Niamat Ullah

PRACTICE OF HUMAN RESOURCE MANAGEMENT

A comparative study between The City Bank Limited of Bangladesh and OP-Poh-jola of Finland

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The aim of the thesis was to acquire the in-depth knowledge on practicing human resource management in banking sector and to present a comparative study regarding human resource management practice between The City Bank Limited of Bangladesh and Osuuspankki of Finland.

The theoretical part of this thesis highlighted the opinions of famous writers and reviewed various articles of journals and research paper regarding human resource practice in organization. Models of human resource management and importance of training and development are also discussed in the theoretical part of the thesis.

The thesis conducted a qualitative research to present a comparative analysis between The City Bank Limited and Osuuspankki in terms of human resource management practice in their organization. The research findings showed that, there is high employee turnover in City Bank Limited where employees are very likely to switch from one bank to another if they see a bit of more facilities. On the other hand, employees from different countries are joining Osuuspankki. Therefore, managing employees from different cultures, different values and different languages is a big challenge for Osuuspankki.

Key words
ABSTRACT

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1 INTRODUCTION

Everywhere in today’s world, banking industry is playing a vital role in the economic development of a country. We can observe that the financial development country is highly depends on the development of that country’s financial institutes. As a financial institute, bank is accelerating the overall economic development of a country. Although banking industry has a strong impact on the financial development of any country, this industry is not up to mark yet in some of the countries. This study will focus on a comparative analysis between The City Bank Limited, a private commercial bank of Bangladesh and OP, a renowned commercial bank of Finland regarding the practice of Human Resource Management. This study is a comparative banking business analysis between The City Bank Limited, Bangladesh and OP, Finland. The topic is relevant because the world of today’s banking is in continuous change and the competition among the banks and internal efficiency must be analysed consistently. There is a lot of literature relevant to this topic which supports the idea that it is fundamental to do the study.

Technological developments have significantly changed today’s business environment. Organizations are seeking more effective ways to promote their adaptability to survive and prosper as well. Organizations are striving worldwide to realize competitive success through practicing strategic management of human resources. As employees are the main component of the organization, the success of the business highly depends on proper management of this resource. Therefore, human resource management is very important for any organization. New themes have emerged in the process, replacing some of the old ones. The new thinking in this regard is referred to as Human Resource Management (HRM), which carries a more proactive and strategic connotation. HRM is intimately intertwined with business strategy. In many situations, it even critically influences business strategy.

At present, the banking sector faces a continuous change especially with the continuous technological development. It requires for the banks to be constantly active to maintain their position in the markets through using advance technology. It also provides opportunities to get new ideas for the business and developments to efficiently grow against their competitors.

The aim of the thesis is to analyse the HRM practices in The City Bank Limited and OP. This study will also provide a brief idea about banking sector of Finland and Bangladesh. However, the aim of the study is to learn about HRM practices of both bank and also a comparative analysis has been done in this study so that it can be helpful to differentiate both banks in terms of practice of HRM in their banking system.
Since banking industry plays an important role in the economic development of a country, every country should properly take care of the industry. But still now there are difference found among the banking sectors of the world. As we believe so that, the development of a country much depends on the development of its financial institute, this study was basically done so that the learners may easily identify the difference between the banking business of a developed country and a developing country. Be noted here, Bangladesh is developing country and on the other hand Finland is a developed county. This study was carried out to show the comparative analysis between The City Bank Limited and OP in terms of practice of HRM in their banking system.
2 HUMAN RESOURCE MANAGEMENT AND ITS PRACTICES

The term management refers to the science and art of getting people together so that they can be able to accomplish desired goals and objectives by organizing and using all available resources efficiently and effectively. On the other hand, Human Resource Management (HRM) is one of the important functions within an organization that focuses on recruitment, management and development of employee. This chapter focuses on HRM and its functions. It will be helpful for the readers to learn more about the HRM and its practice in an organization.

2.1 Human Resource Management

Human Resource Management (HRM) is the most important department of any organization. If we look at the basics of production of a firm from a microeconomics perspective, we will definitely recall that there are four factors of production and these are Land, Labour, Entrepreneur and Capital. Among these four, labour constitute that aspect of human resource to a company and it is very important to properly manage this resource. According to the very basic definition of management where it is the process of dealing or controlling of people or things, it is now very easy to define human resource management as it is the process of dealing and controlling Human resources of an organization. There are many scholars who have carried out research on human resource management and strategic human resource management that is closely related to this topic. This chapter reviews some past researches that have been done on similar or related topics. It helps the writer in providing a sound information regarding the topic to understand the issues on which the study is focused.

