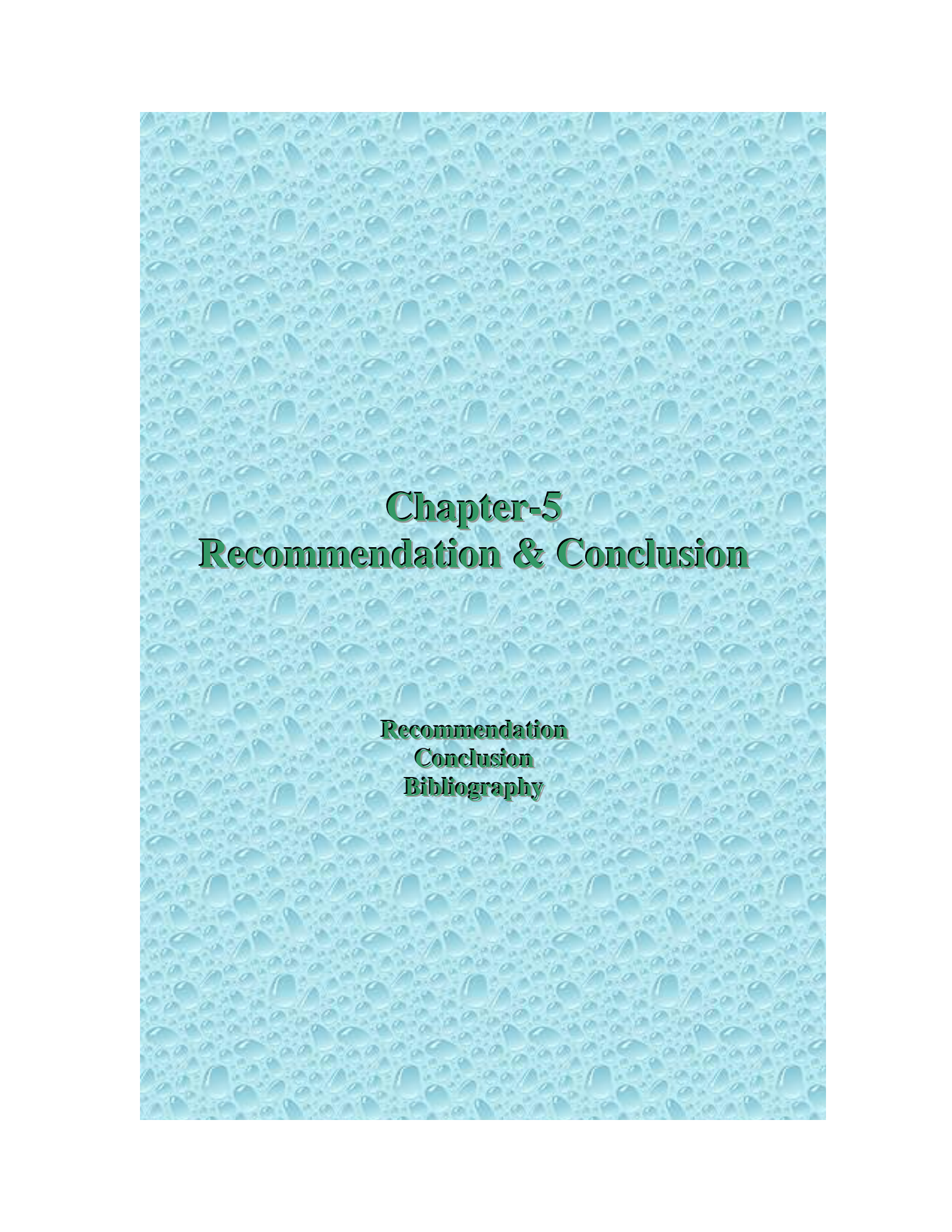
For making the survey easier I have chosen the mid level managers as respondents. Because it is a little bit difficult to make the survey in top level management. I believe today's mid level managers or officers are the part of future top level management.

In a short period of time it was not possible for me to do the survey in all the banks. So I did the survey in some selected banks in Dhaka city.

As surveys are conducted I have identified some strengths and weaknesses of the recruitment and selection process in banks, such as

- ✚ All most all the respondents say that they have a well understood HR department and the main policies are conducted by the government.
- ✚ Side by side the organization also has some individual policies for their organization.
- ✚ Most of the companies don't change or modify their policies in yearly basis. It varies time to time. Management decides when to change or modify the policies and it depends on the situation. It may be after two years or some times one year or more.
- ✚ All most all the respondents agree that they are conscious enough and also they are satisfied with the policies that their organization has taken. Sometimes they faced problems to implement those policies but not always.
- ✚ Organizations uses external experts for recruiting process and most are also uses internal selection process. On the other hand organizations invite external experts for this selection process.

- ✚ In all banks HR managers are using different selection process for different levels of management.
- ✚ In case of service provided by the external experts here I found different observations some says they are satisfied, some says they are dissatisfied and some people don't give any response to this question.
- ✚ One thing is common in these organization is that they give opportunity to the fresh graduates to work in those banks for completing the internship as recommended from the universities for the partial fulfillment of the degree.



Chapter-5

Recommendation & Conclusion

Recommendation
Conclusion
Bibliography

Recommendation

Organizations that survive and succeed in this new global environment, will be those that find new ways of recruiting and selecting qualified people and achieve the overall organizational objectives.

Top ways to get good candidates

The smartest employees, who hire the best people, develop a pre-qualified candidate pool before they need to fill a job or as Harvey Mackay, well known irreverent, author and speaker says about networking “Dig your well before you’re thirsty”.

You can develop relationships with potential employees long before you need them. These ideas will also help you create a larger pool of candidates when you have a current position available. The earlier you adopt these practices the better your organization will do in the upcoming war for talent.

Identify your ideal candidates

A job description that tells potential employees the exact requirements of the position is useful. Even more useful is the process you use to develop the job description internally and the behavioral characteristics of your ideal candidates. Assemble a team who represents the best qualities of the people who currently hold the same or similar position include the hiring manager.

Develop a job description that includes the key responsibilities and output of the position. Then define the behavioral characteristics of the person that you fell in your ideal candidates. Finally, list your five-ten key responsibilities and characteristics you will use to screen resumes and eventually establish the questions for the candidates you interview.

Conclusion

Actually it's a very tough job to find out the "Human Recruitment Process" of any organization because the lack of "Structured Features" that exists in that organization, the time of "Recruitment" and so on. Instead of that, I conducted a survey through questionnaire. The main problem I faced in finding out the Recruitment and selection process in banking sector was lack of any book or document that contain writings about their "Hypothetical Recruitment Process". All the recruitment and selection process and practices could not be elaborated. That's why I took the help of "Questionnaire".

As we know there is always some lacking or problems faced by the recruiters in selecting the appropriate human resources for the specific posts. Sometimes policies are not accurately followed as written, so here we can never hope that recruitment process will be valid and reliable. There are biasness and other political influence hindering above recruiting and selection process.

But this doesn't mean that all the organization in our country fails to select the best people for there organization. It is true that perfect selection and recruitment process will give you perfect employee who will be very effective for the organization.

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