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Service Rules Uniformity in Banks of Bangladesh: Issues and Challenges

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Foreword

As a part of the ongoing dissemination of BIBM research output, the present research monograph contains the findings of the Roundtable: “Service Rules Uniformity in Banks of Bangladesh: Issues and Challenges”. The study was conducted in 2023-24 and the paper was presented in a roundtable discussion held in 07 May, 2024.

BIBM publishes all of its research outcome in different titles depending on the nature of the report. The research team in the roundtable discussion attempted to examine strategies for achieving uniform service rules in Bangladesh's banking sector through short-term, medium-term, and long-term approaches. Short-term strategies focus on employee transfers and training, while medium-term strategies address recruitment and salary structures. Long-term strategies aim to standardize termination and retirement procedures. Key challenges identified include variations in job hierarchy, salary structures, promotion policies, and performance appraisals, which need to be addressed for effective uniformity across banks. It gives me immense satisfaction, on behalf of BIBM, to disseminate this valuable academic resource having significant policy implications to the practitioners of the banks and financial institutions, regulatory agencies, policy makers as well as to the academics and common readers. I hope, this round table will enrich our understanding employee perceptions, guiding policy development, improving HR practices, enhancing performance and encouraging a positive organizational culture.

We look forward to get feedback from our esteemed readers on this issue which certainly would help us improving upon our research activities in the years to ahead.

Md. Akhtaruzzaman, Ph.D.
Director General, BIBM

Acknowledgement

This roundtable titled “Service Rules Uniformity in Banks of Bangladesh: Issues and Challenges” has been completed with immense support from numerous individuals and banks.

We express deep gratitude to Dr. Md. Akhtaruzzaman, Honorable Directors General of BIBM for his valuable observations and guidance in finalizing the paper.

We are thankful to the chief guest, panellists and participants of the seminar for their valuable comments that immensely helped us to improve the quality of the paper. Finally, special thanks to Mr. Md. Shihab Uddin Khan, Director (Research Development & Consultancy) of BIBM for directing and mentoring in preparing the final version of this report.

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Abbreviations

ACR	Annual Confidential Report
AGM	Assistant General Manager
AVP	Assistant Vice President
BB	Bangladesh Bank
BCA	Banking Companies Act
BSC	Bankers Selection Committee
CIB	Credit Information Bureau
DMD	Deputy Managing Director
DOS	Department of Offsite Supervision
EIB	Employee Information Bureau
ESR	Employee Service Rules
FAVP	First Assistant Vice President
FGD	Focus Group Discussion
FI	Financial Institutions
HR Forum	Human Resources Forum
HR	Human Resources
IBA	Institute of Business Administration
ICRRS	Internal Credit Risk Rating System
JAIBB	Junior Associate of the Institute of Bankers, Bangladesh
JAVP	Junior Assistant Vice President
KPI	Key Performance Indicator
MD	Managing Director
MTJ	Medium-Term Jump (Medium-Term Strategy)
MTO	Management Trainee Officer
PF	Provident Fund
PRR	Performance Review Report
SAVP	Senior Assistant Vice President
SO	Senior Officer
SOCB	State-Owned Commercial Bank
SR	Service Rules
STJ	Short-Term Jump (Short-Term Strategy)
Taka	Bangladeshi Taka (BDT)
TAO	Trainee Assistant Officer
VP	Vice President
WHO	World Health Organization

Executive Summary

Service rules means the rules of conduct, discipline and appeal of management employees and other than management employees in an organization. The functions of service rules start immediately after onboarding or employee orientation from the date of joining in the organization. The main objectives of an organization's service rules are to regulate operational procedures and manage the relationship between workers and management effectively. These rules should include essential provisions such as clearly outlining the job descriptions of employees or workers; ensuring compliance with labor laws, rules, and regulations, which must provide at least the same level of benefits as mandated by the government. The significance of employee Service Rules (SR) is emphasized in Bangladesh due to the economic transition of Bangladesh from less developed to the developing economy. This was transpired due to the transition to the industrialization. Now it is mandatory for all businesses to follow SR in Bangladesh (The Labor Law, 2006).

The generic objective of the round table discussion is to examine the issues and challenges of service rules uniformity in the banking sector of Bangladesh. However, the specific objectives of the study are to – i) Examine the areas of service rules in the banking sector of Bangladesh; ii) Identify the issues and challenges of service rules uniformity in the banking sector of Bangladesh; iii) Develop strategic avenues to ensure service rules uniformity in the banking sector of Bangladesh. The paper contains nine chapters. After explaining the background and research objectives in Chapter-1, the study covers research methods in Chapter-2. Chapter-3 includes relevant laws & regulations for service rules followed by Chapter-4 with relevant Bangladesh Bank initiatives for uniformity of services rules among the commercial banks in Bangladesh. Further, Chapter-5 explains the summary FGD finding on the issues of service rules uniformity while Chapter-6 includes the summary findings of service rules of the banks. Chapter-7 covers employee perception survey on the uniformity of service rules and Chapter-8 explains strategic avenues for uniformity of service rules followed by issues and challenges in Chapter-9.

The study used both primary and secondary data. The secondary data has been collected from the published laws and regulations, published articles, service rules of the commercial banks in Bangladesh. This round table discussion paper is basically prepared based on the secondary data, hence, desk-based research has been conducted.

The study analyzed service rules of 36 banks including 04 state owned commercial banks, 02 specialized banks, 20 private commercial banks and 10 Islamic banks. The study also conducted a Focus Group Discussion (FGD) with the heads of HR or a representative of heads of HR of different commercial banks in Bangladesh. Total 35 participants' comments have been analysed in the report. Moreover, the study also conducted an opinion survey on the bankers regarding service role uniformity. Using snowball sampling technique total 321 sample respondents have been analyzed for this opinion survey analysis.

The study finds that among the six State-Owned Banks the Employee Service Rules (ESR) are almost same. Lastly, in 2023, BASIC bank adopted their ESR similar to other state-owned banks, although some areas of BASIC bank's ESR are not same to other State-Owned Banks. For example, BASIC bank has no pension facilities. Further, the number of job hierarchy are almost same among the State-Owned Banks in Bangladesh. The number of job hierarchy among the state-owned banks are ranged from 9 to 11. Moreover, the recruitment and selection process of the State-Owned Banks are also same which is conducted through the Bankers Selection Committee (BSC) of Bangladesh Bank (BB). The government scale is followed by the state-owned banks to define the salary structure and benefits. Moreover, they have different types of allowances. There are different types of leave and leave encashment benefits of the government banks' employees in Bangladesh. These are 15 (fifteen) types of different leave facilities of the employees in the State-Owned Banks. Some of these are – earned leave, extraordinary leave/leave without pay, mandatory annual Leave, without salary exceptional leave, special disability leave, quarantine leave, maternity leave, study leave, causal leave, recreation leave, sick leave, medical leave etc. Employees transfer and posting, termination, resignation and retirement policy, provident fund and gratuity, leave facilities, disciplinary, punishment and appeal procedure and performance appraisal procedure are almost same among the State-Owned

Commercial Banks in Bangladesh. Definition of seniority and promotion policy are same among these banks. Disciplinary, punishment and appeal procedure are clearly articulated in the service rules of the State-Owned Banks in Bangladesh.

The service rules for the specialized banks are designed based on the specialization of the banks. Although job hierarchy, salary structure and benefits, promotion procedure, transfer and posting are same but these are not same with the State-Owned Commercial Banks. Further, the specialized banks' service rules are devised and developed by respective banks.

On the other-hand, the number of job hierarchy among the Private Commercial Banks varied widely. The minimum number of job ladder is 12 and the maximum is 17. The maximum number of job hierarchy of the typical bank is depicted Table-6.5. However, the title of the designation among the banks also varied. For example, a bank defined a title as FAVP on the other hand another bank explains this same post as JAVP. Even a few banks have 3/4 positions immediate before the Executive Post. These are Junior Assistant Vice President, Assistant Vice President, First Assistant Vice President and Senior Assistant Vice President. Moreover, few banks considered VP as their executive post and few banks consider AVP as their executive post. Moreover, the management entry-level designation also largely varies among the commercial banks in Bangladesh. Such as, 'Special Cadre Officer', 'Probationary Officer', 'Management Trainee Officer', 'Young Leader' and 'Officer' etc. The recruitment and selection process are not same across the commercial banks. Unlike the State-Owned Banks, the recruitment and selection process widely varied. Hardly, a bank has own mechanism to recruit entry level employees in their banks. Banks outsource to perform the recruitment and selection function.

The salary and benefit structure also varied among the private commercial banks. For example, minimum salary for MTO/Probationary Officer/Officer/Young Leader/Special Cadre Officer is Tk.45,000 and maximum is Tk.90,000 after confirmation. After confirmation of the management entry-level employees, banks are terming them as 'Senior Officer', 'First Executive Officer', 'Executive Officer' or 'Junior Assistant Vice President'. The duration of such probationary officers varied from 06 months to 03 years. Similarly, salary structure of same position in a bank differs. An employee working as a VP getting salary Tk. 2,50,000 but in a

lateral entry another employee joins the banks as VP with salary Tk. 4,00,000. Employees' transfer and posting also varies from bank to bank. On an average, after every 03 years an employee is transferred from one place to another of the bank.

As number of job hierarchy in the private commercial banks marked at highest by 17 and since average promotion from one hierarchy to another hierarchy is 3 (three) years, an employee who joined as TAO requires 51 years to be the CEO of the bank. Similarly, for the management entry level post, an Officer requires 42 years to be the CEO of the bank. The definition of 'Seniority' is not clearly defined in the SR of the private commercial banks in Bangladesh. The respective banks refine their policy to explain seniority of the employees. The promotion policy among the private commercial banks are largely varied. For example, from Officer to Senior Officer (SO) a bank has a policy to give promotion by 2 years with satisfactory performance while another bank give promotion by 3 years. Further, designation from a lower grade post to the higher grade are not same across the banks. For example, in some banks an employee is promoted to AVP from SPO while in some banks they promoted their employees to JAVP, SAVP then AVP from SPO. These variation in defining job ladders and grades decline organization corporate culture and encourages employees to switch another bank.

The termination procedure is not clearly articulated in many private commercial banks in Bangladesh. It is only limited to give the timeline of termination. Although the employees of State-Owned Banks retire at 59 with one-year preparatory leave, the retirement age for the Private Commercial Banks started from 57 and there is not preparatory leave for retirement. There are only a few leave facilities available for the private commercial banks which are largely limited to casual leave, sick leave, earned leave and maternity leave. However, the kinds of leave facilities and number of days in the leave are varied across the banks in Bangladesh. The kinds of leave facilities are enlisted below Table-6.6. Hardly a bank has leave encashment facilities to their employees. The Private Commercial Banks follow basically two methods – Annual Confidential Report (ACR) and Performance Review Report (PRR). The employee's welfare of the private commercial banks in Bangladesh are limited to provident fund, gratuity and superannuation fund.