Saini (2010, 58-64) in his article “Human resource development in UCO Bank-A case study of Chandigarh Region.” evaluate the policies and practices of Human Resources Management. The core findings of that study were, qualification is the most important factor of recruitment at all level of employees in an organization. He also says that problem solving strategy of the organization is very effective because all methods have been used to solve problems.
Subramanian (2005, 178) expressed his opinion regarding recruitment and selection of employees. He stated that any organization those who gives a fair attention to the recruitment and selection of its employees will must get good a return. He also stated that recruitment and selection process should be viewed in the wider context of the organizational future.

Maitin (2003, 85) expressed his opinion regarding human resource management in his article "Dynamic Human Resources". He stated that, out of wide variety of resources which participated in the process of organizational growth, human resources are the most dynamic element of efficiency and productivity. He also stated in the context of modern age, human resource owns the responsibility of information mobilization and their profitable utilization, which ultimately increases performance of an organization.

Sharma & Jyoti (2006, 349-350) expressed their opinion regarding job satisfaction in the article. The writer concluded that job satisfaction is an effective and positive reaction to an individual's work situation. He has also described it as a positive emotional response resulting from appraisal of individual’s job.

Vidya & Salokhe (2002) in their study on "Human Resource Development (HRD)" , observes that HRD signifies an effort which aimed at qualitative improvement of human resources in their specific role as like as assets of an organization. HRD basically recognizes that, "People" are the organizations singularly vital and valuable assets and therefore they must be developed in terms of their skill, attitude and knowledge for achieving their organizational as well as personal goals. According to modern business age, only dynamic people can build a dynamic organization, only capable and driven people can enable an organization to achieve its goals.

Gupta (1990) shows the implementation part of Human Resource Development. It gives an insight to improve the overall implementation process of HRD through developed theoretical understanding about HRD implementation. In his book, he has given more attention to different aspects and issues involved in HRD like as impact of liberalization, globalization, manpower planning, education and training.

Benjamin & Akinyemi (2011) expressed their opinion in their research. They basically assessed the impact of Human resource development climate in two leading Rwanda based insurance and telecommunication companies. This study shows the differences between the insurance and telecommunication industry with respect to their fundamental developmental climate laterally with three dimensions of HRDC.
Tanvir (2008), expressed his opinion regarding practices of HRD. The aim of the study was to identify the variables related to human resource development in teacher educators. In the study, Researcher also studied the effect of human resource development climate, induction in-service education, performance appraisal and training needs of teacher educator considering the impact of gender, organizational difference, working in unisex or co-education, experience, age, service stature difference. Major findings of the study revealed, that experience wise, age-wise, gender wise, difference, organizational difference, working in unisex or co-education, service stature difference have a significant impact on HRDC and training needs.

Hussain (2007) in his study brought out the fact that Human resource development is the fundamental of all developmental efforts in the any organization. It was also explained in his research that human being is very dynamic and important resource for producing goods and services as well as for the welfare of society. Human resource development at micro level it includes with selection, training, performance appraisal, potential appraisal, development, planning of manpower, compensation etc. on the other hand, at macro level it involves with poor health, illiteracy and eradication of poverty. Human resource development included a sustainable development of human rights, empowerment, productivity and development, security, opportunity and equity. Although positive approach is necessary to achieve higher standards of human development which includes larger expenditure on social sector, higher growth rate and an efficient utilization of funds.

Wan (2002) in his study on “The pattern of relationship between HRM practices and firm performance”. In the study, the writer found that HRM practices were creating a positive impact on organizational targets. He also found that among all other initiative’s performance appraisal is the most important practices of HRD to increase financial performance of the organization.

