

HUMAN RESOURCES MANAGEMENT PRACTICES OF CONVENTIONAL PRIVATE COMMERCIAL BANKS IN BANGLADESH: CHALLENGES AND OPPORTUNITIES

*Shama Ahmad**

Received Date: 08-10-25 Accepted Date: 02-12-25


Abstract

This study explores the practices of human resource management (HRM) of conventional private commercial banks (PCBs) in Bangladesh, which holds a dominant position with a 68.54% share of total banking assets and a 68.25% share of deposits as of 2024. This research aims to examine current HRM activities, identify associated challenges and propose actionable recommendations. Employing an exploratory research approach, the study surveyed 231 bankers from 23 conventional PCBs, supplemented by key informant interviews in 2024. The findings reveal that while most banks utilize HR software for workforce management (89.3%), only 28.6% apply such tools for forecasting HR needs. Talent acquisition practices show a preference for fresh graduates and emphasize ethical background checks, yet there are inconsistencies in recruitment policies. In terms of motivation, 58% of banks offer varied salaries for the same positions, and only 16% conduct employee motivation surveys, highlighting dissatisfaction in compensation and retention strategies. Training and development practices, though prevalent, underutilize budgets, with only 46.57% of training funds spent. Performance management heavily relies on traditional methods like Annual Confidential Reports (44%), with limited focus on modern performance metrics and succession planning. Grievance management policies are in place in most banks, though gaps exist in dedicated grievance handling mechanisms. Key challenges identified include skill shortages, limited career growth opportunities, uncompetitive compensation, and insufficient leadership development. The study recommends enhanced training programs, data-driven performance management, modern HR technologies, diversity and inclusion initiatives, and robust leadership succession frameworks to overcome these challenges.

Keywords: Human Resource, Human Resource Management, Banking Sector, Private Commercial Bank, Bangladesh.

1. Introduction

Human Resource Management (HRM) plays a crucial role in Bangladesh's banking sector. Milkovich and Boudreau (1997) suggest that HRM consists of a set of interconnected decisions shaping the employment relationship, and the effectiveness

* Associate Professor, Department of Management, Dhaka Commerce College, Dhaka.
 <https://orcid.org/0009-0007-6320-0498>, Email: shamaahmad25@gmail.com

of these decisions directly affects both the organization's and employees' ability to accomplish their goals. DeCenzo, Robbins, and Verhulst (2016) describe HRM as the organizational function that ensures the recruitment of capable employees, provides necessary training, motivates them to deliver strong performance, and establishes systems that help them remain committed and productive within the organization. Dessler (2020) explains HRM as the set of activities involved in recruiting, developing, evaluating, and rewarding employees, while also addressing issues related to labor relations, workplace safety, employee well-being, and equitable treatment.

With the rapid expansion of the financial services industry, effective HRM strategies have become essential for fostering organizational success, enhancing employee satisfaction, and ensuring compliance with regulatory requirements. Bangladesh's banking sector comprises State-owned, Specialized, private and foreign commercial banks. The banking sector has experienced substantial growth, driven by increasing demand for financial services, economic development, and digital banking innovations. Table 1 shows the types and number of banks along with their shares of assets and deposit in Bangladesh.

Table 1: Types and Number of Banks: Share of Assets and Deposits in Bangladesh

Bank types	2023						2024					
	No. of banks	No. of branches	Total assets	Share in industry deposits (%)	Total deposits	Share in industry deposits (%)	No. of banks	No. of branches	Total assets	Share in industry assets (%)	Total deposits	Share in industry deposits (%)
SCBs	6	3836	5600.7	24.2	4324.6	25.4	6	3846	6011.62	23.61	4496.29	24.42
SBs	3	1523	539.1	2.3	467.8	2.8	3	1543	541.50	2.32	519.69	2.82
PCBs	43	5666	15688.3	67.8	11385.7	67.1	43	5713	17527.45	68.84	12566.47	68.25
FCBs	9	63	1314.7	5.7	802.9	4.7	9	63	1332.04	5.23	830.03	4.51
Total	61	11088	23142.8	100	16981.2	100	61	11165	25412.76	100	16981.2	100

Source: Annual Report 2023-2024, Bangladesh Bank.

In Bangladesh, there are forty-three private commercial banks (PCBs) (Table 1), a major stakeholder, which vary in size, services offered, and market focus. These banks provide a wide range of services and catering to both retail and institutional clients. From Table 1 it is evident that PCBs' share of total assets and deposit is 68.84% and 68.25% in 2024 and it increases compared to 2023. PCBs are the major stakeholders of the banking sector of Bangladesh. HRM practices in PCBs play a critical role in ensuring efficient operations, fostering employee engagement, and meeting the evolving demands of the banking sector. These practices are designed to optimize the skills and potential of the workforce while complying with industry standards and regulations. PCBs in Bangladesh implement a variety of HR practices tend to develop employees' skill, motivation and compliance. These practices include recruitment, training and development, performance appraisal, compensation, and engagement initiatives of the employees. In addition to supporting employee well-being and growth, HR practices also ensure compliance with regulatory requirements and industry standards.

The total number of employees Bangladesh's banking sector is shown in Figure 1. Compared to 2019, the number of employees involved in banking sector of Bangladesh rises to 2,14,245 in 2024.

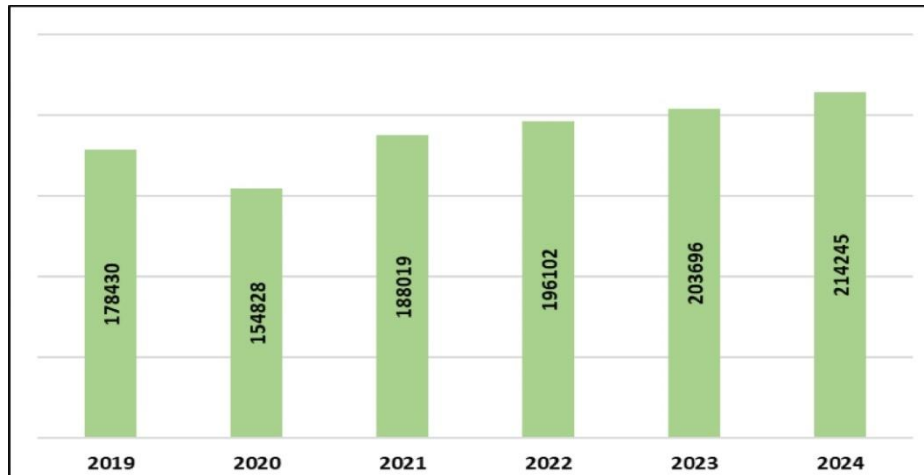


Figure 1: Total Number of Employees in Banking Sector of Bangladesh

Source: Bangladesh Bank, adapted from <https://today.thefinancialexpress.com.bd/first-page/banking-sector-employment-rise-40pc-in-2023-1710608959> and <https://www.tbsnews.net/infograph/numbers/banking-sector-womens-workforce-expands-1757-1130701>

Given the above background, the study attempts to explore the practices of the human resource management in the conventional PCBs in Bangladesh.