Similarly, to the Private Commercial Banks in Bangladesh, the Islamic Banks' recruitment and selection process, salary structure and benefits, employee transfer and posting, seniority and promotion policy, termination, resignation and retirement procedure, provident fund and gratuity, leave facilities, disciplinary, punishment and appeal procedure, performance appraisal are same as the Private Commercial Banks. However, the number of job hierarchy is maximum at twenty.

Based on the survey on the bankers the study finds that a significant 44.9% of respondents strongly agree that such uniformity enhances banks' performance in metrics like Return on Assets (ROA), Return on Equity (ROE), and reduces Non-Performing Loans (NPLs). Additionally, 34.23% of respondents agree that uniformity in service rules contributes to a positive organizational culture. Nonetheless, a substantial 49.66% strongly agree that uniformity in service rules promotes healthy HR practices across banks.

Finally, the study proposed some strategies. These are generic strategy that delineates Short-term, medium term and long-term strategies: Short-terms strategies includes employee transfer and training, job hierarchy, leave facilities; medium-term strategies includes recruitment and selection process, salary structure and benefits, seniority and promotion policy and performance appraisal while long-term strategies includes employee termination, resignation and retirement procedure, provident fund and gratuity, disciplinary, punishment and appeal procedure. The study also proposed to use clustering strategy of the banks, forming expert panel, forming an HR Forum, developing Employee Information Bureau (EIB), developing HR Reporting System for such implementation.

Service Rules Uniformity in Banks of Bangladesh: Issues and Challenges

1. Background

1.1 Introduction

Rules are the explicit set of regulations for governing specific area of activity to conduct or process. Service rules means the rules of conduct, discipline and appeal of management employees and other than management employees in an organization (The Service Rules, 1979). The total process and operation of human resource management can be explained into four – acquisition function, development function, maintenance and retention function (Islam, 2014; Mamun et al., 2020). Acquisition function includes the recruitment and selection of right kind of employees for an organization while development function of HR includes employees training and development; maintenance function includes ensuring employee wellbeing, employee safety and health, grievance management, effective communication and industry agreement with legal responsibilities; and retention function includes the employee turnover by developing better working environment, attractive pay and benefits, healthy work-life balance, and other non-monetary rewards (Mamun et al., 2020). The functions of service rules start immediately after onboarding or employee orientation from the date of joining in the organization. Every organization has a designated service rules to govern their employees where banking companies are no exception. The main objectives of an organization's service rules are to regulate operational procedures and manage the relationship between employees and management effectively. These rules should include essential provisions such as clearly outlining the job descriptions of employees or workers; ensuring compliance with labor laws, rules, and regulations, which must provide at least the same level of benefits as mandated by the government; including details of employees'

services and information on any existing trade unions; in cases where the same service rules apply to multiple firms owned by the same entity, additional information should be provided, such as a list of owners, their addresses, and a declaration of compliance for all companies.

Now the root question is whether service rule is hygiene factor or motivation factor. According to Doglus McGragor two-factor theory of motivation, there are two factor of employee motivation – dissatisfier or hygiene factor and motivation factors. An organization’s Service Rules (SR) falls within the hygiene factor which is a precondition for motivation factor. It indicates that if hygiene factors are not well accomplished or not achieved the employee motivation is beyond consideration. An organization have to fulfil the hygiene factor first followed by the motivation factor (Table-1.1)

Table 1.1: Employee Hygiene and Motivation Factor

Motivating Factors	Achievement, Recognition, Work itself, Responsibility, Advancement, Growth
Hygiene Factors	Company policy, Supervision, Working conditions, Interpersonal relationships at work, Salary and benefits, Job security

The significance of employee Service Rules (SR) is emphasized in Bangladesh due to the economic transition of Bangladesh from less developed to the developing economy. This was transpired due to the transition to the industrialization. Now it is mandatory for all businesses to follow SR is Bangladesh (The Labor Law, 2006). The SR must be compatible with the Labor Law or else, if it is not approved by the Chief Inspector of Labour. The SR includes employment standards, employers and employee relations, payment of compensations and benefits, compensation due to injuries during the office/working hours, formation of trade union, settlement of employee grievances, employee safety and security, employee welfare and working conditions, etc. The formal

legislation on SR has been published in 2015 on Labor Rules in a gazette of Bangladesh that includes concrete legal requirements for SR of the employees (The Labor Rules, 2015).

Under the Labour Act, the employer is also required to provide appointment letters. The Labour Rules mandate that specific information, including pay, other financial advantages, applicable regulations, etc., be included in the appointment letter. According to the rules, a labourer who works consistently for a year is required to get two festival bonuses annually. The Rules give specific instructions for provident funds. Provisions pertaining to nominee selection, fund management, and trust operations for provident fund management are among the new additions. The holiday-related provisions were described in full in the Rules.

The labour service regulations may have flaws that provide employers the chance to defraud workers by imposing an unjustified minimum wage. For example, it does not specifically specify a minimum percentage, but the bonus cannot exceed the base pay. This may be fixed by clearly defining the standard parameters in the service rule, which will make it more suitable and particular. Though the employment rules still have many flaws, at least we are now headed in the right direction. Furthermore, recent changes to labour regulations have made the requirements more adaptable and practical.

1.2: Objectives: The generic objective of the round table discussion is to examine the issues and challenges of service rules uniformity in the banking sector of Bangladesh. However, the specific **objectives** of the study are to –

- a) Examine the areas of service rules in the banking sector of Bangladesh

- b) Identify the issues and challenges of service rules uniformity in the banking sector of Bangladesh and
- c) Develop strategic avenues to ensure service rules uniformity in the banking sector of Bangladesh.

1.3 Chapter Plan: The paper contains nine chapters. After explaining the background and research objectives in Chapter-1, the study covers research methods in Chapter-2. Chapter-3 includes relevant laws & regulations for service rules followed by Chapter-4 with relevant Bangladesh Bank initiatives for uniformity of services rules among the commercial banks in Bangladesh. Further, Chapter-5 explains the summary FGD finding on the issues of service rules uniformity while Chapter-6 includes the summary findings of service rules of the banks. Chapter-7 covers employee perception survey on the uniformity of service rules and Chapter-8 explains strategic avenues for uniformity of service rules followed by issues and challenges in Chapter-9.

2. Chapter: Research Methods

Both primary and secondary data has been used for the study. The secondary data has been collected from the published laws and regulations, published articles, service rules of the commercial banks in Bangladesh. This round table discussion paper is basically prepared based on the secondary data, hence, desk-based research has been conducted.

2.1 Analysis of the Service Rules: We have collected services rules of the commercial banks in Bangladesh and total 36 banks' service rules have been analysed (Table-2.1).

Table 2.1: Sample Bank's Analysed

Bank Category	Population	Sample
A. State-Owned Banks (SBs)	06	04
B. Specialized Banks	03	2
C. Private Banks		
a) Foreign Banks	09	0
b) Private Banks	32	20
c) Islami Banks	10	10
Total	60	36

2.2 Focus Group Discussion: The study conducts a Focus Group Discussion (FGD) with the heads of HR or a representative of heads of HR of different commercial banks in Bangladesh. Total 35 participants' comments have been analysed in the report.

2.3 Bankers' Opinion Survey: The study also conducted an opinion survey on the bankers regarding service role uniformity. We use snowball sampling technique following Jilani et al. (2020). Snowball sampling, also known as chain-referral sampling, is a non-probability sampling technique used when the samples have unique characteristics. Asking existing participants for suggestions on how to locate the required sample groups for studies is part of this sampling technique. A main data source suggests other potential data sources that may be used in the research projects using this sampling approach. Referrals are the only basis for the snowball sampling strategy. Total 321 sample respondents have been analysed for this opinion survey analysis.

3. Chapter: Relevant Laws & Regulations for Service Rules

Bangladesh's labor laws play a crucial role in regulating employment conditions and compliance for both employers and employees. These laws, also known as labor laws, aim to protect workers' rights, ensure fair treatment, and uphold employers' interests. They are based on the country's constitution, legislation, administrative rules, and court opinions, often governed by employment contracts. The service sector, which accounts for more than half of Bangladesh's GDP, has seen significant growth in recent

decades, with employment service rules playing a vital role in facilitating employment opportunities within this sector.

3.1 Employment Service Rule in Bangladesh: Before implementing its own service regulations or employment policy, any organization must obtain approval from the Chief Inspector of Labour, who will review and approve the organization's organogram and Service Rule. These rules must align with the Labour Act for approval. The Act mandates employers to issue appointment letters containing essential details such as pay, benefits, and restrictions. According to the Rules, employees who have worked continuously for a year are entitled to two festival bonuses annually. Detailed guidelines on provident funds, including nominee selection and fund management, have been added. The Rules also clarify provisions regarding holidays and compensatory weekly holidays. While employment laws still have gaps, recent amendments have made them more adaptable and practical. The Bangladesh Labour Law Service Rules 2015 now govern the country's labour laws, with the service sector driving a significant portion of the national economy's growth.

In 2013, the government amended the Labour Act-2006 to include banking businesses under Chapter XV. Since then, bank executives and staff have advocated for the banking industry's exclusion from employment laws. They argue that banks operate under the Banking Companies Act (BCA), which supersedes labour legislation. The proposal, supported by the Association of Bankers, Bangladesh (ABB), highlights concerns that allocating 5% of banks' net profits to a workers' welfare fund would negatively impact profitability and share prices. Banks assert that they provide superior benefits, including incentive bonuses and medical coverage, creating a favourable working environment to the bankers. Due to the nature of white-collar work in banking, the government is considering removing banks from the scope of the Labour Act 2006. The Financial Institutions Division has proposed this change, which has been accepted by the Legislative and Parliamentary Affairs Division as reasonable.

Additionally, the Banking Companies Act prohibits salaried individuals from participating in profit-sharing, contradicting the modified labour act's inclusion of a profit-sharing fund. This underscores the distinction between white-collar bankers and factory workers in terms of job nature and compensation structure.

3.2 The Bangladesh Labour Act, 2006: The Bangladesh Labour Act, 2006, unifies and modifies the rules governing the employment of labour, the interactions between employees and employers, the payment of salaries and benefits for worker accidents, as well as other labour-related issues. It is the main piece of labor law that establishes requirements for occupational health and safety as well as accident and injury compensation. This act's overarching goals are to better employee lives and create a positive work environment.

The Act consists of 21 chapters, each addressing various aspects of labor law. Chapter-1 provides definitions crucial for understanding labor regulations, such as retirement, retrenchment, and employer-employee classifications. Chapter-2 focuses on employment conditions, including probation periods and leave procedures. Chapter-3 prohibits the employment of children and adolescents, emphasizing certification of fitness for adolescent workers. Chapter-4 outlines maternity benefits for women employees. Chapters-5, 6, and 7 address health, hygiene, and safety concerns. Chapter-8 emphasizes welfare measures, while Chapter-9 details working hours and leave entitlements. Chapter-10 covers wage-related provisions. Chapters-11 to 21 encompass diverse topics, including workers' compensation, trade unions, dispute resolution, and administrative procedures. The amendments to the Bangladesh Labour Act, 2006, adopted on November 2, 2023, aim to align with international standards, including an extension of maternity leave to 120 days from 112 days. The revision also facilitates easier formation of trade unions, with companies over 3,000 employees requiring 15% support, and those with fewer employees needing 20%. Groups of enterprises can now establish a union with just 20% of their

workforce. Additionally, the amendment allows disputing parties to contest rulings from the Labour Appeal Tribunal in the nation's Appellate Division.