Sangeeta & Setia (2014, 789-796) provided a better understanding of the role of human resource management practices as an Indian perspective in terms of creating and sustaining organizational performance. In their article, they also discussed a framework which indicates how external and internal factors of an organization effects on HRM practices which may generate core benefits for the organization as well as overall corporate performance. In the article, they highlighted three important sets of HR practices that may help to support for an effective HR system. These are training-focused, performance-based reward and team development. Effective human resource practices in their model refers to these three bundles of human resource practices
Christiana & Mahalakshmi (2012) expressed their opinion regarding practices of HRD in their research paper found that the HR practices like training and career development in the private sector banks, performance appraisal are positively related to organizational performance. In their study, they also tried to find out the relationship between HRM practices and employee commitment. As we know that employee commitment has a large impact on overall organizational performance which ultimately leads toward achieving organizational goals.

Solkhe & Chaudhary (2010) expressed their opinion regarding practices of HRD in their study on HRD. In their article, they have gathered the responses from 71 middle level and junior executives from different departments of a public sector undertaking and they found that HRD has a definite impact on employee Job Satisfaction which in furthermore leads to increase the organizational performance. Their analysis also showed that there is a positive relationship among different components of HRD climate and Job satisfaction.

Subramony & Mahesh (2009) in his article shows that HRM bundles have a definite larger effect than their constituent individual practices in the organization. He also showed that HRM Bundle is positively associated to business outcomes.

Singh (2008, 503-527) carried out a study on “the impact of Human resource policies and practices on organizational performance”. The researcher have collected data from 48 organizations consisting of 32 private sector and 17 public sector enterprises which represented the different set of industries for more acceptable outcome. The major findings of that study were that empowering people through extensive information sharing, involve in multi-tasking, periodic job rotation and decentralizing the decision-making powers is more likely to get a massive improvement in the various dimensions of organizational performance which ultimately leads the organization to take initiative to introduce as the best human resource practices for improving organizational performance.

Sami (2007, 430-443) in his article, showed the fact that “Human resource management function had to play important role in adding value to the business activities in the organization”. The findings say that the HR function of an organization should be more strategic and should align with the present business strategy that may help the organization to have a outcome of superior efficiency, innovation, quality and customer responsiveness.in the study, the researcher also recommended that it is the responsibility of the an efficient HR managers to work for the shaping of organizations in new business scenario.
Singh (2004, 301-314) expressed the impact of HR practices in his article named “Impact of HR practices on perceived firm performance in India”. In this study the researcher showed impact of HR practices on perceived firm performance in India. The researcher has identified 91 firms out of a sample of 245 firms. The researcher used various HR Practices as independent variables in the study whereas he selected organizational performance and market performance as dependent variables. The research findings say that there is a positive relationship between human resource practices and performance of the firms.

Abraham (1989) conducted a survey in his article regarding the HRD practices in Indian organization. His survey was conducted with 68 Indian organizations. In his survey research, he measured various elements of the HRD profile of these 68 organizations including performance appraisal, training employee counselling, promotions, career planning, rewards etc. as a result of the study. He indicates that HRD culture for any organization is a great intervening variable in converting HRD practices into profit as well as organizational success.

Goyal (2004, 234) defined the importance of practices of HRM in his study. He indicated that human resource plays an important role towards the development and growth of any organization. In his study, he also said that among all the factors related to production only human resource are the living being who have boundless capacity and potentials. The researcher expressed that such capacity and potentials of human resource can be developed for the enhancing organizational performance by applying efficient strategies.

McDowall (2010) argues here that the acknowledgment of the importance of training as of late has been intensely influenced by the intensification of rivalry and the relative achievement of organizations as investment in employee’s development is extensively emphasized. They also argued that innovative improvements and hierarchical change have progressively driven a few businesses to the realization that their achievements depend on the skills and abilities of their workers, and this implies towards a significant and persistent investment in training and development.

Beardwell & Holden (1993), described Human Resource Management concept as “responsibility to the organization and the growth in the quality development have driven towards senior management groups to understand the increased level of importance of training, employee development and long-term education. This concept of HR requires not only careful planning but also more emphasis on employee
development. According to McDowall (2010), no matter how carefully employees are screened, typically a gap remains between what the employee does know and how they should know it. An organization therefore desiring to gain the competitive edge within its departments will need extensive labour and effective training of its human resource.

2.2 Functions of human resource management

Human resource management is one of the most important department for any organization. There are three core functions of this department like as Managerial functions, operational functions and advisory functions. All the functions are responsible for specific area of activity. The functions of human resources management department are as below.

