Internship Report
On
A Case Study of Al-Arafah Islami Bank PLC
Mohammadpur Krishi Market Branch

Submitted By:

Md. Daien Uddin Shanto

ID: BBA2001019136

Program: BBA, Major:HRM

Semester: Spring 2024

Sonargaon University (SU)

Submitted To:

Department of Business Administration

Sonargaon University (SU)

147/1,Green Road,Tejgaon, Dhaka-1215,Bangladesh

Date Of Submission : 5th May,2024

Internship Report
On
A Case Study of Al-Arafah Islami Bank PLC
Mohammadpur Krishi Market Branch

Submitted By:

Md. Daien Uddin Shanto

ID: BBA2001019136

Program: BBA, Major: HRM

Semester: Spring 2024

Sonargaon University (SU)

Submitted To:

Nowshin Mahmood Tahiya

Lecturer

Department of Business Administration

Sonargaon Univercity (SU)

147/1,Green Road,Tejgaon, Dhaka-1215,Bangladesh

Date Of Submission : 5th May,2024

Letter of Transmittal

Date: 5th May 2024
Nowshin Mahmood Tahiya
Lecturer
Department of Business Administration
Sonargaon University (SU)
Subject: Submission of Internship Report on A case Study of Al-Arafah Islami . Bank-PLC Mohammadpur Krishi Market Branch

Dear Madam,

Here I've come to submit my internship report, which is an essential part of the BBA program. It has been huge accomplishment for me to work under your supervision. This has nothing but a great pleasure to submit the internship report on "HRM practice In Al-Arafah Islami Bank, Mohammadpur Krishi Market Branch"

This report provided me with theoretical as well as practical experience. Here I tried my level best to write an effective report by putting my academic knowledge into practice in order to make the document factual and credible. During my internship period I observed operational activities done in AIBL and that helped me to gather as much information as possible to complete this report.
However, I will be obliged to clarify if there is any disagreement in this report.

I kindly request your assessment of this report. Your feedback would be greatly appreciated. Thank you for your time and consideration.

Sincerely Yours

Md. Daien Uddin Shanto
ID:BBA2001019139
Program: BBA
Major: HRM
Department Of Business Administration
Sonargaon University(SU)

Certificate of Supervisor

This is to certify that Md. Daien Uddin Shanto. ID no: BBA2001019136 student of Sonargaon University Of BBA program has completed the internee titled A Case Study of Al-Arafah Islami Bank-PLC Mohammadpur Krishi Market Branch Successfully under my supervision.

I wish him every success in life

Supervisor
Nowshin Mahmood Tahiya
Lecturer
Department of Business Administration
Sonargaon University (SU)

Declaration of Student

I am Md. Daien Uddin Shanto a student in the Bachelor of Business Administration program with ID BBA2001019136 at Sonargaon University. I want to sincerely state that the report titled ” A Case Study of Al-Arafah Islami Bank PLC Mohammadpur Krishi Market Branch”. During the preparation of this report, I ensured full compliance with international copyright regulations. I also want to clarify that this report has not been submitted anywhere else for the purpose of obtaining a degree.

Yours Sincerely

Md. Daien Uddin Shanto
ID: BBA2001019136
Program: BBA
Major:HRM
Department of Business Administration
Sonargaon University (SU)

Letter of Authorization

I hereby confirm that the report titled "A Case Study of Al-Arafah Islami Bank PLC Mohammadpur Krishi Market Branch" is a genuine effort by Md. Daien Uddin Shanto The report was conducted under my guidance. I also affirm that, to the best of my knowledge, the content presented in this report has not been included in any other report that led to the award of a degree to any candidate earlier, whether in the same context or a different one.

Nowshin Mahmood Tahiya
Lecturer
Department of Business Administration
Sonargaon University (SU)

Acknowledgement

This report “HRM practice in Al-Arafah Islami Bank, Mohammadpur Krishi Market Branch” is an outcome of the extension of help, advice, suggestion and guidance of a number of people without whom it would remain incomplete.

At first I want to express my "Sukriah to Almighty Allah" for giving me power and knowledge to perform the task and to write the report.

I am grateful to Mr. Kamrul Hossain, Manager of Al-Arafah Islami Bank Bangladesh Ltd. of Mohammadpur Krishi Market branch for giving me the excellent opportunity to do my practical orientation in his branch.

My especial thanks to , Nowshin Mahmood Tahiya, lecturer, Department of Business Administration of Sonargaon University, for her valuable guidance and instruction in accomplishing this report.

Finally I tried to give my best to complete this report. I must say I am fresh in the banking sector and this few days are not enough to complete such a report. So there might be some mistake or error due to my limited aptitude and time constraint. In this regard, I do believe to get a kind consideration from everyone.

Executive Summary

It has become essential for every person to have some idea on the bank and banking procedure. By an internship program in bank students can obtain practical knowledge, which helps to know real life situations, helping them to launch a career with some practical experience. This report on Human Resource Department of "Al-Arafah Islami Bank Ltd" has prepared as a requirement to fulfill of BBA program. This report covers mainly the activities the overall role of HR manager in AIBL and how they play their role is presented. Human resource managers perform an identifiable set of activities that affect and influence the people who work in an organization. These activities include HR planning, job analysis, recruitment, selection, placement, training and development, performance appraisal, compensation systems, and discipline.

The HRD of this bank has formed with 14 employees & 8 staffs. HR department Al-Arafah Islami Bank Ltd. does not involves directly in strategic planning. The HRD collect information from both internal and external environments. Al-Arafah Islami Bank Ltd. checks the current employee by their number (ACR form) and the performance & skills. The Bank always takes a look of current job market. In planning, it follows the top-down approach. As the Bank recruit highly qualified and experienced applicant they prefer to recruit mid-level and upper level employees internally. The Bank follows Multi Hurdle Approach for selecting the applicants. Training program is a regular basis program of the Bank. Every year the bank spends a lot for the training of employees. Al-Arafah Islami Bank uses both formal and informal processes to do performance appraisal. The bank provides compensation & benefits on the basis of employees' performance and ranking. Every employee of AIBL is to follow all the rules and regulation provided by the bank. They have a service rules book to maintain discipline within the bank.