The service industry has grown consistently over the last ten years, averaging 6% each year. Bangladesh's service industry also generates a substantial amount of jobs. As a result, the service industry accounts for more than 35% of employment in Bangladesh. Previously, there was no official legislation governing service standards, but now that the Labour standards - 2015 have been published, there is a clear legal standard that governs the employment terms of each employee that a company hires.

3.3 Bangladesh Labour Rules, 2015: Bangladesh Labour Rules, 2015 sets implementation procedures to corresponding sections of Bangladesh Labour Act, 2006. In short, Service Rules can be referred to as the constitution of any organization for internal control. When the employer of any establishment wishes to ensure an ideal work environment, it is necessary to draw up some internal rules & regulations regarding operation, behaviour, and overall discipline. The owner of any organization has the freedom to introduce their own service rules with a view to controlling the operation and employees or organizational behaviour whereas these service rules must be in writing.

The legislation is structured into nineteen chapters, encompassing labor rights, workplace conditions, and industrial relations. Starting with preliminary definitions, it progresses to conditions of employment, including provisions for adolescent workers and maternity benefits. Subsequent chapters outline arrangements for health protection, safety measures, and welfare initiatives, highlighting the importance of worker well-being. Detailed regulations cover working hours, leave entitlements, wages, and compensation for workplace injuries to ensure fair treatment and protection. Additionally, provisions for trade unions, dispute resolution, and worker participation in profits are included to uphold their rights. The legislation also addresses matters like provident funds, apprenticeships,

administration, inspection, and miscellaneous provisions, offering a comprehensive framework for labor regulation and fostering harmonious industrial relations.

The Employment Services Rules in Bangladesh have gained prominence due to the country's shift from a less developed to a transitional economy, transitioning from agriculture to industrial and service sectors. Displaying service rules in all business units is mandatory, with formal legislation outlined in the Labour Rules 2015.

The government has amended the Bangladesh Labour Rules 2015. The government issued a gazette of amended Labour Rules on September 1, 2022 bringing changes in 99 rules and repealing two rules. Before the amendment, employees in industrial establishments were entitled to at least one weekly holiday, with the provision that if this holiday couldn't be provided, it must be compensated within the next three working days. However, workers were not permitted to work more than ten consecutive days without a weekly holiday. With the amendment to the Labour Rules on September 1, 2022, this provision is no longer applicable, and workers can choose to work on weekends and take their holidays on festival days. Additionally, if a worker who has worked on weekends is terminated before enjoying the holidays, they are entitled to receive wages equivalent to those holidays, calculated by dividing the total wages (excluding overtime allowance and bonus) by 30.

3.4 Factories Act, 1965: The Factory Act in Bangladesh holds a crucial role in legislation, significantly shaping industrial practices and ensuring the well-being of workers is diligently protected. The Factories Act 1965, also known as Act XXV of 1934, was enacted with the intention of controlling the hiring of laborers, their pay, and the working conditions in factories. These conditions included welfare, safety, and health as well as working hours, leave, and holidays, as well as the penalties and punishments for both employers and employees who disobey the rules. The Act was

enacted by the Bangladeshi government, which also declared it national law. There are 116 sections and 11 chapters.

The Factory Act outlines and defines key terms integral to its regulations, such as adolescent, adult, child, day, explosive substance, factory, machinery, manufacturing process, occupier, prime mover, shift in factory, transmission machinery, working hour, and wages. It mandates the government's appointment of chief inspectors, inspectors, and certifying surgeons to oversee compliance and ensure workers' fitness. The Act stipulates that all factories must maintain cleanliness, dispose of waste properly, prevent dust accumulation, ensure ventilation, and regulate room temperature. Additionally, it requires factories to implement fire safety measures, provide escape routes, and safeguard workers from hazardous machinery. Proper training for operating dangerous machinery is mandatory, along with provisions for canteens and childcare facilities. Larger factories must employ welfare officers as prescribed by law to cater to the well-being of their workforce.

As per the Act, adult workers are constrained to work a maximum of forty-eight hours per week in a factory, inclusive of weekly holidays unless exceptions apply. While workers may be assigned duties on their days off, they must be provided with an equal number of compensatory holidays. The employment of any child under 14 years of age in a factory is strictly prohibited, and adolescents can only be employed after obtaining a fitness certificate from a certifying surgeon, with their daily working hours limited to five. The Act also specifies provisions for annual leave with wages, festival holidays, and casual and sick leave under different circumstances, though leave without pay may be granted to workers in certain situations.

3.5 Issues of Employee Service Rules: The Bangladesh Labor Act, 2006; Bangladesh Labour Rules, 2015 and Factories Act, 1965 includes the issues of services rules for employees. The important issues of employee service rules are as follows:

Table 3.1: Issues of Employee Service Rules

- Employment Conditions
- Interaction of employees and employers
- Establishing minimum pay rates and wage payments
- Compensation for work-related injuries
- Establishment of unions
- Leave and leave encashment
- Provoking and resolving employee conflicts/dispute resolution
- Discipline and administrative procedure
- Fitness
- Security and safety measures
- Welfare of employees' working circumstances and environments
- Apprenticeship and other related issues

Chapter-4: Bangladesh Bank Initiatives for Uniformity of Services Rules among the Commercial Banks in Bangladesh

Bangladesh Bank took several initiatives for ensuring uniformity of service rules among the state-owned and private commercial banks. Bangladesh Bank issued several circulars and guidelines to ensure service rules uniformity. Some of these initiatives are as follows:

4.1 Universal Pension Scheme: In a move to extend comprehensive social security coverage, the Bangladesh Government introduced the Pension Management Act, 2023, on January 31, 2023, and followed it up with the Pension Scheme Rules, 2023, on August 31, 2023. Under BRPD Circular Letter No. 08, Bangladesh Bank mandates that employees, employers, entrepreneurs, individuals below the poverty line, and Bangladeshi citizens employed abroad are eligible to enrol in the Universal Pension Scheme. Banks, excluding State Owned Commercial Banks and Specialized Banks, are directed to actively encourage their staff to participate in this scheme.

4.2 Promotion Policy: Through BRPD Circular No. 03, Bangladesh Bank mandates that for promotions from officer or equivalent positions to

General Manager or equivalent roles, specific marks for Banking Diploma (JAIBB and DAIBB) must be attained at each promotion stage. It's now compulsory for senior officers or equivalent positions to have passed both parts of the Banking Diploma to advance to higher ranks, excluding non-banking roles like doctors, engineers, and communication officials. This regulation takes effect from January 1, 2024. Furthermore, BRPD Circular Letter No. 24 exempts bankers appointed or promoted before Circular No. 03's publication from the mandatory Banking Professional exam for immediate promotions but mandates compliance for subsequent advancements. However, for job transitions to higher positions in other banks, Senior Officers and above must complete the Banking Professional exam, excluding those appointed or promoted before Circular No. 03's release. In case of recruiting Managing Director or Chief Executive Officer the above condition will be applicable. Individuals excused from the Banking professional exam per BRPD Circular No. 03 must pass it if they switch to departments related to General Banking functions.

4.3 Uniformity in Salary: Bangladesh Bank also issued a circular (BRPD Circular Letter No. 05) on 01 February 2022 regarding the salary of entry level officials and employees of bank-company. The circular stated that each bank should pay minimum Tk. 28,000 to the entry level employees at the probationary period and after the probationary period the minimum payment would be Tk. 39,000 which have been asked to implement by 01 March 2022.

4.4 Maternity Leave Policy: BRPD Circular No. 01 introduces the maternity leave policy for female employees in banks. This policy applies to both permanent and contractual female staff, granting them a 6-month maternity leave. A female employee may utilize maternity leave up to two times throughout her career. During maternity leave, the employee will receive regular compensation, and this leave cannot be offset against any other form of leave. Additionally, annual performance appraisals during

maternity leave will be based on the employee's previous rating or the highest rating obtained within the last three years.

5. Chapter: Issues of Service Rules Uniformity – Summary FGD

Findings

A Focused Group Discussion (FGD) is arranged by Bangladesh Institute of Bank Management (BIBM) on the roundtable titled “Service Rules Uniformity.” The Director General of BIBM presided over the FGD. Head of HR and representatives of Head of HR from 35 banks have participated in the FGD discussion. The discussion of the FGD is summarised below:

One of the intentions of Bangladesh Bank is to bring or to make uniformity in the service rules across the different Commercial Banks as well as the State-Owned Commercial Banks (SOCB) of Bangladesh, particularly the issues and challenges we face to make uniformity of the service rules in the banking sector. So, to fulfil the desire of Bangladesh Bank, the research team is intended to prepare a roundtable on that issue.

The objectives of the FGD are to identify the areas and issues whether there is a gap in service rule across the banks and how-to bring uniformity in the service rule of the banks. Based on this, we are going to offer or propose some strategies and policies for the commercial banks. There may be short term, mid-term, or long-term strategies to implement across the banks to bring service rule uniformity.

Box-1: Recruitment and Selection: One of the bankers said that in their bank from 2021, the promotion policy from entry level to senior officer is made 5 years, from senior officer to senior principal officer it requires another 5 years to get promotion. Like Krishi Bank, Sonali Bank, Janata Bank, they require 3 years to get promotion in higher post. He added that they have brought some changes like written test along with viva-voce for recruitment, not for 14-20 grade but for the higher level. Many banks don't have that policy. That's why who have joined at the same post in two different banks one banker is getting promotion in 3 years and another banker is getting promotion in 5 years. So,

he emphasized the service rule should be uniformed in these issues so that no one can be superseded the other by joining in another bank.

Another representative from a specialized bank said that service rules have two parts. So, we have to determine on which part we need to be focused such as promotion criteria, recruitment policy which should be uniformed otherwise huge differentiation will be created.

Box-2: Provident Fund: Senior Executive Vice President and Head of HR of a Private Commercial Bank highlighted that he worked for Malaysia in deputation for 12 years. He said that in our country different banks have different mechanism for providing provident fund (PF). When someone resign from a bank he/she has been only given the employee's contribution and sometime PF is given after passing a fixed period. In Malaysia there is central PF policy. So, whenever you are working in any bank, both the banker's contribution and employer's contribution is preserved. So, any time one can leave the bank and join another bank. In our country when we stitch from one bank to another and if there is any gap, it is not considered. But in Malaysia, according to the contact with the employer one will get the PF. So, in case of job security there will be no obstacles regarding PF. He added that every employee's insurance will be borne by both party-employee and employer. This is also centrally controlled by the Government of Malaysia. In case of sudden demise or accident or after retirement benefit will be disbursed from the insurance fund. If we can implement it in our country, it will be great.