![Diagram of Human Resource Management Functions](adapted from Smriti 2009)

**FIGURE 1.** Human Resource Management Functions (adapted from Smriti 2009)
2.2.1 Managerial Functions

The human resource manager of the organization has to plan and make sure that they get things done through other employees within the organization. In this stage, the planning function is very much important as it is managerial role that basically sets out the goals of the organization policies and the procedures through which these organizational goals will be achieved. In case of HRM planning, the manager has to do managing and implementing personnel programs such as planning for job descriptions, actual job requirements and finally determine the proper recruitment source. There are three principal stages in the personnel planning stage. The first of personnel planning stage involves the forecasting of demand and supply of all jobs and it requires perfect knowledge of both labour conditions in the market and the strategic position of the organization and goals of the organization. Secondly, all the net shortages and excesses of personnel in each of the job category should properly projected for a specific time. Finally, the HR manager develops plans to manage the forecasted shortages and excesses of all types of human resource. (Smriti 2009)

After making the plan properly, the managers need to go for the next step where the think about how well the plans are going to be implemented depends on the motivational level of the various personnel involved in the execution of the plans. The Personnel manager or HR manager has the responsibility to properly encourage the people working willingly and effectively towards the achievement of the organizational goals. The directing function of HRM is another important function where the HR manager leads the employee towards organization goal achievement. (Smriti 2009)

Another responsibility is to guide them towards the achievement of the personnel objectives. One most challenging function of HRM is Motivation. The responsibility of personnel manager is not only to motivate the employees but also need to have the ability to identify employee needs and determine the means of satisfying the needs for individuals. Motivation is a no ending process of HRM and it is a continuous job for HR manager as new wants will always emerge because human being wants are unlimited in proportion to total supply because resources are limited in relation to demand of the employees and employee’s wants cannot be fully satisfied at a given period of time. Employees New desires will always take place once the old ones are satisfied. It is not necessary to regular control and monitoring of the activities included in the plan in achieving organizational goals. The HR manager needs to carry out periodic evaluation to access actual success level and growth rate of the personnel in terms of various operations which involves with appraisals, critical examination of personnel records and statistics and audit of personnel. (Smriti 2009)
2.2.2 Operational Functions

The employment of proper personnel and the right number of employees required by the organization is one of the main operative function of the HR manager. The process of employment usually comprises of employee selection, recruitment and placement of staffs. It is the core responsibility of HR manager to determine the human resource requirement for the organization to perform various tasks to achieve the objectives of the organization. By doing so, the HR manager also determines the labour requirements in both quality and quantity and the induction and placement of the chosen employee for better job performance. Once the demand for labour is fulfilled by the organization, the HR manager needs to train and develop their personnel team properly with a view to provide them with the right and required skills needed for their various roles and as well as for higher job roles in the organization. The HR department has to arrange proper training programs, workshops and seminars with a mixture of both on-the-job learning and off-the-job learning methods. It is one of the important roles of HR manager to determine the remuneration for the employees for their contribution towards achieving organizational goals and the type of compensation may either be monetary or non-monetary rewards. Before determining the pay package for employees, the HR manager must consider the following factors such as the basic needs of the employees, the job requirements, legal provisions regarding minimum wages, wage level offered by competitors and the capacity of the organization to pay (Smriti 2009).

It always seems to be good to have a good, very qualified and well-experienced team in an organization. However, there are no guarantees of organizational success unless they have good working conditions so that work can be done in a comfortable, conducive and healthy environment. There is no doubt about working conditions that it is highly influence the motivation of employees and their morals. The HR manager need to ensure that the health, safety and comfort of workers at work is properly taking care by the organization and the employees need to be provided with proper welfare services such as rest rooms facilities, worker insurance, and other recreational facilities that will enhance and maintain a sound good social well-being and physical well-being of employees. Because, employee’s productivity highly depend on these motivational initiatives. Every worker works so that they can be able to satisfy their needs and they would no contribute towards the organizational goals to the best of their abilities until their needs are adequately meet. Without proper employee motivation the organization may face less efficiency and reduced quality. The HR manager has to formulate various motivation strategy within the organization to assist the different departmental managers and head of the departments to develop and design both financial and non-financial type of motivation reward systems for employees. It is the duty of a HR manager to properly maintain the industrial relation of an organization and this can be done
through both collective bargaining and joint consultations. The HR manager needs to provide authentic and real information to the labour union leaders (Smriti 2009).