2. Study Objectives

The comprehensive objective of this study is to discover the landscape of HRM practices of conventional PCBs of Bangladesh. The followings are the specific objectives of this study:

- i) to explore the Bangladesh Bank directives in streamlining HR operations of banks in Bangladesh.
- ii) to analyze the human resource activities of the conventional PCBs of Bangladesh.
- iii) to identify the challenges of HRM practices in the conventional PCBs of Bangladesh and recommend actions.

3. Theoretical underpinning

The theoretical foundation of this study is primarily anchored in the 'Human Capital Theory (HCT)'. Introduced by Becker (1964) and further developed by Schultz, (1961), Human Capital Theory posits that investment in education, training, skills, and employee development enhances productivity and organizational performance. It views employees as assets whose value increases through continuous learning and skill enhancement. The theory helps to explain how human resource practices shape organizational performance, competitiveness, and long-term sustainability (Faugoo, 2024; Namasivayam, & Denizci, 2006; Strober, 1990).

Private commercial banks in Bangladesh depends on employee competencies in areas such as digital banking, risk assessment, compliance, customer relationship management, and innovation. HR practices - especially training, development, and career progression may influence employees' productivity and adaptability in a competitive banking environment. In banking, where employees must possess competencies in financial products, digital systems, AML/CFT requirements, and customer management, training and development become indispensable. HR practices such as continuous learning, competency mapping, and leadership development may result in improving overall productivity and service quality of the bank employees.

Investing in employee skills and training improves productivity and service delivery (Becker, 1964). Bangladeshi banks face skill gaps in digital banking, risk management, and compliance. Structured learning, career development, and leadership programs are essential to address these gaps and enhance human capital value and justifies the relevance of the 'Human Capital Theory'.

Despite the growing importance of private commercial banks in Bangladesh, effective HR practices remain inconsistent. Challenges such as skill gaps, high turnover, limited empowerment, and evolving technological demands hinder optimal employee performance. This study addresses the gap in understanding how HR practices influence employee capability, motivation, and organizational performance and identifies potential areas for improvement and strategic opportunity. This study is necessary to bridge the gap between theory and practice and to provide evidence-based insights for policymakers, practitioners, and bank management.

4. Literature review

Contemporary literature positions HRM as a strategic asset, particularly in service-intensive sectors where employees mediate nearly every dimension of customer experience. HRM literature further highlights HR systems as bundles of practices that enhance productivity and employee commitment (Wright & McMahan, 2011). Organizational success depends on "the performance of employees" in that organization (Almatrooshi *et al.*, 2016) and inadequate outcomes of personnel are damaging to the success of an organization success (Siddiqui, 2014). Nda and Fard (2013) stated that to survive in a turbulent market environment, organizations have to emphasize human capital.

Scholars have argued that financial intermediation, particularly through banks, contributes significantly to enhancing productivity and serves as a critical driver of innovation and progress, especially in developing and underdeveloped nations (Schumpeter & Backhaus, 2003). In the context of Bangladesh, Ahmed, Yousuf, and Lubna (2019) established a strong correlation between economic development and the improvement of the banking sector, demonstrating their interdependence in short term as well as long term. Furthermore, research indicates that effective utilization and strategic deployment of human resource practices are closely linked to improved organizational performance (Ulrich, 1997; Lee *et al.*, 2020).

The HRM practices in Bangladesh's PCBs have been the subject of extensive research. Majumder (2012) finds that employees were particularly dissatisfied with

salaries and benefits, reward, motivation, career progression, training, development ingenuities, styles of management, job design and responsibility of job. This dissatisfaction underscores the need for banks to reconsider and improve these HRM practices to recover employee satisfaction and, consequently, organizational success.

Mustafi *et al.* (2017) explored HRM practices in Bangladesh's PCBs by using structural equation modeling (SEM) and HRM dimensions such as analysis of job, HR planning, training, development, salaries and benefits, work-place relationship were meaningfully and completely associated with overall HRM practices in the sector. The research highlighted the role of HRM practices in enhancing job satisfaction of the employees and organizational performance, suggesting that improvements in these areas may lead to better employee retaining and efficiency. Empirical studies document variations in recruitment and selection strategies and practices in the PCBs of Bangladesh (Eva, 2018).

Compensation systems in PCBs usually adopt a hierarchical and role-based structure and provide more attractive remunerations than public banks, they remain less competitive than multinational banks operating in Bangladesh (Uddin & Hoque, 2021). Training centres such as BIBM and in-house academies provide structured programmes, yet evaluations reveal frequent shortcomings in needs assessment, curriculum relevance, and post-training measurement (Rahman *et al.* 2022; Rahman & Rahman, 2013).

Roy & Aimi (2024) based on the Malaysian banking sector, explores how HRM practices employed by the banks stimulates employee turnover intention. It shows that there is a considerable relationship between training and development, compensation, and turnover intention among banking employees in the Malaysian Banking sector.

Quader (2024) further investigated the relationship between HRM practices and satisfaction of the employee in PCBs of Bangladesh. The study identifies that disparities exist among the different HRM dimensions such as their compensation benefits, reward system, motivational tools, career prospects, training, development initiatives, styles of management, job design and job responsibilities. These findings emphasize the necessity for PCBs to enhance the quality of their HRM practices.

Leadership models in many PCBs lean toward centralization, with limited empowerment at mid- and lower-management levels (Haque *et al.* 2025). Hierarchical cultures may discourage innovation, restrict cross-functional collaboration, and limit employee autonomy. These cultural patterns shape HRM implementation, influencing both employee behaviour and organizational adaptability.

Kumar, D. (2025) observes the association between Green Human Resource Management (GHRM) practices and Employee Green Involvement (EGI) in Bangladesh's banking sector. Uddin *et al.* (2023) examines the impact of the emotional and instrumental support of coworkers and supervisors with respect to the work-life balance of banks' female staffs and revealed that emotional and helpful support from supervisors had profound effect on the work-life balance (WLB) than emotional support from coworkers.

Collectively, these studies highlight several challenges in the HRM practices of Bangladesh's PCBs which include insufficient compensation, lack of career progression, inadequate training and development programs, and ineffective management styles. Addressing these challenges present opportunities for banks to improve employee satisfaction, enhance organizational performance, and maintain competitiveness in the evolving banking industry.

Moyeen and Huq (2001) highlighted the nature of HRM practices in some Bangladeshi business enterprises consisting of medium and large public and private sector organizations (manufacturing, business services, banking and insurance, and communication & transportation). In their sample, they have identified the following incidence of HRM practices:

Table 2: Incidence of Human Resource Practice in Bangladeshi Enterprises

Human Resource Practices	Percentage
Performance appraisal system of employees	91.3
Orientation program for new employees	65.2
Training for operative level employees	95.7
Policy for sharing business related information with employees	66.3
Employee pension plan	32.6
Job sharing	72.8
Total quality management (TQM) or similar program	60.9
Health and safety plan	73.9
Rewarding the good employees	91.3
Human resource management / industrial relations department	62.0

From the above table it is evident that different business enterprises in Bangladesh have been practicing the human resource management functions on varied scales or percentages.