Table Of Contents

Cover Page – 01		**i**
Cover Page – 02		**ii**
Letter		**iii**
Certificate of Supervisor		**iv**
Declaration of Student		**v**
Letter of Authorization		**vi**
Acknowledgement		**vii**
Executive Summary		**viii**
Chapter 01	Introduction	1-3
	1.1 Origin of the report	2
	1.2 Topic of the report	2
	1.3 Data Collection	2
	1.4 Scope of the Report	3
	1.5 Limitations	3
Chapter 02	Literature review	4-6
	2.1 Literature review	5
Chapter 03	Overview Of Islamic Banking System	7-9
	3.1 Definitions of Islamic Banking	8
	3.2 Difference between Conventional Banking & Islamic Banking	8
Chapter 04	An Overview of AIBL	10-16
	4.1 Status of the Bank	11
	4.2 Vision of the Bank	11
	4.3 Mission of the Bank	11
	4.4 Goal of the Bank	11
	4.5 Organogram of AIBL	12
	4.6 Management System	13
	4.7 Features of the AIBL	14
	4.8 Foreign Correspondents and Agent	14
	4.9 Nature of Business	15
	4.10 Training Center	15
	4.11 Division Of AIBL	15
	4.12 Product and services	16

Chapter 05	Human Resource Management Practice	17-29
	5.1 General Concepts	18
	5.2 Objectives of HRM	18
	5.3 Basic Principles Practiced	19
	5.4 Collect Information	19
	5.5 Forecast Demand	19
	5.6 Forecast Supply	20
	5.7 Plan & Conduct Needed Program	20
	5.8 Feedback on Planning	20
	5.9 Job Description	21
	5.10 Job Specification	21
	5.11 Evaluation	21
	5.12 Recruitment	22
	5.13 Process of Recruitment	22
	5.14 Recruiting Goals & Priorities	22
	5.15 Recruiting Philosophy	23
	5.16 Sources of Recruitment	23
	5.17 Methods of External Recruitment	24
	5.18 Selection	24
	5.19 Selection Process	24
	5.20 Interview process	25
	5.21 Selection of Executive	25
	5.22 Reason for Training	25
	5.23 Method of Training	25
	5.24 Formal Process of Performance Appraisal	26
	5.25 Informal Process of Performance Appraisal	26
	5.26 System of Performance Appraisal	27
	5.27 Function of Performance Appraisal	27
	5.28 Methods of Performance Appraisal	27
	5.29 Service Rule Book	28
	5.30 Progressive Disciplinary Action	29
Chapter 06	Findings	30-31
	6.1 Findings	31
Chapter 07	Recommendations, Conclusion	32-33
	7.1 Recommendations	33
	7.2 Conclusion	33
	Bibliography	34

Chapter- 1
Introduction

1.1 Origin Of The report:

In today's world only academic education does not make a student perfect to become competitive with the out side world. So internship is highly needed to gain idea, knowledge and experience.
Al-Arafah Islami Bank Limited is a place where I could learn the business dealings. This organization has created a positive image to the customer mind by providing better service. This Bank has introduced some Modern Islamic Banking Scheme that has high market demand. As it maintains the pace with the competitive business world, its activities, culture, philosophy and style leads an intern student to be the best at any field of working life. As an intern student, I have got the opportunity to work with this organization for three months and acquire idea about real business world.

1.2 Objectives Of the report

Broad objective: To get an overview of HRM practices in Al – Arafah Islami Bank:-

•To fulfill the course requirement of BBA program.
•To acquire practical knowledge about HRM practices in banking sector.
•To have practical exposure in banking environment that will help a lot of to understand the future work life.
• To analyze HRM practices in AIBL with classroom (theoretical) knowledge.
•To recommend for improvement to existing HR policy of AIBL

1.3 Data Collection

a) Primary sources:

Primary sources are original works of research or raw data without interpretation or pronouncements that represent an official opinion or position. From the primary source I came to know all the fundamental ideas about the company.
Firstly I have interviewed the Human Resources Development Manager Mr. Mazharul Islam and another HRD Officer of AIBL. Mainly I discussed with them verbally and they gave us a company profile and an annual report of the company. I have collected all the relevant information from there.

b) Secondary Sources:

Secondary sources are interpretation of the primary information. From the secondary source I came to know the details about the company.

•I have also collected information from the annual report, brochure, prospectus, leaflet etc of AIBL.
•For preparing this report I discussed our honorable internship instructor.
•To prepare this report we also used various books on Human Resources Management.

1.4 Scope of the report:

The scope of the report is limited to AIBL. The whole report covers the organizational structure, Background of the bank, objectives functions, departments, units and business performance, activities of AIBL, the main part HRM practice in AIBL. The scope of the study may be stated as under:

•The study would help top management in planning and decision making of HRM activities.

•The study would aware the top management to take corrective and appropriate measure timely to improve the company's HRM and other performance.

•The study would help management in identifying the key areas of weakness and strength.

•The study would also help the shareholders as a guide to company's present and future position.

1.5 Limitations of the report:

While preparing the report the obstacles that I faced in collecting information are the following.

•There was a lack of adequate primary and secondary information.
•Company did not give me the real information, which was needed to explore the current market scenario of the company. For their restriction they provide me approximate information.
•When I have prepared the report that was the time of the Auditing. The manager from whom I have collected information was very busy with the audit team of Bangladesh Bank.
•Although I have obtained wholehearted cooperation from the employees, they could not manage enough time to deal with my report.
• The obstruct is time itself. Due to time limit, the scope and dimension of the study has been curtailed.
•Sufficient books, publications, facts and figures are not available; these constraints narrowed the scope of accurate analysis.

Chapter-2
Literature Review

2.1 Literature review

Islamic banking is banking or banking activity that is consistent with the principles of sharia and its practical application through the development of Islamic economics. As such, a more correct term for 'Islamic banking' is 'Sharia compliant finance'.
Sharia prohibits acceptance of specific interest or fees for loans of money (known as riba, or usury), whether the payment is fixed or floating. Investment in businesses that provide goods or services considered contrary to Islamic principles (e.g. pork or alcohol) is also haraam ("sinful and prohibited"). Although these prohibitions have been applied historically in varying degrees in Muslim countries/communities to prevent non- islamic practices, only in the late 20th century were a number of Islamic banks formed to apply these principles to private or semi-private commercial institutions within the Muslim community.