Nowadays, many people do not die on their jobs and therefore it is the duty of an organization to meet all reasonable obligations and requirements of the process in separation if an employee want to leave the organization. This is the responsibility of an HR manager to ensure their retired employees get their retirement benefits on time and without any sufferings.

### 2.2.3 Advisory Functions

The HR manager also take care of the advisory function of an organization. They basically advises management in general and top management executives on any issues related to things like the construction or evaluation of personnel programs, effective HR procedures and policies (Smriti 2009).

The another most important responsibility of an HR manager is that they gives advice to the heads of various departments in an organization on related issues such as designing job and job analysis, recruitment and selection related issues, training and performance appraisal of employees etc.

### 2.3 Aim of Human Resource Management

In general, the aim of Human resource management is to ensure that the organization is successfully running through its current manpower and achieves its goals and objectives through people. “HRM systems can be source of organizational capabilities that allow firms to learn and capitalize on new opportunities’ (Lado & Wilson 1994, 699-728). The functions of Human resource management have been seen above. HRM is generally concerned with the achievement of the organizational goals and objectives in some more specific ways as elaborated as below.

The success of every business organization depends on the human resources who work in the organization and so the people working in an organization and becomes the organizations human capital. “The human factor in an organization generally consists of a combination of experience, intelligence and skills, which all together makes the organization different and distinct from its competitors” (Lado & Wilson 1994, 699-728). It is the responsibility if human resource managers to make sure that they
properly identify the human elements of their organizations. The human elements that may found within an organization are those who are capable of adapting to change, learn, capable of innovating thinking and providing the organization with creative ideas where the availability of proper employee motivation can ensure that the people is ensuring towards the long-term survival of the organization.

In most of the organizations, their prime assets are the human resources and so they have to invest more on that to not only ensure its growth and survival but its ability to adapt to changes the organization positively and to faces future challenges. In this case, the aim of human resource management is obtaining and retaining human capital that is committed, skilled and well-motivated. It can be done by simply accessing and satisfying most or all the future needs of the people in the organization, which will ultimately enhance the growth and capabilities, development, contribution of the people, employability and their potentials within the organization. The employee capabilities also needs to be developed as much as possible and every organization can let this happen. If the organization provides learning opportunities to their employees and transform the organization into a learning organization to enhance continuous development opportunities, the organization will definitely get its benefits through higher productivity than before. Therefore human resource management should be more involved in talent management as they acquire talents, nature them properly wherever they are located and whenever need it, with the help of proper human resource management policies, strategies and practices in the real world of resourcing, learning, development, succession planning and “performance evaluation. “Recruitment and selection procedures, performance contingent incentive and compensation systems and management development and training activities are linked to the needs of the business” (Becker 1997, 400-422).

The aim of human resource management is to promote job engagement and improve commitment from their employees in the organization through proper motivation and policies and processes that will ensure that the value of the human resources are well recognized and rewarded accordingly with measuring properly what they do and what they achieve and also based on their knowledge and skilled competence level. According to Storey (1989), knowledge management is any practice or any process which creates knowledge, captures knowledge and acquires. Organization that shares knowledge at any point of time in any location with a view to improve or increase the learning level and the overall performance. Therefore, HRM supports and contribute to the development of employee skills and firm specific knowledge.

According to Gratton (1999) “There was a wide gap between rhetoric and reality”. Here the author informed that management may always start with a good intentions and genuine reasons for all of these things, but the actual realization of the intentions and their policies is often very difficult. This difference
scenario can be due to both contextual and process related problems such as lack of support from line managers, other business priorities, inadequate infrastructure management, unavailability of resources needed, lack of trust and resistance to change etc.

2.4 Human Resource Management Models

There are two most followed models of Human Resource Management. These are known as the Harvard model and the Matching model of HRM. These two models are described below.

2.4.1 Harvard Model

The Harvard model of HRM was proposed by Beer (1984) at Harvard University and they suggested it as the map of Human resource management. They basically developed what Boxall (1992) calls the ‘Harvard Framework’. This model was made based on a belief that the problems of historical human resource management can be solved by the managers only by developing a standard way how they wish to see their employees are involved in and development of the organization.