Variations in Retirement Age: Retirement age is different in different banks. In some bank it is 59, 60, 62 etc. A banker proposed whether we can bring any uniformity in this regard. He further added that benefit is also different in different bank particularly in gratuity. In case of transfer policy, when we transfer one employee from one place to another, different regulatory authority started creating pressure on bankers. He mentioned when he was in Malaysia, he never got any request to hold the transfer of any bank official from the regulators. In Government job we see whenever there is any transfer, employees accept it but the main challenge the banks

face is the pressure or request from regulators not to transfer a particular employee.

Box-3: Another Head of HR from an Islami Bank said that uniformity should be brought in promotion policy. Otherwise, same batchmate will be discriminated in two different banks. In case of service grade, there is 6, 9, 11, 13 ladders for promotion.

Differences in Salary Structure: Designation should be uniformed. Such as in a bank an officer is getting 90k and in another bank a senior officer is getting 60k. This is all happening for the absence of designation uniformity. In some banks there is salary structure, and, in some banks, there is no salary structure. It means we are not giving salary for designation rather creating designations for providing salary. And this situation is very dangerous which is prevailing in the banking sector. Consequently, the well-deserved employees are suffering. Private bank AVP and Government bank AGM are assumed same by the Government banks. But this is their assumption. There are no fixed criteria.

Government banks have some external regulatory authority. So, Government banks should be uniformed according to them, and Private Banks should be uniformed according to them in their service rules. Salary structure should be mandatorily uniformed. Otherwise, an employee will be taken in another bank as senior officer with the salary of Tk. 200000 where in that bank the AVP is getting only Tk.60000. One of the representatives of HR stated that this type of discrimination will demotivate employees from inside. So, when we are providing someone higher salary, we should provide them higher designation matched with the salary.

Another representative added that salary structure not only differ in two banks but also in the same bank, two employees in the same rank can get two different salaries in same grade. We are running after performance. So, those who are providing more profitability to the bank, bank will provide him more to appreciate his effort, which is natural. According to the effort

of every banker, performance-based increment is given based on last year performance.

One of the representatives of Bangladesh Bank, said that first we must understand what service rule is. It starts with appointing an employee, his whole service period with the bank, how his service will be controlled and how he will leave the bank or organization that is all about service rules. It starts with recruitment and selection and ends with PRL (Post Retirement Leave), under which there are many functions. Such as when we appoint someone what will be his designation, salary, and compensation, leave policy, higher studies benefit, foreign visit requirement, resignation, discipline etc. Therefore, to control his all work, bank must touch all the headlines. In Bangladesh, there are many types of banks such as Central Bank, State-owned Commercial Banks (SOCB), Private Commercial Banks, Specialized bank and each has different service rule. Thus, if we want to bring uniformity, we must separate service rule for central bank and government banks and for private commercial banks. The details will be provided by the organization or bank according to their nature. Bangladesh Bank (BB) has no service rules. He added that BB has staff regulation. It has been developed on the basis of service rule customized according to the need of BB. He expressed that BB could propose salary structure for every bank. But if any bank has the capacity to provide more for highly efficient employees than they can provide it. No one will have any objection in this regard.

Another Head of HR of a Private Commercial Bank stated that salary depend on many components like as a human resource how I am and what my contribution is towards the organization. For example, if we set entry level salary for 28000, we can't get IBA Graduates. After one year or less they will switch to another opportunity who are offering them higher salary. So, to retain them by only accelerating to further two grades will not be enough rather banks have to give them higher salary which will come the disparity.

A banker expressed his grievance by saying that his bank had last promotion in 2015.

“He added that we are told that we don’t have profit and as we had a scam so the bank cannot provide promotion. Before 2019, we had one type of salary scale. After 2019 some increment in salary was given. We were given Government scale and then forcefully there was an unwritten fixation where our salary was reduced.”

He further added that –

Box-4: My boss is facing problem in working with me. We are declared as Government bank but for getting house building loan a government employee has to serve 5 years but for their bank it is 8 years. There is also difference in the amount of loan and benefits offered to their bank and other government bank.

Differences in Job Hierarchy: One of the Head of HR said that they have three service rules. Bangladesh Shilpo Bank, Bangladesh Shilpo Rin Shongstha and in addition to that they follow Bangladesh Service Rule. He said that their policy won’t be matched with another bank’s policy specifically with Specialized Bank. Their bank has eight slabs for Senior Officer to Executive Level. So, if Private banks can be brought under 8 slabs so that they can appoint employees directly from another bank. In case of hierarchy differences one bank’s AVP is another bank’s SAVP. Therefore, they are confused regarding the equivalency of the slab and face problem. Another Head of HR added that as they are recruited by Bangladesh Bank so education requirement should also be uniformed.

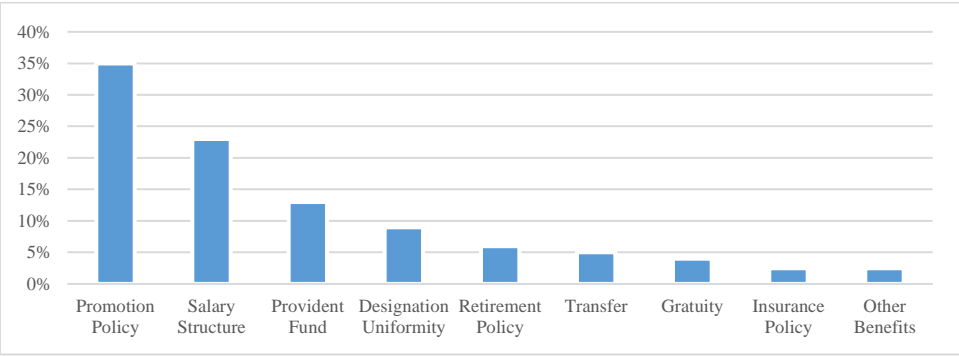
The representative of Bangladesh Bank again said that promotion is not employees’ right. It is the need of the organization. If the organization feels the need, it will promote the employee. The promotion policy also changed according to the need of the organization.

Variations in Other facilities: Government Bank, Private Commercial Bank, Specialized Banks can have unified service rule according to their

nature. If the grade is same for all bank, then we can easily switch from Private Bank to Government Bank and Government Bank to Private Bank. And if we can maintain our benefits like PF centrally then we don't need to worry about other benefits.

One of the suggestions of the FGD was if we can bring uniformity up to Senior Officer for all categories of banks in term of salary structure and benefits. In case of gratuity and PF there should also be uniformity. Other facilities like medical allowance, house building loan can be dependent on the banks.

Figure 5.1: Issues Mentioned by the FGD Participants in Service Rule (%)



6. Chapter: Issues of Service Rules Uniformity – Summary Findings from the Service Rules Among the Banks in Bangladesh

The study analyses the service rules of banks in Bangladesh. The research team collects the soft or hard copy of the service rules before analysing issues for service rules uniformity. The study clusters the service rules based on the nature of the banks. These clusters are –

- A. State-Owned Banks including the specialized banks (09 banks)
- B. Private Commercial Banks (33 banks)
- C. Islamic Banks (10 banks)

We internationally exclude the foreign commercial banks for analysing due to their unwillingness to provide the service rules. Hence, the study covers all banks excluding the foreign banks in Bangladesh. The study identifies some areas of service rules uniformity across the banks in Bangladesh. These are listed below.

<p>Major Areas of Service Rules Uniformity</p>	<p>Job Hierarchy Recruitment and Selection Process Salary Structure and Benefits Employee Transfer and Posting Seniority and Promotion Policy Termination, Resignation and Retirement Procedure Provident Fund and Gratuity Leave Facilities Disciplinary, Punishment and Appeal Procedure Performance Appraisal</p>
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A. State-Owned Banks Including the Specialized Banks

There are 6 (six) state-owned banks and 3 specialized banks which are also owned by the government of Bangladesh.

State-owned Banks: Among the six State-Owned Banks the Employee Service Rules (ESR) are almost same. Lastly, in 2023, BASIC bank adopted their ESR similar to other state-owned banks, although some areas of BASIC bank’s ESR are not same to other State-Owned Banks. For example, BASIC bank has no pension facilities.

6.1 Job Hierarchy: The number of job hierarchy are almost same among the State-Owned Banks in Bangladesh. The number of job hierarchy among the state-owned banks are ranged from 9 to 11 which is depicted below Table-6.1.

Table 6.1: Job Hierarchy of State-Owned Banks

1	Managing Director (MD/CEO)
2	Deputy Managing Director (DMD)
3	General Manager (GM)
4	Deputy General Manager (DGM)
5	Assistant General Manager (AGM)
6	Senior Principal Officer (SPO)
7	Principal Officer (PO)
8	Senior Officer (SO)
9	Officer (O)
10	Assistant Officer (Grade-1)
11	Assistant Officer (Grade-2)

6.2 Recruitment and Selection Process: The recruitment and selection process of the State-Owned Banks are also same which is conducted through the Bankers Selection Committee (BSC) of Bangladesh Bank (BB).

6.3 Salary Structure and Benefits: The government scale is followed by the state-owned banks to define the salary structure and benefits. Moreover, they have different types of allowances. These are –

Table 6.2: Allowances in State-Owned Banks

1	Travel Allowances
2	Dearness Allowances
3	Additional Charge Allowance
4	Festival Allowances and Bonus
5	Training Allowance

6.4 Leave Facilities: There are different types of leave and leave encashment benefits of the government banks' employees in Bangladesh. These are 15 (fifteen) types of different leave facilities of the employees in the State-Owned Banks. Some of these are – earned leave, extraordinary leave/leave without pay, mandatory annual Leave, without salary exceptional leave, special disability leave, quarantine leave, maternity leave, study leave, causal leave, recreation leave, sick leave, medical leave etc. These are listed below Table-6.3.

Table 6.3: Different types of Leave Facilities in State-Owned Banks

1	Leave with full salary
2	Leave with Half-salary
3	Leave not due
4	Casual leave
5	Medical leave
6	Earned leave
7	Extraordinary leave/Leave without pay
8	Mandatory Annual Leave
9	Special Disability Leave
10	Maternity Leave
11	Study Leave
12	Recreation Leave
13	Sick Leave
14	Post Retirement Leave
15	Quarantine Leave

Moreover, employees can encash their leave for maximum 12 months in their full-service life. Again, employees have also deputation facilities across the State-Owned Banks in Bangladesh.

6.5 Funds for the Employees Welfare: There are different types of fund for the employee's welfare of the State-Owned Banks in Bangladesh. These are-

Table 6.4: Funds other Facilities for the Employees of State-Owned Banks

1	Provident Fund
2	Gratuity
3	Superannuation Fund
4	Group Insurance
5	Pension Facilities

Employees transfer and posting, termination, resignation and retirement policy, provident fund and gratuity, leave facilities, disciplinary, punishment and appeal procedure and performance appraisal procedure are almost same among the State-Owned Commercial Banks in Bangladesh.

Definition of seniority and promotion policy are same among these banks. Disciplinary, punishment and appeal procedure are clearly articulated in the service rules of the State-Owned Banks in Bangladesh.