Islamic banking has the same purpose as conventional banking: to make money for the banking institute by lending out capital. But that is not the sole purpose either. Adherence to Islamic law and ensuring fair play is also at the core of Islamic banking. Because Islam forbids simply lending out money at interest, Islamic rules on transactions (known as Fiqh al-Muamalat) have been created to prevent it. The basic principle of Islamic banking is based on risk-sharing which is a component of trade rather than risk-transfer which is seen in conventional banking. Islamic banking introduces concepts such as profit sharing (Mudharabah), safekeeping (Wadiah), joint venture (Musharakah), cost plus (Murabahah) and leasing (Ijara).

In an Islamic mortgage transaction, instead of lending the buyer money to purchase the item, a bank might buy the item itself from the seller, and re-sell it to the buyer at a profit, while allowing the buyer to pay the bank in installments. However, the bank's profit cannot be made explicit and therefore there are no additional penalties for late payment. In order to protect itself against default, the bank asks for strict collateral. The goods or land is registered to the name of the buyer from the start of the transaction. This arrangement is called Murabahah. Another approach is Eljara wa Elqtina, which is similar to real estate leasing. Islamic banks handle loans for vehicles in a similar way (selling the vehicle at a higher-than-market price to the debtor and then retaining ownership of the vehicle until the loan is paid).

An innovative approach applied by some banks for home loans, called Musharaka al- Mutanaqisa, allows for a floating rate in the form of rental. The bank and borrower form a partnership entity, both providing capital at an agreed percentage to purchase the property. The partnership entity then rents out the property to the borrower and charges rent. The bank and the borrower will then share the proceeds from this rent based on the current equity share of the partnership. At the same time, the borrower in the partnership entity also buys the bank's share of the property at agreed installments until the full equity is transferred to the borrower and the partnership is ended.

If default occurs, both the bank and the borrower receive a proportion of the proceeds from the sale of the property based on each party's current equity. This method allows for floating rates according to the current market rate such as the BLR (base lending rate), especially in a dual-banking system like in Malaysia.

There are several other approaches used in business transactions. Islamic

banks lend their money to companies by issuing floating rate interest loans. The floating rate of interest is pegged to the company's individual rate of return. Thus the bank's profit on the loan is equal to a certain percentage of the company's profits. Once the principal amount of the loan is repaid, the profit-sharing arrangement is concluded. This practice is called Musharaka. Further, Mudaraba is venture capital funding of an entrepreneur who provides labor while financing is provided by the bank so that both profit and risk are shared. Such participatory arrangements between capital and labor reflect the Islamic view that the borrower must not bear all the risk/cost of a failure, resulting in a balanced distribution of income and not allowing the lender to monopolize the economy.

Islamic banking is restricted to Islamically acceptable transactions, which exclude those involving alcohol, pork, gambling, etc. The aim of this is to engage in only ethical investing, and moral purchasing. The Islamic Banking and Finance Database provides more information on the subject.

In theory, Islamic banking is an example of full-reserve banking, with banks achieving a 100% reserve ratio. However, in practice, this is not the case, and no examples of 100 per cent reserve banking are known to exist. Islamic banks have micro-lending institutions founded by Muslims, notably Grameen Bank, use conventional lending practices and are popular in some nations, especially Bangladesh, but some do not consider them true Islamic banking. However, Muhammad Yunus, the founder of Grameen Bank and microfinance banking, and other supporters of microfinance, argue that the lack of collateral and lack of excessive interest in micro-lending is consistent with the Islamic prohibition of usury (riba

Chapter -3
Overview of Islamic Banking System

3.1 Islamic Banking

Islamic banking has been defined in a number of ways. The definition of Islamic bank, as approved by the General Secretariat of the OIC, is stated in the following manner.
"An Islamic bank is a financial institution whose status, rules and procedures expressly state its commitment to the principle of Islamic Shariah and to the banning of the receipt and payment of interest on any of its operations".

Shawki Ismail Shehta viewing the concept from the perspective of an Islamic economy. The prospective role to be played by an Islamic bank therein opines:

"It is, therefore, natural and, indeed, imperative for an Islamic bank to incorporate in its functions and practices commercial investment and social activities, as an institution designed to promote the civilized mission of an Islamic economy".

Zia Uddin Ahmed says, "Islamic banking is essentially a normative concept and could be defined as conduct of banking in consonance with the ethos of the value system of Islam".

3.2 Distinction Between the Conventional & Islamic Banking

The distinction features of the conventional banking and Islamic banking are shown in terms of a box diagram as shown below:

Conventional Banking	Islamic Banking
1. The functions and operating modes of conventional banks are based on manmade principles.	1. The functions and operating modes of Islamic banks are based on the principles of Islamic *Shariah*.
2. The investor is assured of a predetermined rate of interest.	2. In contrast, it promotes risk sharing between provider of capital and the user of funds.
3. It aims at maximizing profit without any restriction.	3. It also aims at maximizing profit but subject to *Shariah* restrictions.
4. It does not deal with *Zakat*.	4. Islamic banks collect and distribute *Zakat*.
5. Leading money and getting it back with interest is the fundamental function of the conventional banks.	5. Participation in partnership business is the fundamental function of the Islamic banks.
6. Its scope of activities is narrower when compared with an Islamic bank.	6. Its scope of activities is wider when compared with a conventional bank. It is, in effect, a multi-purpose institution.
7. It can charge additional money in case of defaulters.	7. The Islamic banks have no provision to charge any extra money from defaulters.
8. In it very often, bank's own interest becomes prominent. It makes no effort to ensure growth with equity	8. It gives due importance to the public interest. Its ultimate aim is to ensure growth with equity.
9. For interest-based commercial banks, borrowing from the money market is relatively easier.	9. For the Islamic banks, it is comparatively difficult to borrow money from the money market.
10. Since income from the advances is fixed, it gives little importance to developing expertise in project appraisal and evaluations.	10. Since it shares profit and loss, the Islamic banks pay greater attention to developing project appraisal and evaluations.
11. The conventional banks give greater emphasis on credit-worthiness of the clients.	11. The Islamic banks, on the other hand, give greater emphasis on the viability of the projects.
12. The status of a conventional bank, in relation to its clients, is that of creditor and debtors.	12. The status of Islamic bank in relation to its clients is that of partners, investors and trader.
13. A conventional bank has to guarantee all its deposits	13. Strictly speaking, and Islamic bank cannot do that.