Whenever human resource management clearly decides or sets what specific policy of HRM and practice procedures will lead towards achieving the goals of the organization. The Harvard model also states that if there is no decided strategic vision which can be provided by the general managers of an organization, in this case, human resource management is more likely to be an effective set of independent activities where each of them is being guided by its own practice and procedures. This model also acknowledges with the presence of multiple stakeholders of the organization and these multiple stockholders are including shareholders, employees, the general public or the community and also the government. The Harvard model specially recognizes the legitimacy of the various stakeholder groups those actually makes the model as a neo-pluralistic model and the model emphasizes that employees are just like or equal to any other stakeholder group of the organization and they play a vital role in influencing the outcomes of the organizational performance. The model consists of two important characteristics figures.

At first, that line managers of the HR team ensure the alignment of personnel policies and competitive strategy of the organization and secondly the personnel’s mission is to setup various policies which will
ultimately govern how personnel’s activities are being developed and implemented within a standard manner wherein it can also be reinforced mutually. The framework of Harvard model is shown in below.

According to Boxall (1992), few merits of Harvard model are the following. It emphasizes more on strategic choice. In this model, policies are not guided by situational or environmental factors. The model considered a wide range of stakeholders of organization and their interests too. The most important thing is that, the model brings out a wider and clear picture of HRM that include not only the influence of HRM but also that of employees, the work layout and also proper management or supervision. The model introduced a broad range of contextual influences or factors such as nature of management’s choice of strategy. This model gives the idea how to influence the practice and applicability of the Human resource management functions placing more importance in the fact that Human resource management should be a main concern to management in general and this not only to those exist in the personnel management roles.

FIGURE 2. The Harvard Model of HRM (adapted from Paulo 2012)
2.4.2 The matching model of HRM

This model was proposed by Fombrun & Tichy in 1984 at the Michigan Business School and therefore they named the model as the Matching Model of HRM. The model is initially referred to the Michigan School. They expressed their opinion that the Human resource systems and the structure of the organization should be managed in such a way that congruent with the strategies of the organization. The Michigan school also explained that there is a human resource cycle as depicted in figure 4 below which is basically consist of four generic functions of processes those performed by Human resource management in any organizations. Recruitment and selection procedures refers to the process of choosing suitable employees for organization and matching the right people to the available and specific job.

To follow this model, there must be a reward for both short and long-term achievements of the organization, this is to be remember that all businesses segments must operate and be managed in a sustainable standard manner to ensure the success of today and this to be continue in the future, developing high efficiency of employees and maintaining a standards of existing quality. The Matching model of HRM highly emphasizes on a ‘tight fit’ between the business strategy and the Human resource strategy (Fombrun & Tichy 1984).

FIGURE 3. The Matching Model (adapted from Fombrun & Tichy 1984, 84)
Here figure 3 shows that, the starting point of the Michigan Model is the predominance of the business strategy which need to be strictly achieved with the combination of available resources of the organization. Although the business strategy must be achieved through obtaining labour at a possible lowest cost enhanced by the organizational structure in relation to employee performance appraisal and rewards as seen in figure 4 below which shows a more simplistic view of the Matching model.

![Human Resource Cycle Diagram](image)

**FIGURE 4.** The Human Resource Cycle (adapted from Fombrun & Tichy 1984, 91)

Here in figure 04 shows human resource cycle on an organization. The figure shows that the HRM cycle starts from recruitment and selection procedure. After completing the recruitment stage, the HR manager evaluate the ability, training needs, and current performance of the employees. Then if any employee is performing satisfactorily, the he or she is supposed to be rewarded as per organizational policy. But if he or she need any development support then the HR manager take initiatives regarding this. Finally, these human beings are converting to human assets by this way and organization will get the benefits of high efficiency through enhancement of employee performance (Fombrun & Tichy 1984).
2.5 Training Purpose, Process and outcomes

Cole (2002), mentioned in his book Personnel Human Resource Management that “training is more of a learning activity to acquire better skills and knowledge needed for employees or workers to perform a task”. The idea of training is must need for a greater productivity and safety in the operational area of specific equipment or the need for making an effective sales force. Proper training programs is required to come up with the desired knowledge, skills and abilities from employees to perform well in the organization, it may also have an impact on employee motivation and commitment to perform well. Company's reputation as well as profitability highly depends on the activity of its employee.