5. Bangladesh Bank Directives in Rationalization HR Operations of Banks

Bangladesh Bank (the central bank of Bangladesh), plays a key role in streamlining the HRM in Banks. The Bangladesh Bank not only sets the regulatory framework but also influences the structure, efficiency, and growth of the workforce within banks through different circulars (Appendix 1) which summarizes the circulars issued by the Bangladesh Bank.

Bangladesh Bank sets certain guidelines and regulations to ensure that banks maintain an appropriate and efficient workforce. Bangladesh Bank mandates that employees in the banking sector meet specific educational qualifications and that regular training programs be conducted to update their skills, particularly in areas like risk management, compliance, and customer service.

Bangladesh Bank encourages banks to invest in continuous learning and professional development of their staff. This is done through the respective training institutes of the banks as well by Bangladesh Bank Training Academy (BBTA) and Bangladesh Institute of Bank Management (BIBM) that offer specialized programs to train banking professionals. For capacity building of the bank officials Bangladesh Bank

arranges workshops, seminars, and certifications for bankers to improve their knowledge, particularly in evolving areas like digital banking, compliance, and financial technology.

The central bank recognizes the growing importance of digital revolution in banks. Bangladesh Bank ensures that, the human resources in banks are equipped to handle new technologies by providing banks with guidelines to improve the digital literacy of their employees, ensuring that they can manage online banking, mobile financial services, and cybersecurity concerns. As the use of mobile banking and digital payments rises, Bangladesh Bank encourages banks to offer their staff the training needed to operate and manage modern technologies, thus improving service delivery and efficiency.

Through various directives, Bangladesh Bank works to advance the general performance and efficacy of the banking sector's human resources. Banks are encouraged to adopt performance management systems that align with national standards, ensuring employees are appraised regularly, and their development needs are identified and addressed. Bangladesh Bank also emphasizes merit-based career progression within the banking sector, helping to motivate employees and attract talent to the industry.

Bangladesh Bank plays a role in ensuring that the banking workforce is diverse and inclusive. Bangladesh Bank has been an advocate for increasing the representation of women in the banking sector, encouraging banks to have gender-balanced recruitment policies. Banks are encouraged to provide opportunities equally for all employees, irrespective of gender, ethnicity, and background, to ensure a more inclusive workforce.

One of Bangladesh Bank's core roles is improving corporate governance within the banking sector. Bangladesh Bank establishes guidelines on employee conduct, ethics, and anti-corruption measures, ensuring that employees understand and adhere to high professional standards. Banks are urged to maintain a strong internal control and audit framework to ensure compliance with operational standards and to promote transparent HR practices.

Bangladesh Bank works with the banking sector to address key HR challenges such as skill shortages, high employee turnover, and the need for specialized knowledge. Bangladesh Bank conducts studies and research on HR issues within the sector, providing banks with insights into improving their workforce management strategies. The central bank suggests to improve employee retention strategies, and investing in employee wellness.

Bangladesh Bank continuously monitors the banking sector, including HR practices, through its supervisory role. Bangladesh Bank plays proactive role in the development of HRM practices in banking sector through regulatory guidelines, training initiatives, and performance enhancement measures. The central bank's efforts contribute to the overall professionalism, skill development, and efficiency of the banking workforce, which is essential for nourishing the development and solidity of the financial sector in Bangladesh.

6. Methodology of Study

The methodology of the study is as follows.

6.1 Research Design

The study adopts a descriptive and exploratory research design to analyze the existing HR practices of conventional private commercial banks in Bangladesh and to identify associated challenges and opportunities. The design is suitable because it captures both current practices and underlying factors influencing HR effectiveness. This study uses the underlying concept of the 'Human Capital Theory' which shapes the selection of human resource activities in banks, survey items/interview questions, and data interpretation. Primary and secondary sources of data collection is used to attain study objectives.

6.2 Data Collection Method

The study uses a mixed-method approach covering quantitative data and qualitative data. A structured questionnaire was administered to HR managers, mid-level officers, and employees of selected private commercial banks. Likert-scale items were used to measure HR practice dimensions such as talent acquisition, motivation and leadership; training and development; performance management; talent maintenance and grievance management. Key Informant Interviews (KII) have been conducted with HR managers and senior executives of few commercial banks to identify the challenges of HR practices in the private commercial banks in Bangladesh. The study also analysed HR policies of different banks, different literature, books, and websites for secondary sources of information.

6.3 Sampling Technique

This study uses purposive sampling to select major private commercial banks with established HR departments and. There were 43 PCBs in Bangladesh, of which 33 are conventional PCBs and the rest 10 were Shariah-based Banks (Islamic banks). The study focuses on conventional PCBs (33 banks) and discarded 10 Islamic Banks due to their operational and ideological differences. Of 33 conventional PCBs (population), a total of 23¹ (69%) conventional PCBs were selected purposively based on their financial performance. 23 Head of HR from these banks were interviewed for qualitative insights using KII method.

For selecting employees across different units (general banking, credit, foreign exchange, operations, and information technology), the study also employed stratified sampling. A total of 231 (72.87%) bankers out of 317 participants (population) have been surveyed in second half of the year 2024, who participated in different training programs, workshops and seminars organized by the Bangladesh

¹ AB Bank PLC, Pubali Bank PLC, Uttara Bank PLC, National Bank PLC, Eastern Bank PLC, United Commercial Bank PLC, IFIC Bank PLC, Dutch-Bangla Bank PLC, Mercantile Bank PLC, National Credit and Commerce Bank PLC, Trust Bank PLC, Southeast Bank PLC, Standard Bank PLC, Mutual Trust Bank PLC, Bank Asia PLC, Jamuna Bank PLC, Meghna Bank PLC, BRAC Bank PLC, NRB Bank PLC, City Bank PLC, Prime Bank PLC, Dhaka Bank PLC, ONE Bank PLC.

Institute of Bank Management (BIBM), a national level apex training institute for the bankers in Bangladesh. A sample size of 23 Banks (69%) and 231 (72.87%) bankers would be sufficiently large for statistical analysis based on the central limit theorem (Bowerman, O'Connell & Murphree, 2017, pp. 334-335).

6.4 Data Analysis

Descriptive statistics have been used to analyse data for understanding the context of different HR practices and activities of the sampled PCBs in Bangladesh. The study analyses thematic responses of the KII to identify recurring themes related to challenges and opportunities of HR practices in PCBs of Bangladesh.

7. Findings and Analysis

This section discusses and analyses the finding of the human resources activities of the conventional PCBs in Bangladesh in relations of talent acquisition, motivation and leadership, training and development, performance management, talent maintenance and grievance management.

7.1 Talent Acquisition, Motivation and Leadership

7.1.1 Talent Acquisition

The banking sector competes for skilled professionals, making effective recruitment and retention strategies vital. HRM practices focus on attracting talent through competitive salaries, benefits, and career development opportunities. From the survey it is evident that 71.4% banks do not use the HR software while forecasting HR requirement but 89.3% banks use HR software for managing their human resources (Table 3). The sample banks appoint fresh graduates for the entry level positions and headhunters for the parallel level entry.