Chapter-4
An Overview Of AIBL

4.1 Status of the Bank:

Al-Arafah Islami Bank Ltd was established in 1995 under the companies Act, 1994 as a banking Company with limited Liability by shares. It is an interest frees Shariah bank of Bangladesh rendering all types of commercial banking service under the regulation of Bank Companies Act, 1991. The Bank conducts its business on the principles of Musaraka, Bai-Murabaha, Bai-muazzal and Fire Purchase transactions approved by Bangladesh Bank. Naturally its modes and operations are substantially different from those of other conventional commercial banks. There is a Shariah Council in the bank who maintains constant vigilance to ensure that the activities of the bank are being conducted on the precepts of Islam. The Shariah Council consists of prominent Ulema, reputed Bankers, renowned Lawyers and eminent Economist.

4.2 Vision of AIBL:

To become a leading banking institution and to play a pivotal role in the development of the country.

4.3 Mission of AIBL:

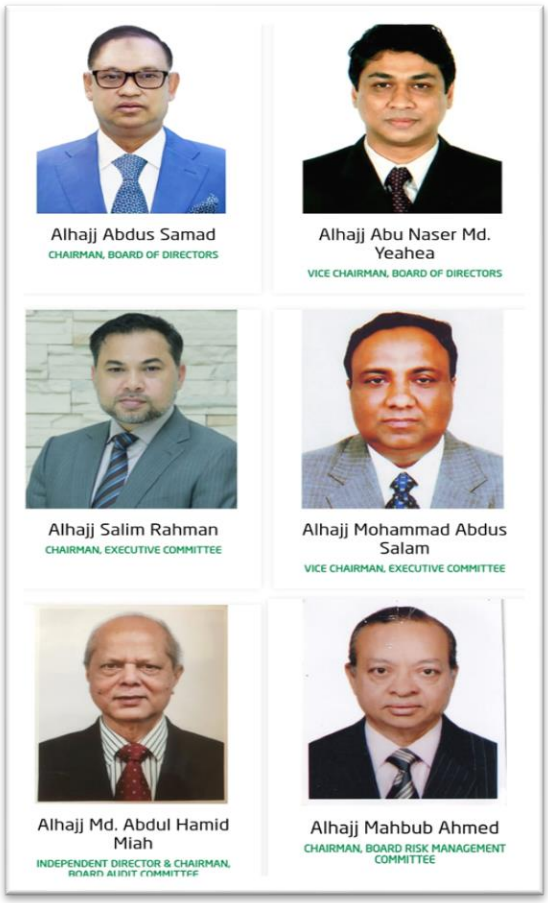
- To conduct interest free banking.
- To establish participatory banking instead of banking on debtor creditor relationship.
- To invest through different modes permitted under Islamic Shariah.
- To accept deposits on profit-loss sharing basis.
- To establish a welfare-oriented banking system.

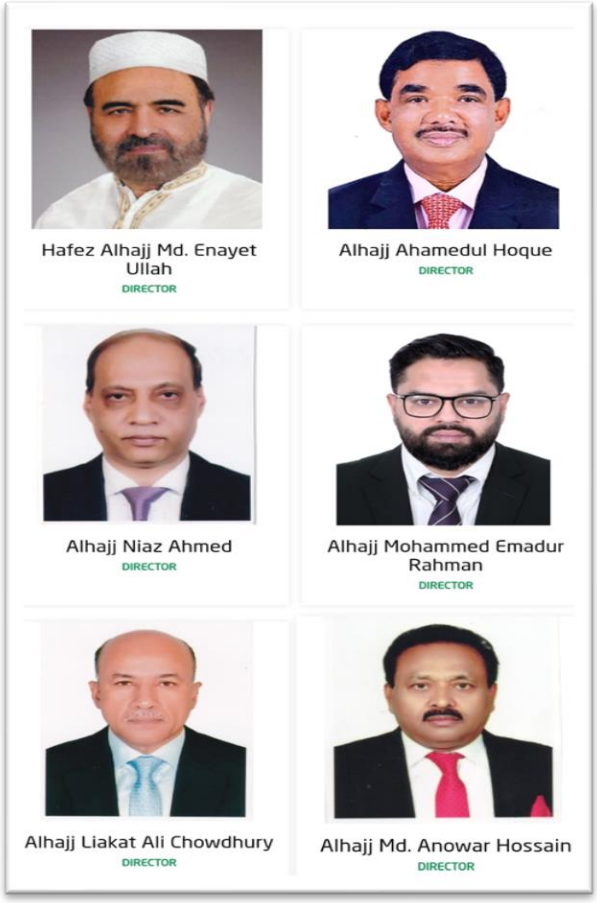
4.4 Goal of the Bank:

The motto of the Al-Arafah Islami Bank Ltd is to explore a new horizon of innovative modern banking creating an automated and computerized environment providing one stop service and prepare itself to face the new challenges of globalization and 12th century.

4.5 Organogram Of AIBL

Board Of Director









Alhajj M. Kamal Uddin Chowdhury
INDEPENDENT DIRECTOR



Alhajj Mahbubul Alam
INDEPENDENT DIRECTOR



Farman R Chowdhury
MANAGING DIRECTOR

Member Of Shariah Board

Members Of Shariah Supervisory Committee, AIB PLC

Mufti Sayeed Ahmad Muzaddedi Chairman	Mufti Muinul Islam Member
Mufti Shahed Rahmani Member	Mawlana Mohammad Abdul Hai Nadvi Member
Mohammad Abul Hossain Al-Azhari Member	Alhajj AZM Shamsul Alam Member
Alhajj Salim Rahman Member (By Holding of Position)	* Md. Abdur Rahim Khan Secretary

(Md. Abdur Rahim Khan)
Senior Vice President & Secretary
Shariah Supervisory Committee

Source: AIBL website

4.6 Management System of AIBL:

The management team of the Bank consists of high motivated, well educated and high skilled and dynamic executives who have been contributing substantially in the continued growth and progress of the bank. The management is ably supported and assisted by well motivated and experienced officers and members of staff.

Source: AIBL website

4.7 Feature Of AIBL:

• All activities of the bank are conducted according to Islamic shariah where profit is the legal alternative to interest.

•The banks investment policy follows different modes approved by Islamic shareah based on Quaran & Sunnah.