Bangladesh Government issued a gazette (No. 53.00.000.312.22.002.19-3) on 03 January 2023 for all government owned commercial banks, specialized banks and Financial Institutions regarding promotion procedure, ACR points and promotion committee for Managing Director, Deputy Managing Director, General Manager. The promotion procedure for these posts for State-Owned Banks, Specialised Banks and FIs are same.

Specialized Banks: The service rules for the specialized banks are designed based on the specialization of the banks. Although job hierarchy, salary structure and benefits, promotion procedure, transfer and posting are same but these are not same with the State-Owned Commercial Banks (No. 53.00.000.312.22.002.19-3). Further, the specialized banks' service rules are devised and developed by respective banks.

B. Private Commercial Banks (Excluding Islamic Banks)

Recruitment and selection process, salary structure and benefits, employee transfer and posting, seniority and promotion policy, termination, resignation and retirement procedure, provident fund and gratuity, leave facilities, disciplinary, punishment and appeal procedure and performance appraisal are widely varied among the private commercial banks in Bangladesh. Some of important issues in the service rules are explained below.

6.6 Job Hierarchy: The number of job hierarchy among the Private Commercial Banks varied widely. The minimum number of job ladder is 12 and the maximum is 17. The maximum number of job hierarchy of the typical bank is depicted Table-6.5. However, the title of the designation among the banks also varied. For example, a bank defined a title as FAVP on the other hand another bank explains this same post as JAVP. Even a

few banks have 3/4 positions immediate before the Executive Post. These are Junior Assistant Vice President, Assistant Vice President, First Assistant Vice President and Senior Assistant Vice President. Moreover, few banks considered VP as their executive post and few banks consider AVP as their executive post.

Table 6.5: Job Hierarchy: Private Commercial Banks

1	Managing Director
2	Additional Managing Director
3	Deputy Managing Director
4	Senior Executive Vice President
5	Executive Vice President
6	Senior Vice President
7	Vice President
8	Senior Assistant Vice President
9	First Assistant Vice President
10	Assistant Vice President
11	Senior Principal Officer
12	Principal Officer (General/Cash/IT)
13	Senior Officer (General/Cash/IT)
14	Officer (General/Cash/IT)
15	Junior Officer (General/Cash/IT)
16	Assistant Officer (General/Cash/IT)
17	Trainee Assistant Officer (General/Cash/IT)

Moreover, the management entry-level designation also largely varies among the commercial banks in Bangladesh. Such as, ‘Special Cadre Officer’, ‘Probationary Officer’, ‘Management Trainee Officer’, ‘Young Leader’ and ‘Officer’ etc.

6.7 Recruitment and Selection Process: The recruitment and selection process are not same across the commercial banks. Unlike the State-Owned Banks, the recruitment and selection process widely varied. Hardly, a bank has own mechanism to recruit entry level employees in their banks. Banks

outsource to perform the recruitment and selection function. Largely, banks depend on BIBM, IBA (DU), Bangladesh Army, and some private universities of Bangladesh. Moreover, the number of steps to select an entry level employee also varied. For example, a specimen bank, the initial scanning is conducted by BDJOBS and candidates are asked to play a game such as colour selection in the game etc. After the initial scanning the candidates are asked to sit for the selection process. The age for the recruitment and selection of employees ranged from 18 to 33 years.

6.8 Salary Structure and Benefits: The salary and benefit structure also varied among the banks. For example, minimum salary for MTO/Probationary Officer/Officer/Young Leader/Special Cadre Officer is Tk.45,000 and maximum is Tk.90,000 after confirmation. After confirmation of the management entry-level employees, banks are terming them as ‘Senior Officer’, ‘First Executive Officer’, ‘Executive Officer’ or ‘Junior Assistant Vice President’. The duration of such probationary officers varied from 06 months to 03 years. Similarly, salary structure of same position in a bank differs. An employee working as a VP getting salary Tk. 2,50,000 but in a lateral entry another employee joins the banks as VP with salary Tk. 4,00,000. If lateral entry employees have higher qualification than the internal employees of the bank, why banks are not giving higher post with higher salary? This culture in salary structure destroys governance culture of the bank in Bangladesh.

6.9 Employee Transfer and Posting: Employees’ transfer and posting also varies from bank to bank. On an average, after every 03 years an employee is transferred from one place to another of the bank. Every bank has their own employee transfer and posting procedure which varied from banks to banks. For example, some bank gives transfer the newly appointed employees immediately after the appointment in the banks while some banks give them on-the-job and off-the-job training before giving them transfer and posting to the particular department.

6.10 Seniority and Promotion Policy: As number of job hierarchy in the private commercial banks marked at highest by 17 and since average promotion from one hierarchy to another hierarchy is 3 (three) years, an employee who joined as TAO requires 51 years to be the CEO of the bank. Similarly, for the management entry level post, an Officer requires 42 years to be the CEO of the bank. The definition of ‘Seniority’ is not clearly defined in the SR of the private commercial banks in Bangladesh. The respective banks refine their policy to explain seniority of the employees. The promotion policy among the private commercial banks are largely varied. For example, from Officer to Senior Officer (SO) a bank has a policy to give promotion by 2 years with satisfactory performance while another bank give promotion by 3 years.

Further, designation from a lower grade post to the higher grade are not same across the banks. For example, in some banks an employee is prompted to AVP from SPO while in some banks they promoted their employees to JAVP, SAVP then AVP from SPO. These variation in defining job ladders and grades decline organization corporate culture and encourages employees to switch another bank.

6.11 Termination and Resignation: Employee termination is practiced by the banks while the resignation is practiced by the employees. The termination procedure is not clearly articulated in many private commercial banks in Bangladesh. It is only limited to give the timeline of termination.

The employer can terminate a contractual employee/during probation with one-month advance notice or one-month advance salary while for *two to four* months advance notice or two months advance salary for the permanent employees.

The termination procedure is varied across the Private Commercial Banks and the commercial banks do not follow the Labour Act, 2006 while the State-Owned Banks follow the proper procedure to terminate an employee

in banks. The Private Commercial Banks have no pension facilities although they have Gratuity, Provident Fund, Group Insurance, etc.

6.12 Retirement Procedure: Although the employees of State-Owned Banks retire at 59 with one-year preparatory leave, the retirement age for the Private Commercial Banks started from 57 and there is not preparatory leave for retirement.

6.13 Leave Facilities: There are only a few leave facilities available for the private commercial banks which are largely limited to casual leave, sick leave, earned leave and maternity leave. However, the kinds of leave facilities and number of days in the leave are varied across the banks in Bangladesh. The kinds of leave facilities are enlisted below Table-6.6. Hardly a bank has leave encashment facilities to their employees.

Table 6.6: Different Types of Leave Facilities in Private Commercial Bank

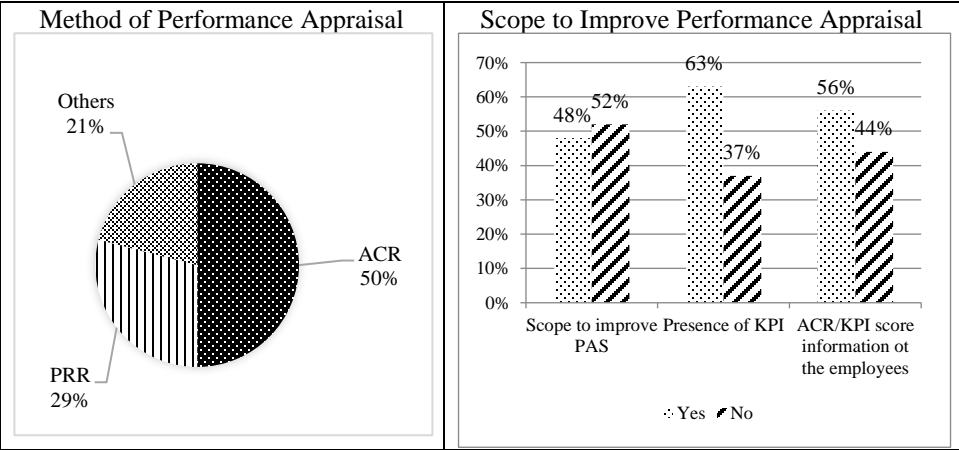
1	Casual leave
2	Medical leave
3	Earned leave
4	Extraordinary leave/Leave with or without pay
5	Maternity Leave
6	Annual Leave
7	Sick Leave
8	Quarantine Leave
9	Study Leave
10	Father's Child Care Leave (in case Wife's death or serious illness)
11	Family Leave (in case of wife, children and parent's death)
12	Pilgrimage leave

6.14 Disciplinary, Punishment and Appeal Procedure: Although most of the Private Commercial Banks have separate chapters on disciplinary, punishment and appeal procedure in the service rules, however the procedure is not clearly articulated in many banks.

6.15 Performance Appraisal: The Private Commercial Banks follow basically two methods – Annual Confidential Report (ACR) and

Performance Review Report (PRR). Some banks develop their own Key Performance Indicator (KPI) to perform performance appraisal of the employees. Mamun et al. (2020) found that 50 % banks use ACR which is very traditional in nature (Figure-6.1). Besides, 29 % banks practice PRR and the remaining portions use other methods to appraise their employees. However, they found that 48% banks believe that there is scope for improvement in performance appraisal methods. The study also mentioned that 63% banks have presence of KPI. Moreover, it is good that 56% banks disseminate ACR/KPI score to their employees.

Figure 6.1: Performance Appraisal Method in Banks



Source: Mamun et al. (2020)

6.16 Funds for the Employees Welfare: The employee’s welfare of the private commercial banks in Bangladesh are limited to provident fund, gratuity and superannuation fund (Table-6.7). They have no pension facilities.

Table 6.7: Funds Other Facilities for the Employees of State-Owned Banks

1	Provident Fund
2	Gratuity
3	Superannuation Fund

Islamic Banks

Similarly, to the Private Commercial Banks in Bangladesh, the Islamic Banks' recruitment and selection process, salary structure and benefits, employee transfer and posting, seniority and promotion policy, termination, resignation and retirement procedure, provident fund and gratuity, leave facilities, disciplinary, punishment and appeal procedure, performance appraisal are same as the Private Commercial Banks. However, the number of job hierarchy is maximum at twenty.

Table 6.8: Job Hierarchy: Islamic Banks

1	Managing Director
2	Additional Managing Director
3	Deputy Managing Director
4	Additional Deputy Managing Director
5	Executive Vice President
6	Senior Vice President
7	Vice President
8	Senior Assistant Vice President
9	Assistant Vice President
10	First Assistant Vice President
11	Senior Principal Officer
12	Principal Officer (General/Cash/IT)
13	Executive Officer (General/Cash/IT)
14	Management Trainee Officer
15	Senior Officer (General/Cash/IT)
16	Officer (General/Cash/IT)
17	Trainee Officer (General/Cash/IT)
18	Junior Officer (General/Cash/IT)
19	Assistant Officer (General/Cash/IT)
20	Trainee Assistant Officer (General/Cash/IT)

7. Chapter: Employees' Perception Survey on the Uniformity of Service Rules among some Key Areas

The study conducted a primary survey on the employees' perception on the service rules uniformity in banks of Bangladesh. We consider only bankers as sample respondents. We use snowball sampling technique following Jilani et al. (2020). Non-probability sampling strategy when the samples contain uncommon qualities is called snowball sampling or chain-referral sampling. This sampling method involves asking current participants for recommendations on how to find the necessary sample populations for studies. Using this sampling technique, a primary data source proposes additional possible data sources that could be involved in the research projects. The sole foundation of the snowball sampling approach is referrals.