Table 3: Use of Software in Talent Acquisition (%) in 2024

Particulars	Yes	No
Use of HR software for predicting HR prerequisite	28.6	71.4
Have HR Software for HRM	89.3	10.7

Source: Author's own research, 2024

The study finds that 87% of PCBs take bonds from the afresh appointed personnel in banks in 2024.

The summary of the different aspects of talent acquisition is shown in Table 4 based on survey. The majority agree that banks advertise new recruitment (69.58%). 53.71% agree or strongly agree that collecting original marksheets from employees is just and fair. 75.46% agree or strongly agree that ethical background checks are necessary before hiring.

Table 4: Talent Acquisition

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Bank give advertisement for each new recruitment and selection	6.45	11.06	12.90	29.49	40.09
Taking original marksheet and certificates from the newly appointed employees is just and fair.	17.59	14.35	14.35	24.54	29.17
Conducting personal and family's ethical background analysis is necessary before appointing as an employee	5.09	6.94	12.50	37.96	37.50

Source: Author's own research, 2024

Note: Figures indicate percentage

7.1.2 Motivation

Motivation is the central rudiment of HRM. Employees may be motivated by different means, such as good compensation package, amiable working conditions, possible career growth, employee training and so on. Motivation survey of the employees in banks is a crucial part. The study shows that only 16% of banks conducted employee motivation surveys in 2024. Again, 58% of PCBs offer dissimilar remuneration structures for the similar position (Table 5).

Table 5: Employee Motivation Survey (%) in 2024

Particulars	Yes	No
Conduct employee motivation survey	16	84
Salary varies in same position	58	42

Source: Author's own research, 2024

Employees may be motivated financially (compensation, bonus) as well as non-financially (work-life balance, work environment, appreciation). Table 6 portrays the bank employees' observation on the talent motivation practices of private commercial banks in Bangladesh. Only 31.8% agree or strongly agree that salary packages are market competitive. 40.28% are satisfied with employee retention plans. 69.12% believe that Annual Confidential Reports (ACR) should be linked with performance reviews. 38.14% agree or strongly agree that banks have work-life balance plans.

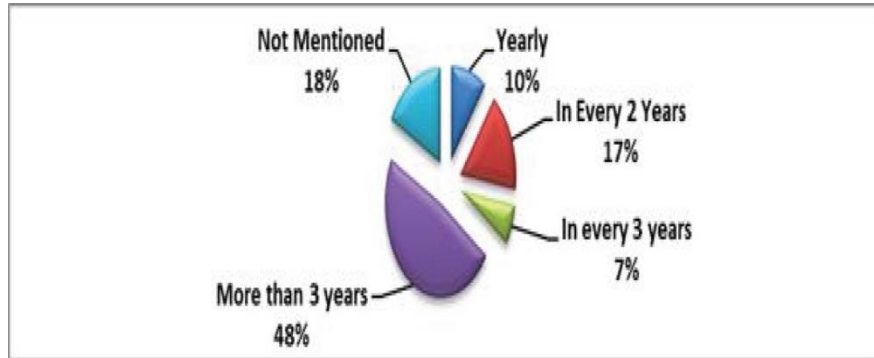
Table 6: Different Aspects of Talent Motivation

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Salary and Compensation package of the bank is as per the market rate.	20.74	25.35	22.12	25.35	6.45
I am happy with the bank's policy on the employee retention plan.	7.87	18.52	33.33	31.48	8.80
Annual Confidential Report (ACR) should be placed with the Performance Review Management (PRM).	4.15	8.29	18.43	47.00	22.12
Bank has plan on the work and family life balance.	18.14	22.33	21.40	26.05	12.09

Source: Author's own research, 2024

Note: Figures indicate percentage

This study shows (Figure 2) the frequency of revision of the compensation package varies from 1 year to 3 years. This study shows that 10% banks yearly revise their employees' salary while 17% banks revise it in every two years. Only 7% banks revise it in every three years, however, majority (48%) of banks revise their compensation package in more than 3 years. 18% banks did not mention about the time of revision of their compensation package.

**Figure 2:** Revision of Compensation Package

Source: Author's own research, 2024

The study also finds that PCBs offer incentive bonuses to their personnel on the basis of either performance of the banks or on the basis of performance of the employees (Table 7).

Table 7: Basis of Incentive bonus

Basis	(%)
Performance of the Bank	21
Performance of the employee	11
Both	61
Others	7

Source: Author's own research, 2024

The study finds three different employee benefit plans that are seen in Figure 3, 4, and 5 respectively.

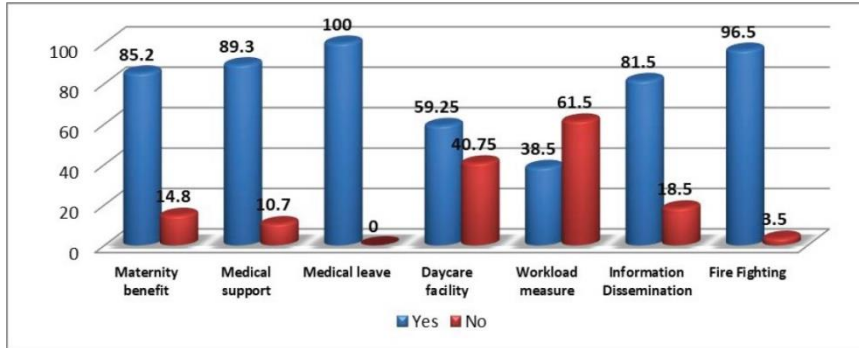


Figure 3: Core Benefits in Sampled Banks
Source: Author’s own research, 2024

Employee core benefits are the essential compensation and perks provided by an employer, often including health, medical support, medical leave, daycare facility, workload measure, retirement plans, life insurance, and paid time off like vacation. These benefits are vital for employee well-being, satisfaction, and retention, and can be legally mandated or offered to attract talent. This study exhibits (Figure 3) that all of the sample banks gave maternity benefits to their female employees in 2024 and 59% banks provided day care facility. Moreover, 89% sample banks provided medical leave.

It is evident from Figure 4 that, the sample banks have provided a number of some special benefits like employee education facility (77.8%), social security benevolent fund (73.1%), , death benefits (89.3%), life and other insurance benefits (59.25%).

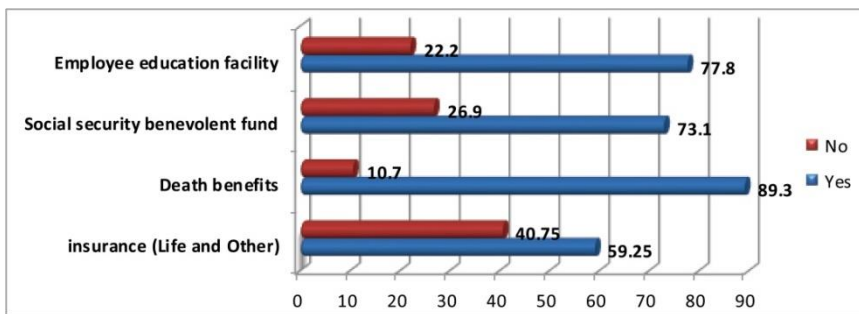


Figure 4: Special Benefits for Bank Employees
Source: Author’s own research, 2024

In order to retain their employees, sample banks offered some voluntary benefits to them (Figure 5). The study finds that 78.6% banks ensured employees’ work-life balance and 44% banks provides opportunity to get job for the family members of the employees in case of employees’ or death. Moreover, 71.4% banks have programs for employee socialization. This study also shows that 37.5 % banks provided leave for newly born-baby and mother to protect the mother and baby.