•The bank is committed towards establishing welfare oriented banking system, economic upliftment of the law- income group of people, create employment opportunities.

•According to the needs and demands of the society and the country as a whole the bank invests money to different halal business. The bank participates in different activities aiming at creating jobs, implementing development projects taken by the government and developing infrastructure.

•The bank is committed to establish an economic system through social justice and equal distribution of wealth. It is committed to bring about changes in the underdeveloped rural areas for ensuring balanced socio economic development of the country through micro credit program, according to mudaraba system; the depositors are the partners of the investment income of the bank. During the period under review, 70% of the investment income has been distributed among the mudaraba depositors.

4.8 Foreign Correspondents and Agent:

Al-Arafah Islami Bank Ltd. established correspondent relationship with more than 200 branches of 30 banks in different cities of the world. The bank opened Dollar, Pound, Euro, Yen, CHF, Acu-Dollar Accounts with famous banks of the world with a view to rendering prompt services to their valued clients dealing in Export, import etc.

4.9 Nature of Business:

All kinds of commercial banking services are provided by the bank to the customers following the provisions of Banking Companies Act, 1991, Bangladesh bank's directives and the principles of Islamic Shariah.

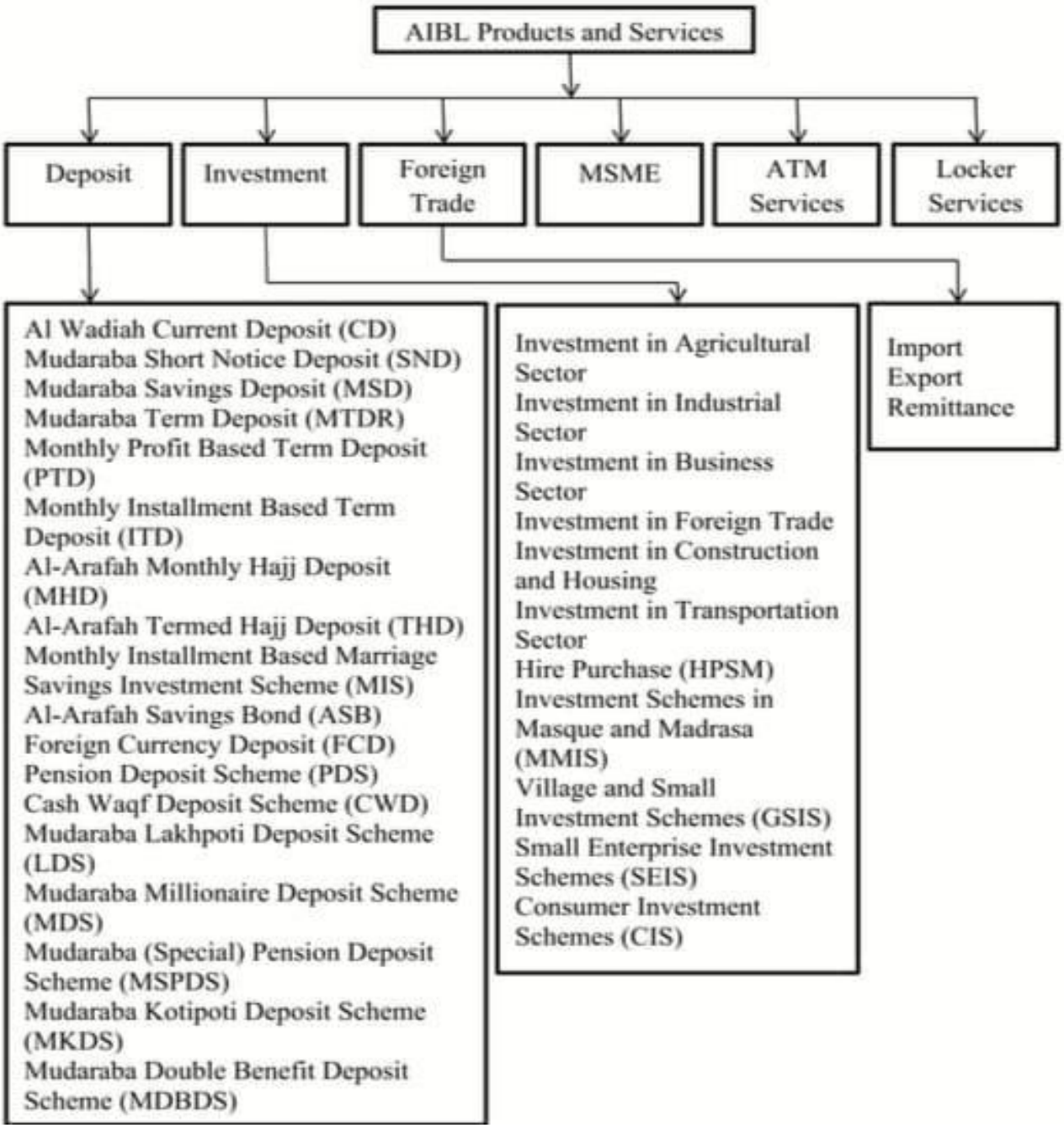
4.10 Training Center:

Al-Arafah Islami Bank Ltd. has formed a training center to make effective and efficient employees, which is situated at Topkhana Road. The teachers of IBA, Dhaka University, teacher of BIBM, Executive of AIBL & experienced bankers (Home & Abroad) give lecture & take classes in that training center.

4.11 Divisions of AIBL:

•General Banking Division.
•Human Resources Division.
• Investment Division.
•Investment Administration & Recovery Division.
•SME & Capital Market Services Division.
•Shariah Division.
•Share Division.
•International Division.
•Finance & Accounts Division.
•Audit & Inspection Division.
•Development & Marketing Division.
•Research & Planning Division.
•Information Technology Division.
•Establishment Division.
•Internal Control & Compliance Division.
•Law Division.

4.12 Product and Services



Chapter-5
Human Resource Management Practice By AIBL

5.1 General Concepts:

Human Resource Management (HRM) is to refer to the philosophy, policies, procedures and practices related to the management of people within an organization.

In today's competitive business environment, only the quality of human resource makes the difference. The bank is committed to attract the best person to work for it and the adoption of the latest information technologies is reflected in the efforts of the bank in development of human resources. The bank believes in professional excellence and considers its working force as the most valuable asset and the basis of efficiency and strength.