A 312-total number of respondents has been analysed to examine the level of employee's perception on the service rules uniformity in the banking industry of Bangladesh. The summary biography of the respondents is depicted in Table-7.1. While there are around 87% respondents are male around 13% rest with female. Among them around 61% respondents are within 35 to 44 years of age. Although the study covers all of the geographical division of Bangladesh, 86% respondents are from Dhaka division followed by Chittagong Division (5.70%) and Khulna Division (1.90%).

Table 7.1: Biography of the Respondents

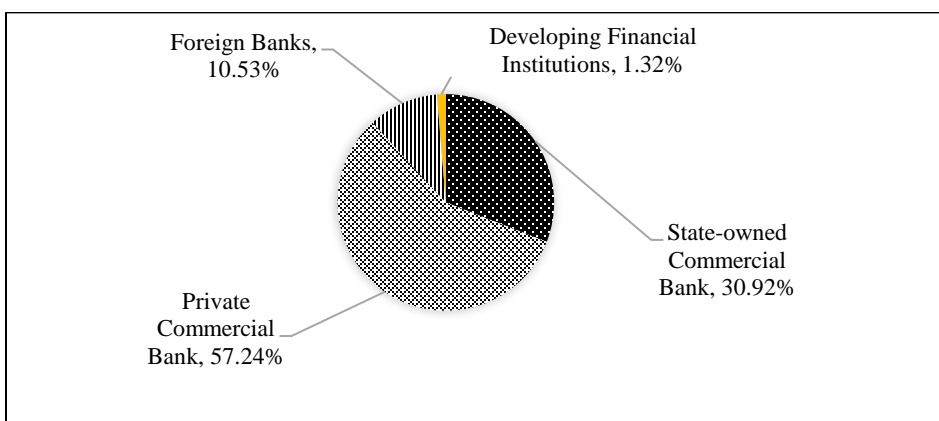
	Particulars	Figure in %
Gender	Male	86.54
	Female	13.46
Age Range	Below 25	1.91
	25-34	22.93
	35-44	61.15
	45-54	13.38
	55 and above	1
Division	Dhaka	86.08

Particulars		Figure in %
	Chittagong	5.70
	Rajshahi	2.53
	Barisal	1.27
	Khulna	1.90
	Sylhet	1.27
	Mymensingh	0.63
	Rangpur	0.63
Monthly Income	Below 30000	0.65
	30000 – 60000	27.74
	60000-80000	23.87
	Over 80000	47.74
Qualification	Graduate	5.10
	Post Graduate	91.72
	Phd/Higher studies	3.18

Based on the income analysis, it shows that around 48% respondents' income is more than Tk. 80,000 followed by around 28% respondents' income between Tk. 30,000 to Tk. 60, 0000 (Table-5.1).

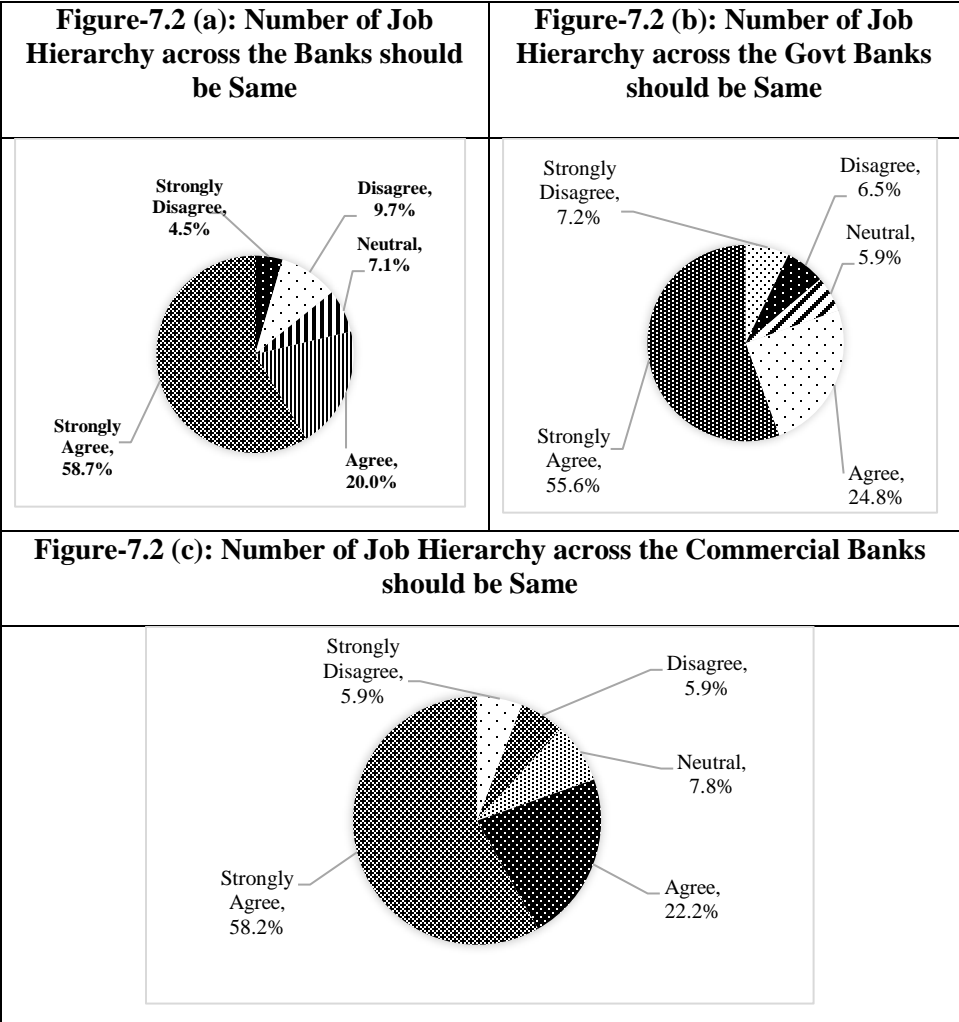
Further, figure-7.1 shows that 57.24% respondents are working in private commercial banks followed by 30.92% in State-Owned Banks, 10.53% in Foreign Banks and 1.32% in Development Banks.

Figure 7.1: Respondents are Working in



Source: Survey data

7.1 Uniformity in Job Hierarchy: Figure-7.2 (a) depicts that 58.7 percent of respondents strongly believe that all banks should have the same job hierarchy, while 9.7 percent disagree. Figure- 7.2 (b) shows that 24.8 percent of respondents think job levels in government-owned banks should be uniform, and 5.9 percent are unsure.

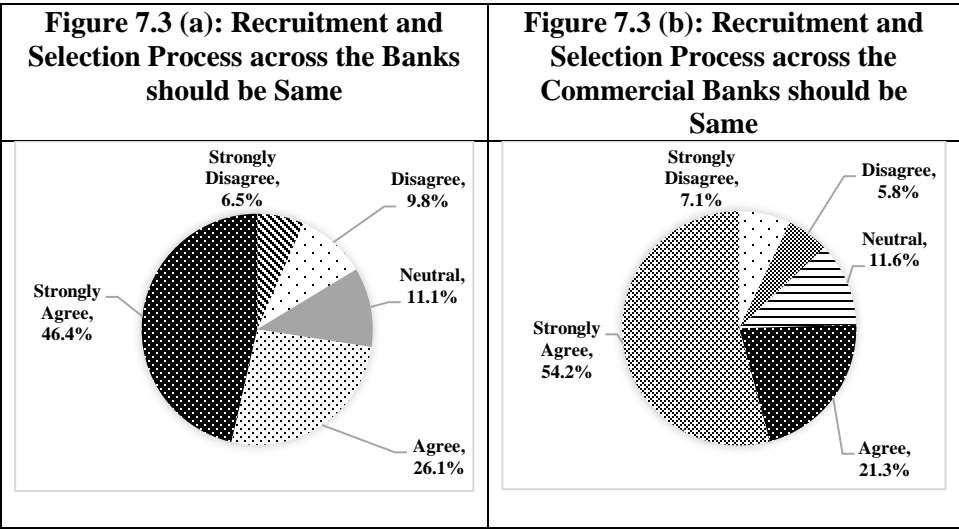


Source: Survey data

Figure-7.2 (c) states that number of job hierarchy across the commercial banks should be same. 58.2 percent respondents strongly agree with the statement where 5.9 percent strongly disagree with the statement. 7.8 percent respondents choose not to share their thought.

7.2 Uniformity in Recruitment and Selection Process

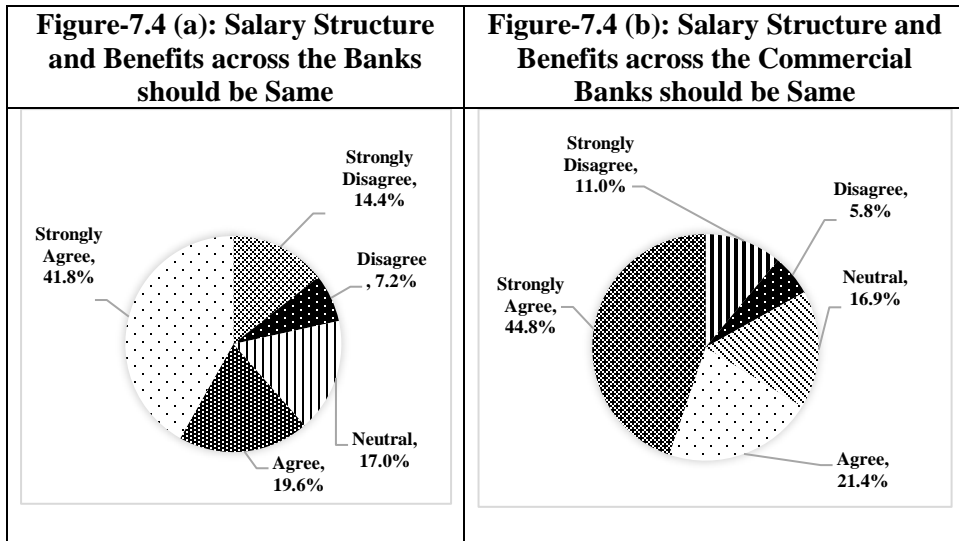
Figure-7.3 (a) expresses that 26.1 percent respondents agree that recruitment and selection process across the banks should be same. On the other hand, 9.8 percent bankers disagree with the statement. When the respondents asked whether the commercial banks should have the same recruitment and selection process 54.2 percent respondents strongly agree and 7.1 percent strongly disagree with the statement (Figure-7.3b).



Source: Survey Data

7.3 Uniformity in Salary Structure and Benefits

Figure-7.4 (a) highlights that 41.8 percent respondents strongly agree the salary structure and benefits across the banks should be same. But, when they are asked whether the salary structure and benefits across the commercial banks should be same, 11 percent respondents said they strongly disagree with the statement (Figure 7.4b).