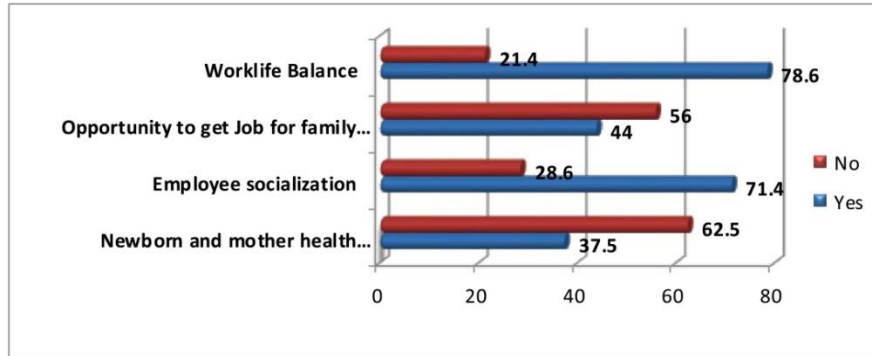


Figure 5: Voluntary Benefits Issues

Source: Author's own research, 2024

7.1.3 Leadership

Leadership in HRM refers to the aptitude of HR leaders to guide, influence, and motivate employees to attain organizational goals while ensuring that employees' needs, development, and well-being are taken into consideration. In HRM, leadership is not just about managing people but also about creating a strategic vision for managing talent. This study shows that (Table 8) majority of banks practices different aspects of leadership issues in their banks.

Table 8: Leadership Development in 2024 (%)

Particulars	Yes	No
Programs for developing future banking leader	72	28
Separate training module on 'Leadership Development'	77	23
Praise/ reward the best employees	90	10
Scale to define 'best employees'	89	11

Source: Author's own research, 2024

Ethical leadership denotes the practice of leading which includes honesty, impartiality, and accountability, while consistently making decisions and taking actions that reflect ethical principles. An ethical leader upholds moral values, encourages ethical behavior within their team or organization. Table 9 shows that 11% of the Head of HR of banks agreed that there is a lack of ethical leadership in banks.

Table 9: Lack of Ethical Leadership

Response	(%)
Yes	10.71
No	89.29

Source: Author's own research, 2024

Leadership succession is another important aspect which refers to the method of recognizing, evolving, and making individuals to take on key leadership roles when there exists vacancy in the leadership position. Succession planning ensures that an institution has a pool of capable leaders who are ready to take over critical positions, helping the company maintain continuity, stability, and long-term success. Figure 6 shows bank employees’ perception regarding the steps taken to leadership-succession plan in the banks. It finds that 37.19 percent bankers agreed that the bank has taken necessary plans/steps to develop leadership – succession plan in the bank and 16.18 percent bankers strongly agreed on the issue.

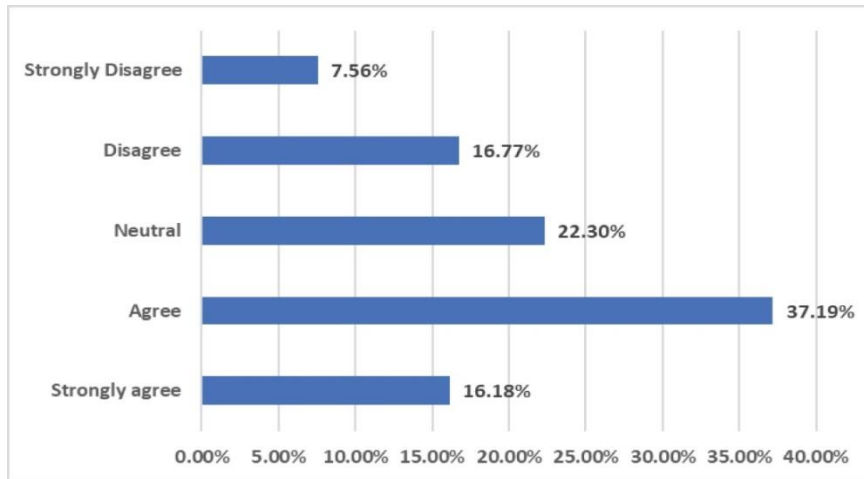


Figure 6: Steps taken to Leadership-Succession Plan

Source: Author’s own research, 2024

7.2 Training and Development

Continuous professional development is crucial in banking due to the rapidly changing regulatory landscape and technological advancements. HRM ensures that employees receive regular training to enhance their skills and knowledge, fostering a culture of continuous learning. The PCBs arrange in-house training in their respective training institutes, local training and foreign training for their employees.

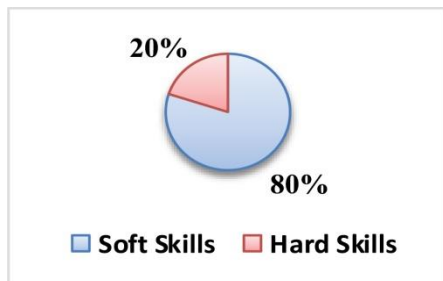


Figure 7: Composition of Required Skills in Career Advancement (Harvard Study)

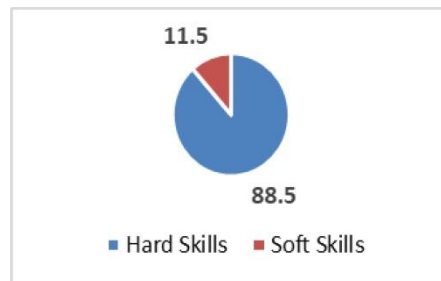


Figure 8: Training Programs Conducted by the Sample Banks in 2024 (Survey)

Source: Author’s own research, 2024

Banks provide both soft-skill training as well as hard skill training to their employees as depicted in Figure 7 and 8. A Harvard University (2008) study explicates that 80% career success relies on soft skills and 20% on hard skills (Figure 7). However, this study finds that the sampled banks organised 11.5% soft-skills training programs and 88.5% hard-skills training programs which is contrary to the Harvard University study result.

All the sample banks have their own training institutes for imparting training to their employees and they prepare a yearly budget for the smooth functioning of training activities. Table 10 highlights the status of training expenses by the sample banks and their utilization. The total training budget was significantly higher than what was actually spent, as only 46.57% of the planned budget was utilized. The average expense per employee is 1,012.23 Taka, but the training expenditure is a very small fraction of the overall operating cost (0.09%).