HR department of Al-Arafah Islami Bank Ltd. does not involve directly in strategic planning. Mainly the Board of Directors plans it. HR provides information to help them to take necessary decision. But HRD does a separate planning for their internal work.

The total process of HRM at AIBL includes-

•HR planning & forecasting
•Job & work design
•Staffing/recruitment & selection
•Training & development
•Performance appraisal & review
•Compensation & reward

5.2 Objectives of HRM:

The objectives of HRM in AIBL can be described as follows-

•To hire the right person for the job offered by the bank.
•To reduce employee turnover on the basis of job available.
•To motivate people to perform at high effort levels.
•Not to waste time with useless interviews.
•To remove unfair labor practices within banking environment.
•To maintain a high morale & better human relations inside the organizations.
•To maintain the organizational peace
•To attract competent people and retain them in the organization
•To recognize and satisfy individual needs.

5.3 Basic Principles Practiced:

•Treat people with respect and dignity;
•Treat people with adults;
•Deal with people as complete individuals;
•Teat all employees with justice;
•Provide people with opportunities for growth and development;
•Make people feel that they are most valuable asset for the organization;
•Rewards should be earned, not given;
•Not to underestimate the potentials;
•Provide people with all relevant information.

5.4 Collect Information:

The HRD of Al-Arafah Islami Bank Ltd. collects information from both internal and external environments-

5.4.1 Internal Environment:

•The Board of Directors of Al-Arafah Islami Bank Ltd. does the business strategy and business planning that is carried out by HR department.
•Al-Arafah Islami Bank Ltd. checks the current employee by their number (ACR form) and the performance & skills.

5.4.2 External Environment:

•Al-Arafah Islami Bank Ltd. always tries to keep up to date information about the current economical condition of the country.
•Al-Arafah Islami Bank Ltd. is not a well-equipped bank, but they have already established fully computerized banking system and going to introduce online banking soon.

5.5 Forecast Demand:

•HRD estimates how many employees they need and the board of directors & HR Manager takes the decisions. They do not take help of experts from outside.
•In planning, Al-Arafah Islami Bank LTD follows the Top- down approach.

5.6 Forecast Supply:

The Human Resource Department of Al-Arafah Islami Bank Ltd. forecasts their supply of current human resource from two sources-
a) Internal Sources
b) External Sources

a) Internal Sources:

Almost about 85% of mid levels to top-level managers are employed internally. They only consider the skilled and experienced employees for forecasting. For make it easier they normally follow skill inventory system to get the most accurate information. They have the most newly introduces idea known as HRIS.

b) External Sources:

If Al-Arafah Islami Bank Ltd. does not find right people for the right post from inside their bank then they go for external sources. They offer employees who are qualified and experienced. They try to focuses on the unemployment rate and the conditions of labor market which may tight or loose.

5.7 Plan and Conduct Needed Program:

Al-Arafah Islami Bank Ltd. has sufficient employees that are required to meet their needs. They have shortage of employee as they need according to their organization. To overcome the shortage of employee they follow the following techniques -
*Recruit new full time employees.
*Offer incentives for postponing retirement.
*Rehire trained employees.

5.8 Feedback on Planning:

Most of the time Al-Arafah Islami Bank Ltd. is successful in planning because they always try to gather correct information. For human resource planning first they identifies their needs to meet the fulfillment of human resource planning and to do it effectively, sometimes they increase or decrease work force size, change their skill and take necessary steps.

5.9 Job Description:

Job description must be presented in a manner such that the essential functions of the job can be readily identified and communicated to people who are not familiar with the job. The bank describes a different job for a different officer. To evaluate a candidate they prepare such types of office order for a Marketing Executive.

Job title: Marketing Executive

Education: Masters / MBA in Marketing

Physical condition: Physically sound and ability to work hard.

Experience: 5 years work experience

5.10 Job Specifications:

The specific skills, knowledge, abilities, and other physical & mental characteristics those are necessary to perform a job. AIBL uses the office order for the incumbent to complete employee's task successfully. Here is the office order for an Assistant Vice President of Al-Arafah Islami Bank Ltd.

Supervise the activities of a branch.

Authorization all types of transecting voucher.

Supervising of opening and closing all deposit accounts.

Checking of all records, office files, and ledger.

5.11 Evaluation:

Al-Arafah Islami Bank Ltd. evaluates the job by using job analysis process. They have considered job evaluation as an important part of job analysis to make the compensation program simple and easy for the bank and employees.

5.12 Recruitment

If Al-Arafah Islami Bank Ltd. Ltd. plans to introduce new branches or services then they go for recruitment. They also recruit employee if any post vacant within the bank.

5.13 Process of Recruitment:

When the vacancy occurs the department sends a requisition form to HR Department. The HR manager asks for the qualifications and other information. On the basis of given information the HR manager plans his strategy and write a memo to the Board of Directors. If they give the PRC approval then Al-Arafah Islami Bank Ltd. gives advertisement in Newspaper.

Recruitment Process of Al-Arafah Islami Bank Ltd. is the following-

- **Vacant/New Position Occurs**
- **HRD is informed**
- **Prepare memo**
- **Send to board of Directors**
- **Approved by the Board**
- **Newspaper Advertisement**
- **Generate Application Pool**

5.14 Recruiting Goals and Priorities:

Al-Arafah Islami Bank Ltd. Ltd. has some goals and priorities that they considers while recruiting-

- Al-Arafah Islami Bank Ltd. tries to attracts large pool of applicants
- Al-Arafah Islami Bank Ltd. attracts highly qualified applicants

- Al-Arafah Islami Bank Ltd. tries to attract those applicants who are willing to accept offer.
- Al-Arafah Islami Bank Ltd. always tries to fill their vacant post as soon as possible.

5.15 Recruiting Philosophy:

Al-Arafah Islami Bank Ltd. Ltd. follows some philosophy while perform recruiting process-

- They recruit from both internal and external sources.
- They have commitment to diversity.
- They provide marketing orientation to candidates.
- They follow ethics in recruiting.