Source: Survey Data

7.4 Uniformity in Employee Transfer and Posting

Table-7.2 indicates a notable consensus regarding the uniformity of employee transfers and postings within the banking sector. Approximately 37.4% of respondents express strong agreement that such practices should be consistent across all banks. However, there is a dissenting opinion, with 7.8% of respondents indicating disagreement, particularly regarding uniformity across government banks. Conversely, when addressing uniformity across commercial banks, 17.4% of respondents remain neutral on the matter.

Table 7.2: Employee Transfer and Posting

	Employee Transfer and Posting across the Banks should be Same	Employee Transfer and Posting across the Govt. Banks should be Same	Employee Transfer and Posting across the Commercial Banks should be Same
Strongly Disagree	7.7%	7.8%	6.0%
Disagree	12.3%	10.5%	12.8%
Neutral	16.8%	13.7%	17.4%
Agree	25.8%	28.1%	30.9%
Strongly Agree	37.4%	39.9%	32.9%

7.5 Uniformity in Seniority and Promotion Policy

Table-7.3 underscores the importance of consistency in seniority and promotion policies within the banking industry. According to the data, 45.3% of respondents support the notion that these policies should be uniform across all banks. However, there is a dissenting view, with 8.2% of respondents expressing disagreement, particularly concerning uniformity among government banks. On the other hand, when considering the consistency of these policies among commercial banks, 45.9% of respondents strongly support the idea.

Table 7.3: Employee Seniority and Promotion Policy

	Employee seniority and promotion policy across the banks should be same	Employee seniority and promotion policy across the govt. banks should be same	Employee seniority and promotion policy across the commercial banks should be same
Strongly Disagree	9.3%	7.5%	8.8%
Disagree	10.0%	8.2%	8.8%
Neutral	15.3%	9.6%	10.8%
Agree	20.0%	28.1%	25.7%
Strongly Agree	45.3%	46.6%	45.9%

7.6 Termination, Resignation and Retirement Procedure

Table-7.4: outlines the policy regarding termination, resignation, and retirement procedures within the banking sector. A significant portion, 40.67% of respondents, strongly advocate for uniformity in these procedures across all banks. However, there is a minority opinion, with 5.48% of respondents disagreeing, particularly regarding uniformity among government banks. Conversely, when considering uniformity among commercial banks, 12.93% of respondents remain neutral on the matter of termination, resignation, and retirement procedures.

Table 7.4: Termination, Resignation and Retirement Procedure

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Employee termination, resignation and retirement procedure across the banks should be same	5.33%	7.33%	14.00%	32.67%	40.67%
Employee termination, resignation and retirement procedure across the govt. banks should be same	5.48%	3.42%	12.33%	31.51%	47.26%
Employee termination, resignation and retirement procedure across the commercial banks should be same	6.80%	5.44%	12.93%	29.25%	45.58%

7.7 Provident Fund and Gratuity

Table-7.5 presents data on provident fund and gratuity procedures within the banking sector. Approximately 24.67% of respondents support the idea that these procedures should be uniform across all banks. Conversely, 6.76% of respondents strongly oppose the notion of uniformity specifically within government banks. In contrast, a significant majority, 49.66%, strongly advocate for uniform provident fund and gratuity procedures across commercial banks.

Table 7.5: Provident Fund and Gratuity

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Employee Provident Fund and Gratuity procedure across the banks should be same	8.00%	9.33%	11.33%	24.67%	46.67%
Employee Provident Fund and Gratuity procedure across the govt. banks should be same	6.76%	6.08%	10.81%	23.65%	52.70%
Employee Provident Fund and Gratuity procedure across the commercial banks should be same	8.16%	9.52%	8.84%	23.81%	49.66%

7.8 Leave Facilities

Table-7.6 illustrates the leave facilities within banks. A majority, 56.67% of respondents, strongly support the idea of uniform leave facilities across all banks. However, when considering government banks specifically, 6.80% of respondents remain neutral on the matter. On the other hand, when discussing leave facilities in commercial banks, 8.84% of respondents express dissent.

Table 7.6: Leave Facilities

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Employee leave facilities across the banks should be same	7.33%	9.33%	6.00%	20.67%	56.67%
Employee leave facilities across the govt. banks should be same	6.12%	6.80%	6.80%	20.41%	59.86%
Employee leave facilities across the commercial banks should be same	4.76%	8.84%	8.84%	20.41%	57.14%

7.9 Disciplinary, Punishment and Appeal Procedure

Table-7.7 outlines the disciplinary, punishment, and appeal procedures within banks. A significant majority, 44.97% of respondents, strongly support the idea that these procedures should be uniform across all banks. Conversely, 7.48% of respondents strongly oppose the notion of uniformity specifically within government banks. However, when considering disciplinary, punishment, and appeal procedures in commercial banks, 33.33% of respondents agree that they should be uniform.

Table 7.7: Disciplinary, Punishment and Appeal Procedure

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Employee disciplinary, punishment and appeal procedure across the banks should be same	7.38%	6.04%	10.74%	30.87%	44.97%
Employee disciplinary, punishment and appeal procedure across the govt. banks should be same	7.48%	3.40%	9.52%	32.65%	46.94%
Employee disciplinary, punishment and appeal procedure across the commercial banks should be same	6.80%	4.76%	10.20%	33.33%	44.90%

7.10 Performance Appraisal

Table-7.8 emphasizes the performance appraisal of bank employees. Around 30.87% of respondents agree that the appraisal process should be consistent across all banks, while 3.40% disagree specifically regarding government banks. However, a substantial 44.90% of respondents strongly support the idea of uniform performance appraisal across commercial banks.

Table 7.8: Performance Appraisal

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Employee performance appraisal across the banks should be same	7.38%	6.04%	10.74%	30.87%	44.97%
Employee performance appraisal across the govt. banks should be same	7.48%	3.40%	9.52%	32.65%	46.94%
Employee performance appraisal across the commercial banks should be same	6.80%	4.76%	10.20%	33.33%	44.90%

7.11 Impact of Uniformity in Service Rules on the Performance Banks

Table-7.9 presents the impact of uniformity in service rules on bank performance. A significant 44.9% of respondents strongly agree that such uniformity enhances banks' performance in metrics like Return on Assets (ROA), Return on Equity (ROE), and reduces Non-Performing Loans (NPLs). Additionally, 34.23% of respondents agree that uniformity in service rules contributes to a positive organizational culture. However, 8.05% remain neutral regarding whether uniformity reduces employee turnover rates. Conversely, 5.37% of respondents disagree that uniformity ensures similar status, prestige, and recognition both in society and within banks. Nonetheless, a substantial 49.66% strongly agree that uniformity in service rules promotes healthy HR practices across banks.

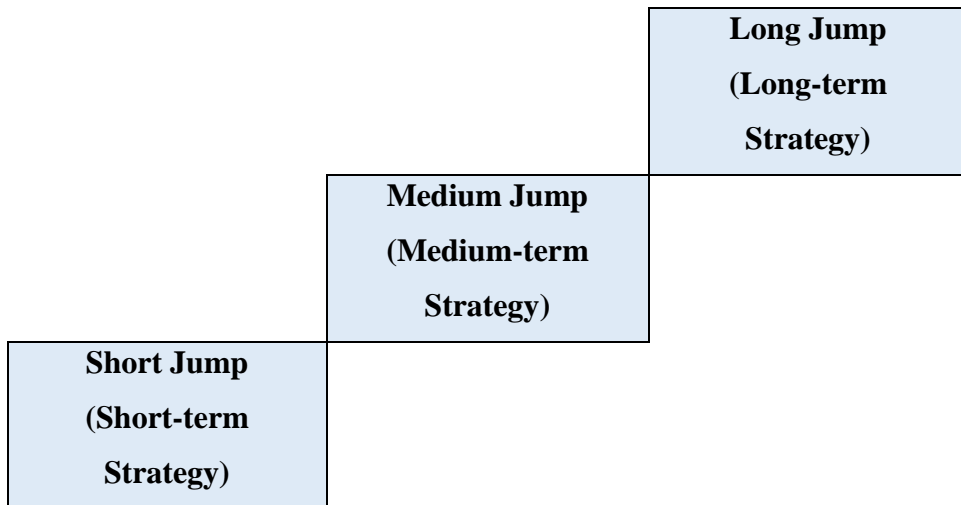
Table 7.9: Performance Appraisal

Sl No.	Statements	Strongly Agree	Disagree	Neutral	Agree	Strongly Agree
1	Uniformity in Service roles improves performance of banks in Return on Assets (ROA), Return on Equity (ROE) and reduces Non-Performing Loans (NPLs)	3.36%	10.07%	12.08%	29.53%	44.97%
2	Uniformity in service rules improves organization culture.	4.03%	6.71%	6.71%	34.23%	48.32%
3	Uniformity in service rules reduces employee switching rate.	5.37%	7.38%	8.05%	32.21%	46.98%
4	Uniformity in service rules ensures similar status, prestige and recognition in the society and well as banks.	4.70%	5.37%	10.74%	34.90%	44.30%
5	Uniformity in service rules ensures healthy HR practices among the banks.	4.03%	4.70%	10.07%	31.54%	49.66%

8. Chapter: Strategic Avenues to Ensure Service Rules Uniformity in the Banking Sector of Bangladesh

Based on the study findings and the literature, the study suggests some strategic options to ensure service rules uniformity in the banking sector of Bangladesh. Some of these strategies are as follows:

8.1 Generic Strategies: To ensure uniformity in service rules three generic strategic options can be chosen – short jump, medium jump and long jump which are called as short term, medium term and long-term strategic choice respectively.



*Short-term Strategy*¹: Some issues such as employee transfer and training, job hierarchy, leave facilities can be considered from ensuring uniformity across the banks in short-term.

*Medium-term Strategy*²: Some issues such as recruitment and selection process, salary structure and benefits, seniority and promotion policy and

¹ Short-term strategy includes the strategies which are taken and implemented within one year.

² Medium-term strategy includes the strategies which are taken and implemented within two to three years.

performance appraisal can be considered for ensuring uniformity across the banks in medium-term.

*Long-term Strategy*³: Some other issues such as termination, resignation and retirement procedure, provident fund and gratuity; disciplinary, punishment and appeal procedure can be considered for ensuring uniformity across the banks in long-term.

8.2 Clustering Strategy of the Banks: Further service rules uniformity cannot be generalized for all banks. We can do cluster for based on nature of the banks such as i) State-Owned Banks ii) Specialized Banks iii) Private Commercial Banks (excluding the Islamic Banks) and iv) Islamic Banks.

The generic strategic approach can similarly be applied for the different clusters of the banks. Moreover, among the private commercial banks, we can do cluster of the banks based on the generation i.e. first generation, second generation, third generation and forth generation.

The uniformity principles can be introduced among the first-generation banks first followed by second, third and forth generation banks in second, third and fourth respectively. After having the outcome of the uniformity principles which have been applied in the first-generation banks then should proceed for the next.