Table 10: Training Expense and Its Utilization in 2024

Particulars	2024
Training Budget (Tk. million)	413.11
Actual Expense (Tk. million)	192.37
Utilization of Training Budget (%)	46.57%
Average training expense per employee (Tk.)	1012.23
Average training expense of Banks (Million Tk.)	7.69
Training expense as percentage of total operating expense	0.09

Source: Author's own research, 2024

The study also finds that sample banks conduct post training evaluations to measure the actual level of employee performance after obtaining training. Around 75% of banks conduct post training evaluation in 2024. Besides conventional training, banks also use internet-based training programs.

Employee career counselling refers to the support and guidance provided to employees to help them plan and develop their careers within an organization or in the broader job market. The goal of career counselling is to align the employee's skills, interests, and values with career opportunities and growth paths, while also helping them achieve long-term career goals. The study finds that only 44% of banks had a career counseling system in 2024. However, only 20% of banks have a career counsellor in the banks (Table 11).

Table 11: Employee Career Counseling (%) in 2024

Particulars	Yes (%)	No (%)
Career counseling system	44	56
Career counselor	20	80
Career counseling section/wing	4	96

Source: Author's own research, 2024

7.3 Performance Management

In a competitive banking environment, performance management systems are essential for achieving operational excellence and customer satisfaction. A robust performance management system helps banks in Bangladesh to align employee goals with organizational objectives. Regular evaluations, feedback, and recognition are integral to motivating staff and enhancing productivity.

The study examines the procedures used for performance appraisal of employees and its possible areas of improvement. It shows that 44% of PCBs use annual confidential report (ACR) which is very outmoded (Figure 9). 33% of PCBs practice performance review report (PRR), while the rest of the PCBs use other methods of performance appraisal. However, 50% of PCBs suggests that there is scope for improvement. The study finds that 75% of banks use key performance indicator (KPI) for their employees. 61% PCBs circulate ACR/KPI score to their workforces (Figure-10).

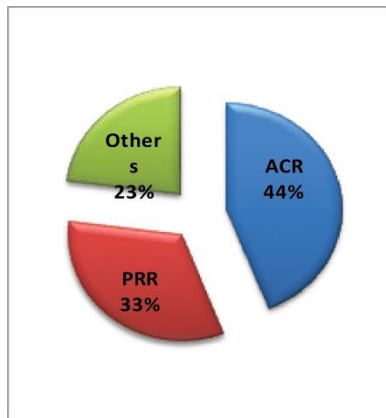


Figure-9: Method of Performance Appraisal in Sample Banks

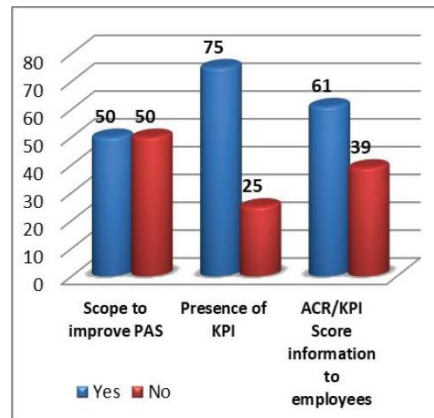


Figure 10: Scope to Improve Performance Appraisal in Sample Banks

Source: Author's own research, 2024

In terms of employee turnover rate, it is 8.72% in 2024.

7.4 Talent Maintenance and Grievance Management

In the competitive landscape of Bangladesh's banking sector, particularly among PCBs, talent maintenance, retention and grievance management are critical for sustaining growth and ensuring exceptional service delivery. As banks face challenges like high employee turnover and lack of skilled employees, modern HR practices become essential for attracting and retaining top talent. Talent maintenance includes attraction, development and retention of talent in an organization. Employee grievance management is very crucial for employee retention.

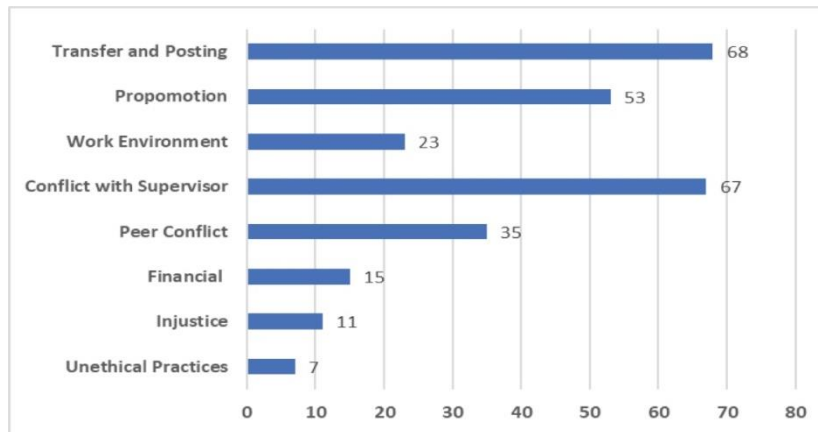
The study reveals that 73% of PCBs have standalone written employee grievance and complaint management policy for the year 2024. However, 61% PCBs do not have such standalone policy (Table 12).

Table 12: Status of Grievance and Compliant Management of PCBs in 2024

Issues	Yes (%)	No (%)
Presence of written policy for handling grievance and complaint	73	27
Bank has stand-alone wing for managing employee grievance and compliant	39	61

Source: Author's own research, 2024

The reasons for employee grievance as found in the survey are unethical practices, economic, peer conflict, conflict with supervisor, work environment and other (Figure 11).

**Figure 11:** Reasons for Employee Grievances (multiple responses)

Source: Author's own research, 2024

For employee retention, HRM strategies in the banking sector of Bangladesh focuses on nurturing a constructive work environment, encouraging work-life balance, and inspiring employee involvement in decision-making processes. Given the regulatory environment, HRM plays a vital role in guaranteeing compliance with related laws and banking regulations. This includes managing risks associated with employee conduct and organizational practices.

8. Challenges of HRM Practices in Conventional PCBs of Bangladesh

The HR challenges in the PCBs in Bangladesh are noteworthy. Talent attainment struggles with skill shortages, competition, and verifying credentials. In talent development, there seems to be a lack of training programs and limited post-training opportunities. Motivation can be an issue too - salaries are seen as uncompetitive, and work-life balance is a problem. Other challenges include digitalization hurdles, poor succession planning for leadership, and outdated HR practices. These insights all point to areas needing attention from HR departments. The HR challenges in Bangladesh's private banking sector emerge from several intertwined issues:

Recruitment practices sometimes raise concerns. For instance, while banks broadly advertise for new roles, there is mixed sentiment about processes like collecting

original credentials or conducting rigorous background checks. This indicates potential inconsistencies or friction in standardizing recruitment protocols.

Talent development is another area of concern. Survey data suggests that while banks do run training programs, many employees feel that the number of programs or the opportunities for career progression (such as transfers or clear job hierarchies) are not sufficient. This can hinder long-term career growth and employee satisfaction.

On the motivation front, compensation and benefits appear to be a significant pain point. A notable portion of employees believe that salary packages are not competitive enough relative to market standards, and there is also considerable dissatisfaction with work-life balance policies. These factors can directly impact employee retention and overall morale.