5.16 Sources of Recruitment:

The HR department of Al-Arafah Islami Bank Ltd. Limited follows two ways to recruit new employees. They are:
A) Internal recruitment
B) External recruitment

a) Internal Recruitment:

As Al-Arafah Islami Bank Ltd. recruit highly qualified and experienced applicant they prefer to recruit mid-level and upper level employees internally. When any post vacant they search for right people for the right place with in the organization. Their Human Resources Department maintains Human Resources Information System (HRIS) for internal recruitment so they can fill up vacancy by a person of known quality. They also use internal recruitment as a motivational tool for the employees. While recruiting employees internally the bank often experiences ripple effect that is when a vacancy is filled internally in the mean time another vacancy occurs.

b) External Recruitment:

If Al-Arafah Islami Bank Ltd. cannot fill the vacancy internally or cannot find right people for the right post with their organization then they go for external recruiting. Some times if they need very experienced person for their upper levels then they think about external recruitment. There are also

some reasons why Al-Arafah Islami Bank Ltd. prefer external recruitment-

- To over come ripple effect with the bank.
- When they need new ideas and viewpoints
- To avoid riffle effect within the bank.

5.17 Methods of external Recruiting:

External Recruiting is used to attract a large pool of applicant. To recruit externally Al-Arafah Islami Bank Ltd. follows the following method-

- Newspaper Advertisement:

The bank spending heavily in ads because recruitment ads have a large audience of whom only 10-20% is actually looking for jobs. The rest 80% are happily employed. If those 80-90% remember the job and the organization when they want to change their job and results in mouth-to-mouth hiring. Therefore the bank target 100% rather than 10-20%. Al-Arafah Islami Bank Ltd. Ltd. does not use any blind advertisement to newspaper. They clearly mention the job description to their advertisement. They usually place their recruiting advertisement to national dailies and business magazines.

5.18 Selection

Al-Arafah Islami Bank Ltd. follows a specific strategy for selecting new employees. The human recourse department made this strategy. At the entry level of new employee the selection team considers education, experience and qualification of the candidate's. This procedure begins after evaluating the applications.

5.19 Selection Process:

Al-Arafah Islami Bank Ltd. follows Multi Hurdle Approach for selecting the applicants. The selection process of AIBL is the following-

- Matching Bio-Data
- Written Test
- Interview
- Reference
- Selected

- Al-Arafah Islami Bank Ltd. selects applicants from their Bio-Data.
- After selecting applicant, Al-Arafah Islami Bank Ltd. takes a written test.
- Experts of BIBM and IUB prepare the questionnaire of written test.
- After that applicant are to face interview
- Board of directors and the HR manager takes the interview.
- Then they check the reference and select applicant

5.20 Interview Process

- Al-Arafah Islami Bank Ltd. follows unstructured interview of the candidates. A committee conducts the interview. It consists of five members-three from the Board of Directors, the Managing Director and the Head of the HRD.
- In interview, the committee is not only emphasizing on the response of the questions but also observes how they respond, their attitudes, behavior, smartness and appearance.
- On the above components the members of committee give a number to each candidate. Then they make an average number of all candidates, and select the desired employee..

5.21 Selection of Executive:

Mainly the Board of Directors selects the top executive of Al-Arafah Islami Bank Ltd. Some times the shareholders give their opinion in the Annual General Meeting for selecting top executives. The mid level executives are selected internally by their better performance and experience. Some executives are selected externally but their ratio is low.

5.22 Reasons for Training:

- To orient the hires to organization
- To teach them how to perform initial assignment.
- To improve current performance of employees
- To prepare employees for future promotion or upcoming changes.
- To introduce employees with the new technology, if the bank going to use it.

5.23 Methods of Training:

Al-Arafah Islami Bank Ltd. Ltd. follows -

- On The Job Training
- Off The Job Training

9.23.1 On The Job Training:

Al-Arafah Islami Bank PLC Ltd. provides on the job training for the new recruited employees. It is basically training for one year. During the training period the employees do not get any specific position. Every employee has to move round the desks. In this training Al-Arafah Islami Bank Ltd. provides a training program smellier Job Rotation system. Al-Arafah Islami Bank Ltd. gives more importance in this training phase. In this training the new employees get a practical experience. According to the Job Rotation, the trainee has to expand more time in "Central Accounts Returns Department". It is about 10 weeks. Then they give importance to other departments.

5.23.2 Off The Job Training:

Al-Arafah Islami Bank PLC Ltd. arranges a training program when they recruit new employees. They train their employees to their own training center which is at Topkhana Road, Purana Paltan, Dhaka. Here they provide formal training program. All the employees have to do it. This program is conducted by following ways-

- During the training period teachers of Institute of Business Administration (IBA) and Bangladesh Institute of Bank Management (BIBM) teaches the employee. They come as Guest teachers. They give lecture related to banking subjects.
- Sometimes AIBL provides off the job training to motivate the employees. They send employees to abroad for training. Employees who work for a long

5.24 Formal

Al-Arafah Islami Bank Ltd. uses some written instruments or paper. ACR is a kind of form by which the bank can evaluate all types of employee performances. The bank normally uses two types of form one for officers and the other one are for executive level. All superior evaluates his/her subordinates.

5.25 Informal:

Sometimes the bank use informal evaluation of the employees. Every superior gives verbal information about his subordinates based on the superior's information the management measure Performance Appraisal.

5.26 System of Performance Appraisal of AIBL:

HRD of Al-Arafah Islami Bank PLC Ltd. sends the performance appraisal form to each department and branch at the end of the year.

- The reporting officer measures each officer's performance like knowledge in banking, decision-making ability, analytical ability, personality etc.
- Then the reporting officer summarizes the whole performance of that officer.
- He identifies employee's strengths and weakness.
- The reporting officer then gives an overall performance rating. He categorizes the officer as-

- Outstanding
- Good
- Average
- Below average.

- The reporting officer comments for that specific employee that, whether he can be promoted or not ready for the promotion or recommended for Annual Grade Increment. The reporting officer can be recommended for another job if he thinks that the current job is not suitable for that person.
- After that, the branch or department returns the form to the HRD. HRD then assess the officers' qualification and ability.
- From above mentioned criteria we find that Al-Arafah Islami Bank PLC Ltd. measure performance on the basis of trait, behavior and result.

5.27 Function of Performance Appraisal:

HRD of Al-Arafah Islami Bank PLC Ltd. uses Performance Appraisal for two purposes-

a) Development Uses

b) Administrative Uses

5.28 Methods of Performance Appraisal:

Al-Arafah Islami Bank PLC Ltd. follows Subjective Method to measure performance appraisal.