8.3 Forming Expert Panel: Before introducing any kinds of issues in uniformity of service rules across the banks an expert panel including regulators, commercial bankers, researchers should be formed who will do a feasibility study and suggest the ways to ensure service rules uniformity among the banks in Bangladesh.

8.4 Forming an HR Forum: An HR forum can be formed by the heads of HR of the banks in Bangladesh. This forum might include the regulators

³ Long-term strategy includes the strategies which are taken and implemented for more than three years.

and researchers. The prime motto of the forum will be to discuss the HR issues across the banks in Bangladesh which will ultimately lead for the service rules uniformity across the banks.

8.5 Employee Information Bureau (EIB): Similarly, to the Credit Information Bureau (CIB), an EIB for the employees can be an initiative by the central bank where employee related disciplinary, punishment and other criminal issues will be reported by the respective bank. When a bank hires an employee then EIB can be checked for decision.

8.6 HR Reporting System: Further, Bangladesh Bank might develop separate reporting format for HR operation in banks and asks the commercial banks to report HR related issues to BB. This reporting structure will help BB to making decision in uniformity of service rules of the commercial banks in Bangladesh.

9. Chapter: Issues and Challenges for Service Rules Uniformity in Banks

The study identified some major issues for Service Rules Uniformity in Banks. These includes job hierarchy, employee recruitment and selection process, salary structure and benefits, employee transfer and posting, definition of seniority and promotion policy, termination, resignation and retirement procedure, different employee welfare fund, leave facilities, disciplinary, punishment and appeal procedure and performance appraisal.

9.1 Job Hierarchy: The maximum number of job hierarchy of the Private Commercial Banks is marked at 20 and there are wide variations in the job ranks. Further, the definitions of jobs ranks are not clearly defined in the Private Commercial Banks in Bangladesh. The challenge for the uniformity of job hierarchy across the banks is to define the job ranks and reducing the number of job hierarchy similarly to the State-Owned Banks.

9.2 Salary Structure and Benefits: Salary structure in the Private Commercial Banks are widely varied which is double and some cases triple differences across the banks. Similarly, to the state-owned banks, designing the salary scales for the different categories of the posts is a challenge.

9.3 Seniority and Promotion Policy: There are variations of promotion policy across the banks in Bangladesh particularly among the Private Commercial Banks. Definition of seniority on the basis of station seniority is also a challenge, which should be uniform across the banks.

9.4 Termination, Resignation and Retirement Procedure: As most of the Private Commercial Banks have no clearly articulated termination, resignation and retirement procedure, uniformity of these issues is also difficult. However, Bangladesh Bank can take steps to streamline the rampant termination of the employees in the Private Commercial Banks.

9.5 Disciplinary, Punishment and Appeal Procedure: Employee disciplinary, punishment and appeal procedure are not followed by the banks according to the Bangladesh Labor Act, 2006. Uniformity in following proper process for employee disciplinary action and punishment and their appeal procedure is a great challenge.

9.6 Performance Appraisal: The method of employee performance appraisal is not uniformed across the banks. The banks followed Annual Confidential Report (ACR), Performance Review Report (PRR) or the bank specific designed Key Performance Indicator (KPI). The transformation of ACR to KPI or PRR is a challenge for the banks in Bangladesh.

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Service Rules of the State-Owned and Private Commercial Banks

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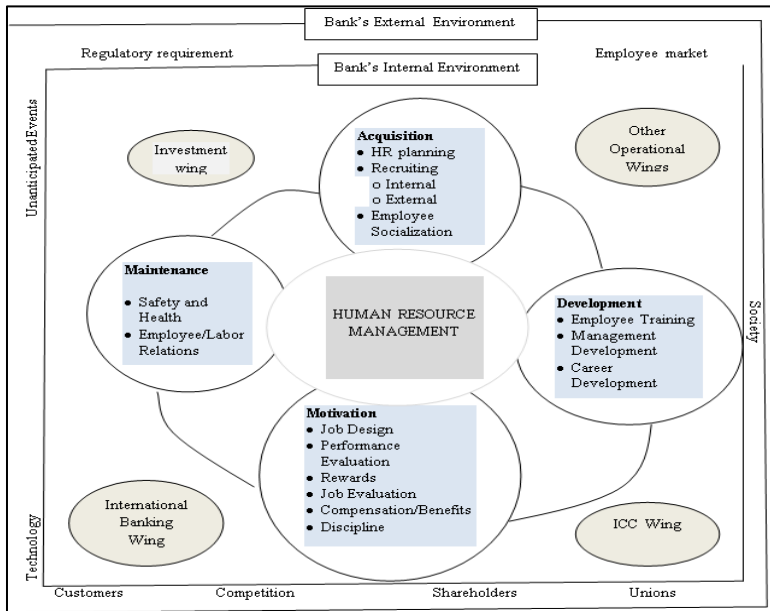
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Annexure A: HR Functions in Banks



Source: Mamun et al. (2020)

Annexure B: Questionnaire

On

Service Rules Uniformity in Banks of Bangladesh: Issues and Challenges

- [illegible]

If yes, please fill-up the following questions; if No please do not fill the questionnaire.

To what extent do you agree or disagree on the following statement, please tick (✓)

- 1 = Strongly Disagree (SD)
2 = Disagree (D)
3 = Neutral (N)
4 = Agree (A)
5 = Strongly Agree (SA)

Sl. No.	Particulars	SD	D	N	A	SA
1	Number of Job Hierarchy/Ladder among the all scheduled banks (State-owned and Private Commercial) in Bangladesh should be uniform.	1	2	3	4	5
2	Number of Job Hierarchy/Ladder of the job among the all State-Owned Banks in Bangladesh should be uniform.	1	2	3	4	5
3	Number of Job Hierarchy/Ladder of the job among the all Private Commercial Banks in Bangladesh should be uniform.	1	2	3	4	5
4	Recruitment and Selection process among the all scheduled banks (State-owned and Private Commercial) in Bangladesh should be uniform.	1	2	3	4	5
5	Recruitment and Selection process among all of the Private Commercial in Bangladesh should be uniform.	1	2	3	4	5
6	Salary structure and benefits among the all scheduled banks (State-owned and Private Commercial) in Bangladesh should be uniform.	1	2	3	4	5
7	Salary structure and benefits among the all of the Private Commercial banks in Bangladesh should be uniform.	1	2	3	4	5
8	Employee transfer and posting among the all scheduled banks (State-owned and Private Commercial) in Bangladesh should be uniform.	1	2	3	4	5
9	Employee transfer and posting among the all State-owned banks in Bangladesh should be uniform.	1	2	3	4	5
10	Employee transfer and posting among the all Private Commercial banks in Bangladesh should be uniform.	1	2	3	4	5
11	Seniority and Promotion Policy among the all scheduled banks (State-owned and Private Commercial) in Bangladesh should be uniform.	1	2	3	4	5
12	Seniority and Promotion Policy among the all State-owned banks in Bangladesh should be uniform.	1	2	3	4	5
13	Seniority and Promotion Policy among the all Private Commercial banks in Bangladesh should be uniform.	1	2	3	4	5
14	Termination, Resignation and Retirement procedure among the all scheduled banks (State-owned and Private Commercial) in Bangladesh should be uniform.	1	2	3	4	5

Sl. No.	Particulars	SD	D	N	A	SA
15	Termination, Resignation and Retirement procedure among the all State-owned banks in Bangladesh should be uniform.	1	2	3	4	5
16	Termination, Resignation and Retirement procedure among the all Private Commercial banks in Bangladesh should be uniform.	1	2	3	4	5
17	Provident Fund and Gratuity procedure among the all scheduled banks (State-owned and Private Commercial) in Bangladesh should be uniform.	1	2	3	4	5
18	Provident Fund and Gratuity procedure among the all State-owned banks in Bangladesh should be uniform.	1	2	3	4	5
19	Provident Fund and Gratuity procedure among the all Private Commercial banks in Bangladesh should be uniform.	1	2	3	4	5
20	Leave facilities among the all scheduled banks (State-owned and Private Commercial) in Bangladesh should be uniform.	1	2	3	4	5
21	Leave facilities among the all State-owned banks in Bangladesh should be uniform.	1	2	3	4	5
22	Leave facilities among the all Private Commercial banks in Bangladesh should be uniform.	1	2	3	4	5
23	Disciplinary, punishment and appeal procedure among the all scheduled banks (State-owned and Private Commercial) in Bangladesh should be uniform.	1	2	3	4	5
24	Disciplinary, punishment and appeal procedure among the all State-owned banks in Bangladesh should be uniform.	1	2	3	4	5
25	Disciplinary, punishment and appeal procedure among the all Private Commercial banks in Bangladesh should be uniform.	1	2	3	4	5
26	Performance appraisal system (such as ACR and KPI) among the all scheduled banks (State-owned and Private Commercial) in Bangladesh should be uniform.	1	2	3	4	5
27	Performance appraisal system (such as ACR and KPI) among the all State-owned banks in Bangladesh should be uniform.	1	2	3	4	5

Sl. No.	Particulars	SD	D	N	A	SA
28	Performance appraisal system (such as ACR and KPI) among the all Private Commercial banks in Bangladesh should be uniform.	1	2	3	4	5
29	Uniformity in Service roles improves performance of banks in Return on Assets (ROA), Return on Equity (ROE) and reduces Non-Performing Loans (NPLs)	1	2	3	4	5
30	Uniformity in service rules improves organization culture.	1	2	3	4	5
31	Uniformity in service rules reduces employee switching rate.	1	2	3	4	5
32	Uniformity in service rules ensures similar status, prestige and recognition in the society and well as banks.	1	2	3	4	5
33	Uniformity in service rules ensures healthy HR practices among the banks.	1	2	3	4	5

Annexure C: Related BB Circulars from January 2020 to April 2024

Date	Particulars of the Circulars
02/11/22	BRPD Circular Letter No. 43: Regarding fixation of 25 March 2020 as cut-off date for the direct recruitment of candidates in the recruitment circulars publishable up to 30 June 2023.
23/07/23	BRPD Circular Letter No. 24: Inclusion of Passing Banking Professional Exam (Former Banking Diploma Examination) in the Promotion Policy of Officers as Mandatory Requirement.
01/02/22	BRPD Circular Letter No. 05: Regarding salary of entry level officials and employees of bank-company.
09/01/20	BRPD Circular No. 01: Issuance of Maternity Leave Policy for Female Employees working in the Banks
16/09/21	BRPD Circular No. 21: Arbitrary Termination of Bank Employees

As a values-based organization, BRAC Bank invests in building the nation with education and development initiatives that contribute to healthy, sustainable and harmonious economic growth.

It gives us immense pleasure to be affiliated with the Bangladesh Institute of Bank Management (BIBM) for publishing a keynote paper of its roundtable discussion. We believe that the new generation of bankers would get access to a pool of knowledge on key functional areas of the banking industry.

We believe that the book will not only empower the professionals with a better understanding of finance but will also broaden their capabilities and help them contribute more to the country's economic prospects.

Our best wishes to BIBM.



Selim R.F. Hussain
Managing Director & CEO
BRAC Bank Limited



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