Modern HR practices such as digitalization and formal grievance redressal mechanisms also lag behind. Low percentages in strong agreement for digital initiatives and documented procedures for handling grievances signal that the industry may not be keeping pace with evolving HR management trends.

Finally, leadership succession planning seems to be underdeveloped. Limited strong endorsement for current succession measures implies that banks might struggle to prepare future leaders effectively, which is critical in a rapidly changing financial landscape.

9. Limitations and Future Research Directions

This study has several limitations. First, the sample is limited to selected private commercial banks, which may restrict the generalizability of findings across the entire banking sector. Second, the use of self-reported survey and interview data introduces potential response biases. Third, the cross-sectional design captures HR practices at a single point in time, limiting insights into temporal changes. Fourth, restricted access to internal HR documents and performance metrics may have constrained the depth of analysis. Fifth, qualitative interpretations may reflect subjective biases despite methodological precision. Finally, the study focuses exclusively on conventional private banks, omitting state-owned, Islamic, and foreign banks, and thus does not provide cross-category comparisons.

Future research should consider longitudinal designs to capture the evolution of HR practices over time. Comparative studies across different types of banks - private, state-owned, Islamic, and foreign - could enrich understanding of institutional variations. Further work is needed to examine the impact of digitalization, e-HRM systems, and AI-driven HR analytics on HR practices. Research focusing on employee wellbeing, job stress, and work-life balance would address underexplored issues in the Bangladeshi banking context. Studies on leadership development, succession planning, and their effects on performance and retention would also be beneficial. Advanced empirical analyses, such as structural equation modelling (SEM), can further clarify the link between HR practices and organizational outcomes. Additionally, qualitative case studies of high-performing banks and cross-country comparative research within South Asia could provide deeper insights. Finally, incorporating customer perspectives may help evaluate how HR practices influence service quality and customer satisfaction.

10. Recommendations and Conclusion

The HRM practices in conventional PCBs in Bangladesh play a prime role in maintaining banks' growth, employee satisfaction, and compliance. However, these banks face numerous challenges related to talent management, technology adoption, and regulatory compliance, while also encountering emerging opportunities for modernization and inclusivity. This study presents strategic recommendations to improve Human Resources (HR) practices within conventional PCBs in Bangladesh. Banks should implement structured training on banking technologies, customer service, and compliance and launch leadership development programs. They should integrate e-learning platforms for flexible and continuous learning. Banks should offer competitive compensation, benefits, and career growth opportunities and also partner with universities for internships and campus recruitment drives. They should design clear, transparent career paths. Banks may introduce flexible working hours and hybrid work policies. They should launch employee wellness programs, mental health support, and recreational activities. Banks need to enforce family-friendly policies like parental leave and childcare support. A strong organizational culture is a critical asset for Conventional PCBs in Bangladesh. It fosters employee engagement, enhances productivity, ensures ethical behavior, and contributes to customer satisfaction. A well-defined and positive culture helps banks to align employee behavior with organizational goals, adapt to market changes, and build long-term resilience. Banks should foster an ethical, trust-based work environment and conduct employee engagement surveys to assess satisfaction. Collaborative teamwork and open-minded communication should be encouraged. Banks should shift to data-driven key performance indicators (KPIs) aligned with organizational goals and encourage a regular feedback and appraisal system by recognizing high performers through awards and incentives. Banks should enforce gender-balanced and diverse hiring policies and conduct inclusive training and workshops by establishing strict anti-discrimination policies. Banks should provide periodic training on laws and regulations related to banking operation and document transparent policies on ethics, confidentiality, and code of conduct. They should regularly audit compliance adherence. For conventional PCBs in Bangladesh, a robust succession planning framework is critical to mitigate risks associated with leadership gaps, skill shortages, and employee turnover. Banks need to identify leadership positions requiring succession plans, implement mentorship programs to prepare successors and maintain knowledge-sharing systems. Banks should implement HR Information Systems (HRIS) for payroll, attendance, and records. They should utilize Artificial intelligence (AI) tools for recruitment to minimize bias which may simplify onboarding through digital platforms. Banks should monitor turnover rates, productivity, and satisfaction using data-analytics. They can apply predictive analytics to forecast HR needs and workforce trends by using data-driven insights for proactive HR planning.

The conventional PCBs in Bangladesh stand at a crucial juncture, where addressing HR challenges strategically can open significant opportunities. Implementing the mentioned recommendations may help them achieve sustainable growth, improve employee satisfaction, and align with the best HR practices global, ensuring long-term organizational success.

References

- Ahmed, R., Yousuf, M., & Lubna, N. A. (2019). Banking sector development and economic growth in Bangladesh: an empirical analysis. *Canadian Journal of Researcher's Society*, 9(01), 11-25.
- Almatrooshi, B., Singh, S. K., & Farouk, S. (2016). Determinants of organizational performance: a proposed framework. *International Journal of productivity and performance management*, 65(6), 844-859.
- Annual Reports, Bangladesh Bank, 2023, 2024.
- Becker, G. S. (1964). *Human capital: a theoretical and empirical analysis, with special reference to education*. Chicago: University of Chicago Press.
- Bowerman, B. L. O'Connell, R. T., & Murphree, E. S. (2017). *Business Statistics in Practice: Using Data, Modeling, and Analysis*. 8th edition. McGraw-Hill Higher Education.
- DeCenzo, D. A., Robbins, S. P., & Verhulst, S. L. (2016). *Fundamentals of human resource management*. John Wiley & Sons.
- Dessler, G. (2020). *Fundamentals of Human Resource Management*. Pearson.
- Eva, T. P. (2018). Recruitment and selection strategies and practices in the private sector commercial banks of Bangladesh: Evidence from human resource practitioners. *European Business & Management*, 4(1), 28-38.
- Faugoo, D. (2024). Human Capital as Strategic Valued Assets: Core drivers of Organizational Success in the Modern-Day Workplace. *International Journal of Business and Technology Management*, 6(3), 617-628.
- Haque, A., Rahman, S., & Sobhani, F. A. (2025). Transforming banks through responsible leadership: a study of performance, reputation and employee turnover intention in Bangladesh. *Asia-Pacific Journal of Business Administration*, 1-20.
- Kumar, D. (2025). Green Human Resource Management Practices and Employee Green Involvement in The Banking Sector: An Empirical Study: Green HRM Practices and Employee Green Involvement. *Jahangirnagar University Journal of Business Research*, 25(01), 21-38.
- Lee, F-H. Lee, T-Z and Wu, W-Y (2020). The relationship between human resource management practices, business strategy and firm performance: Evidence from steel industry in Taiwan. *The International Journal of Human Resource Management* 21(9):1351-1372.
- Majumder, M. T. H. (2012). Human resource management practices and employees' satisfaction towards private banking sector in Bangladesh. *International Review of Management and Marketing*, 2(1), 52-58.
- Milkovich, G.T., and Boudreau, J.W., (1997). *Human Resource Management*, 8th edition, Richard D. Irwin, USA.
- Moyeen, A. F. M. A., & Huq, A. (2001). Human resource management practices in business enterprises in Bangladesh. *Journal of Business Studies*, 22(2), 263-270.
- Mustafi, M. A. A., Rahman, T., & Jahan, N. (2016). Human resource management (HRM) practices of the banking sector in Bangladesh: A study on private commercial bank. *Asian Business Review*, 6(3), 141-150.
- Namasivayam, K., & Denizci, B. (2006). Human capital in service organizations: identifying value drivers. *Journal of Intellectual Capital*, 7(3), 381-393.
- Nda, M.M. and Fard, R.Y. (2013). The impact of employee training and development on employee productivity. *Global Journal of Commerce and Management Perspectives*, 2(6), 91-93.
- Quader, M. (2024). Exploring human resource management practices and employee satisfaction in Bangladesh's private banking sector. *Journal of Policy Options*, 7(1), 36-45.
- Rahman Chowdhury, M. M., Alam, Z., & Khan, M. A. (2022). Training and Development Programs in Public, Private, and Foreign Commercial Banks in Bangladesh: An Empirical Inquiry. *International Journal of Management, Accounting & Economics*, 9(9).
- Rahman, M. H. M. H., & Rahman, A. (2013). Employee perception towards effective training program: A study on some selective private commercial banks. *European Journal of Business and Management*, 5(12), 62-74.