Subjective Method:

- The bank compares all employees' performance from best to worst.
- The bank has logbook for every individual employee. They use latest computerized database software to keep all the records of an employee.
- The bank follows a standard method to identify the duties, qualities and responsibilities.
- The bank use checklist, which helps to decide for promotion of an employee.
- Finally the bank uses the most popular method known as management by objectives.

5.29 Service Rules Book:

AIBL PLC has "Service Rule Book" of its own. Every branch keeps a copy of that book. Some of the important rules quoted below.

Every employee of AIBL is to follow the following rules and regulation provided by the bank-

- Every employee shall continue to remain in service as full-time staff of the bank shall not remain absent or leave office without prior permission of the competent authority.
- Every employee shall serve the bank honestly, sincerely, diligently and with utmost dedication and he must sub-ordinate all personal interest to interest of the bank. He shall serve the bank to the best of his skill and ability and in all respect confirm to the rules and regulations of the bank.
- Every employee shall maintain strictest secrecy of the affairs of the bank and also the affairs of the customers account and shall not communicate directly or indirectly to press, public or any of agencies any information for document which will come to his knowledge and possession in the ordinary of course of his official duty or assignment unless otherwise directed.

❖ No employee of the bank shall-

- Enter into any speculative transformation of dealing in shares, securities or otherwise whatsoever.
- Engage him in gambling, racing or wagering contracts.
- Engage him in any kind of business whatsoever. If anyone or his relative (Father/ brother/sister/sons/daughter) have any interest in any loan account shall be declared to board.
- Participate in any political and subversive activities.

- Accept any gifts or present from any customer or prospective customers of the bank or the relative.
- Remain absent from duty without obtaining sanction of leave.
- Engage him in any kind of office of profit and business.
- Act as agent of insurance company or business firm directly or indirectly. Borrow money from any customer or any person having dealing with the Bank
- Make personal representation to any Director, Managing Director or Chairman directly. Any kind of representation must be routed through proper channel.
- Make any attempt to influence any director in any manner on Bank affairs.
- Issue any guarantee, indemnity, surety bond or any other certificate involving directly or indirectly bank's interest in personal or official capacity without prior permission or beyond the delegated power.

5.30 Progressive Disciplinary Action:

- If any employee breaks the rule of AIBL PLC, then the organization takes the disciplinary action.
- They take the action according to the "Service Rule Book."
- If anyone complains against any employee of AIBL then they send an inquiry team.
- If the inquiry team finds that the employee is guilty then they give an oral or written reprimand. And also keep a record in employee's personal file.

Chapter-6
FINDINGS

Findings:

- Al-Arafah Islami Bank PLC Ltd.'s HRD employees are not expert enough.
- They properly analyze what behaviors, abilities, knowledge and equipment are required to perform the job.
- They clearly identify the essential functions to perform a job.
- They provide a written narrative describing the activities performed on the job.
- The organization does not outline specific skills, knowledge, abilities and other physical & personal characteristics that are necessary to perform a job.
- Their selection, training and promotion procedure are not well structured and not even applied properly.
- They do not provide any down-to-earth presentation of both formal & informal aspects of the job.
- HRD is not much concerned about the employees.
- The organization recruits employees from both within the organization & outside the organization.
- Their training center is small enough.
- The employees are not satisfied with the training process.
- They analyze job precisely before recruiting an employee.
- They provide job description.
- The organization does not specify the job properly.
- Their selection, training and promotion procedure are haphazard.
- They are not providing any Realistic Job Preview (RJP) to the employees
- HRD is not taking proper care of the working people.
- The organization follows both external and internal ways to recruit employees
- They promote or transfer employees to perform internal recruitment, which is motivating for current employees, and training & socialization time is reduced.
- Sometimes ripple effect occurs when they recruit employees internally.
- They generally recruit employees externally for lower level jobs.
- They use unstructured interview tool in selection process.
- They do not follow assessment center approach
- The organization does not assess need for training.
- They provide both On the Job and Off the Job training to impart new knowledge.
- They evaluate employee training.

Chapter-7
Recommendations and Conclusion

7.1 Recommendations

- AIBL PLC should change the outlook of the branch to attract premium customers.
- AIBL PLC should provide an effective training program for the junior level officers.
- The service in Mohammadpur Krishi Market Branch has real good prospect, thus the bank should work actively so that it can attract more clients.
- The branch should give more emphasis on proper record keeping.
- They should give more attention in increasing their deposits in different accounts.
- As it has been seen that AIBL's Investment income were more than double by last 4 years, it convey very good sign. They should try to retaining their position.
- From the geographical allocation it has been seen that AIBL give less concentration at Khulna and Barisal Region but more concentration at Dhaka and Chittagong, they should give concentration at Khulna and Barisal Region also.
- Optimal cost for sanctioning and disbursing investment should be minimized.
- The number of branches should be increased.
- Bank should offer more facilities to the consumers such as credit card, master card, ATM Machine etc.
- Banking is service-oriented marketing. Its business profit depends on its service quality. That is why the authority always should be aware about their service quality. Employees must give individual attention to the consumer. For that, they can recruit more employees.
- AIBL should invest in profitable sector. Among the different sector AIBL should invest highly in Industry and Commerce sector for high profit.

7.2 CONCLUSION

AIBL PLC has been trying to operate its business successfully in Bangladesh since 1995. AIBL PLC has already developed an image of goodwill among its clientele by offering its excellent services. The success has resulted from dedication, commitment and dynamic leadership of its management over the periods.

Success in the banking business largely depends on an effective and efficient Human Resource Department. To be more effective and efficient of HRD performance Al- Arafah Islami Bank Ltd. should recruit HRD employees having HR background. If the bank goes this way, it is expected that in the near future AIBL may become one of the top performers in the banking sector.

BIBLIOGRAPHY

Books:

Human Resources and Personnel Management /William B. Werther, Jr., & Keith Davis.--- 5th edition; Irwin/McGraw-Hill, Inc, United states, 1996.

Human Resource Management/Gary Dessler--Seventh Edition.

Annual Report & Journal

Diary of Al-Arafah Islami Bank Ltd.-2009
Service Rule Book of Al-Arafah Islami Bank Ltd.
The Annual Report of AIBL.-2007
The Annual Report of AIBL.-2005
Different prospectus of Al-Arafah Islami Bank Ltd.

Web Site:

http://www.al-arafahbank.com