- Roy, B. B. H., & Aimi, A. (2024). The determinants of turnover intention among employees in banking industry. *Environment and Social Psychology*, 9(9), 2975.
- Schultz, T. W. (1961). Investment in human capital. *The American economic review*, 51(1), 1-17.
- Schumpeter, J., & Backhaus, U. (2003). Joseph Alois Schumpeter. *The European Heritage in Economics and the Social Sciences, The European Heritage in Economics and the Social Sciences, 1*, 61-116.
- Siddiqui, M. N. (2014). Success of an Organization is a result of Employees Performance. *Advances in Social Sciences Research Journal*, 1(4), 179-201.
- Strober, M. H. (1990). Human capital theory: Implications for HR managers. *Industrial Relations: A Journal of Economy and Society*, 29(2), 214-239.
- Uddin, M., Ali, K. B., Khan, M. A., & Ahmad, A. (2023). Supervisory and co-worker support on the work-life balance of working women in the banking sector: A developing country perspective. *Journal of family Studies*, 29(1), 306-326.
- Ulrich, D. (1997). Measuring Human Resources: An Overview of Practice and a Prescription for Results. *Human Resource Management: Published in Cooperation with the School of Business Administration, The University of Michigan and in alliance with the Society of Human Resources Management*, 36(3), 303-320.

Cite as: Ahmad, S. (2025). Human resources management practices of conventional private commercial banks in Bangladesh: Challenges and opportunities. *Jagannath University Journal of Business Studies*, 13(2), 259–280. <https://dx.doi.org/10.5281/zenodo.18239748>

Appendices

Appendix 1: Different Circulars of Bangladesh Bank related to HRM Practices of Banking Sector

Date	Particulars of the Circulars
04/09/1995; 04/05/2005; 16/11/2005	Reference: BCD Circular Letter No. 18; BRPD Circular Letter No. 06; BRPD Circular Letter No. 09: Resignation acceptance, disciplinary cases, release order, dismissal and ineligibility, pending inquires
26/08/2013	BRPD Circular No. 09: Infrastructure and Quality Improvement of Bank's Training Institutes
28/03/2013; 17/06/2015	BRPD Circular Letter No. 01 and BRPD Circular Letter No. 08: Maternity leave duration of female employees and their performance evaluation
19/03/2013; 25/01/2017	BRPD Circular Letter No. 01 and SFD Circular Letter No. 01: Establishment of Day Care Centers; Facilities and Standards; Purpose
18/05/2015	BRPD Circular Letter No. 07: Circular on Female Employees after office hour
25/10/2018	BRPD Circular No. 15: Transfer policy, compulsory leave, internal checks
15/09/2019	BRPD Circular Letter No. 20: Storage and Use of Corporate Memory Management Systems (CMMS) Information on Disciplinary Measures
13/10/20	BRPD Circular No. 18: To Allocate a Particular Number for Banking Diploma Examination, Part-1 and Part-2 in the Promotion Policy of Bank Officers.
17/05/20	BRPD Circular Letter No. 27: Special Incentives for the Bankers' working at Bank premises during the General Holidays for COVID-19 Pandemic declared by the Government

05/05/20	BRPD Circular Letter No. 24: Special Incentives for the Bankers' working at Bank premises during the General Holidays for COVID-19 Pandemic declared by the Government.
09/01/20	BRPD Circular No. 01: Issuance of Maternity Leave Policy for Female Employees working in the Banks
21/01/21	BRPD Circular No. 02: Submission of yearly statement to the Board of Directors by the Directors, Managing Directors and the officers immediate two tiers below the Managing Director regarding particulars of their own and of family business.
21/01/21	BRPD Circular Letter No. 07: Providing the list of officials for the purpose of availing COVID-19 vaccine.
31/01/21	BRPD Circular Letter No. 08: To Emphasize on 'No Mask-No Service' Slogan
11/02/21	BRPD Circular Letter No. 11: To Complete Registration for COVID-19 Vaccine.
23/02/21	BRPD Circular Letter No. 13: Directives to Prevent Outbreak of Corona Virus Disease 2019 (COVID-19)
31/03/21	BRPD Circular Letter No. 19: Directives to Prevent Outbreak of Corona Virus Disease 2019 (COVID-19)
16/09/21	BRPD Circular No. 21 Reference: BRPD Circular No. 07 (28 May 2015), BRPD Circular No. 32 (18 June 2020): Guidelines on Illegal Dismissal of Bank Officers and Employees (Arbitrary Termination of Bank Employees)
19/04/21	BRPD Circular Letter No. 24: Compensation for bank employees working at the bank amidst Coronavirus (COVID-19) outbreak
22/04/21	BRPD Circular Letter No. 25: Conveyance facility for bank employees working at the bank amidst Coronavirus (COVID-19) outbreak.
12/05/21	BRPD Circular Letter No. 27: Appointment of director, contractual advisor and consultant for Bank-Company.
25/11/21	BRPD Circular Letter No. 48: Regarding fixation of 25 March 2020 as cut-off date for the direct recruitment of candidates in the recruitment circulars publishable up to 31 December 2021
09/01/2022	SFD Circular No. 01: Policy Guidelines on Gender Equity
20/01/22	BRPD Circular No. 02: Regarding salary of entry level officials and employees of bank-company.
25/01/22	BRPD Circular Letter No. 04: Regarding salary of entry level officials and employees of bank-company.
01/02/22	BRPD Circular Letter No. 05: Regarding salary of entry level officials and employees of bank-company.
15/05/2023; 24/12/2018	BRPD Circular Letter No. 15 and Reference: BRPD Circular No. 18 (24 December 2018): Policy on Payment of Provident Fund and Gratuity to Contractual Officers/Employees
11/01/2024	BRPD Circular Letter No. 28 (11 June 2024), Reference: BRPD Circular Letter No. 16 (22 May 2022), BRPD Circular Letter No. 17 (23 May 2022): Limiting Travel of Bank Officers and Employees Outside Bangladesh