2.5.1 Importance of training:

According to Nunvi (2006), “training programs generally directed towards maintaining and improving current job performance while development seeks to improve the skills for future jobs”. Considering the developments of technology, certain jobs become redundant day by day with the replacement of machines. On the other hand, education and competence becomes necessary for those in existing positions and also for those wishing to be promoted in the future. Expressing an understanding of training, Armstrong (1996), emphasized that “training should be developed and practiced properly within the organization by appreciating learning of both theories and approaches, if training is to be well understood by all”. Training in a systematic approach taken by an organization that followed by a sequence of activities to develop employees or workers skills and knowledge over specific area of task to perform well in future. Training is one of the most important part of Human Resource Management and Development. It helps in the recruitment of staffs and ensure a better quality of applicant. It also eliminates risk, as trained employees can make better and economic use of materials and thereby equipment reducing and avoiding waste (Govil 2014).
2.5.2 Identifying training needs

Identifying training needs refers to the analysis that helps to identify the need of a specific type of training which is necessary for a specific employee or a specific job. Each and every training begins with the need analysis and should always be the first step in the training process.

According to Infande (2015), there are four procedures that managers can use to determine the training needs of employees in their organizations. At first, the skills and knowledge that required as per appropriate job description should be specified and examined. The employees those do not have the skills needed are candidates for a training program. Secondly the effectiveness and successes of an organization should be analysed to determine where differences exist. For instance, members of a department with a high turnover rate or a low or poor performance record might require additional training. Thirdly, each employees or workers performance should measure against objectives established for the given job. Based on performance evaluation, an employee’s efficiency can measure by organization. And finally, the Managers as well as non-managers both are expected to describe what problems they are experiencing at workplaces and what type actions they believe can be taken to solve those problems effectively. Soon after the training needs to be identified, the human resource department must take initiatives for the appropriate training program, to minimize the gap between expected and actual results. This may also depend on different circumstances such as; developing a training plan, designing a training lesson, selecting trainer and preparing the trainers (Infande 2015).

2.5.3 Training plans and Implementation

In this stage training process, the HR manager emphasizes on the techniques and methods by which training will be carried out. The manager also allocated the training objectives, budgets and the duration. Developing a training plan, designing a training lesson, selecting appropriate trainer and place are also a part of this step of training process (Surbhi 2015).

2.5.4 Training Evaluation and feedback

In this step of training process, the HR manager evaluates the outcomes of the training through employee’s performance after trained them up. This is the most critical part of the training process where
the HR manager is focusing on the results achieved after training. The main aim of this step is to analyse the effects of training (Surbhi 2015).

2.6 Methods of Training

There is variety of training methods and different methods are used in different organizations today. Driskell (2011) explains that, “the most popular training and development method used by organizations can be classified as either On-the-job training or Off-the-job training”. So, this implies that On-the-job training or Off-the-job training methods are most effective methods of training. Now we will know about these two popular methods of training:

2.6.1 On-the-job training

On-the-job training (OTJ) is a most effective method of giving training to employees when they are at work at their working environment. The aim of this training is to make the employees to get familiar with the working circumstance and through their ongoing work they are supposed to get required work-related training.

For example, during the training time frame, the workers will get the direct involvement of using machinery, tools, equipment, devices, materials or others thinks related to their specific task. It also helps an employee to figure out how to face the difficulties that may sometimes occur while they are doing their job. The most important idea of this training method is learning by doing. In that case, the supervisor or the more experienced employees show the training how to perform well for a given task. The learners follow the directions of the supervisor and perform out the task. This method is highly used in companies to train their current and future workers because of its simplicity. This method of training includes apprenticeship, couching, internship, job rotation, job instruction and few others (Driskell 2011).
2.6.2 Off-the-job training

Another method of training is off-the-job training. It is organized at a site basically far from the original work environment for a specific period. The main purpose of this method of training at a place other than the actual job area is to give a peaceful domain for the employees where they can highly focus just on learning. All the necessary learning material is provided to the trainees for a complete theoretical knowledge. The trainees can also express their perspectives and opinions during these training sessions. Besides these, they can investigate new and innovative ideas too. Seminars, case studies, conferences, simulations, audio-visuals, role play and lectures are some of the basic systems that the employee needs to experience during their off-the-job training period. This method of training is more costly than on job training method. It includes selection of place for training, arrangement of required facilities for the employees, preparing all necessary materials for the employees such as lecture sheet, stationaries etc. Hiring experts to impart the training is also part of the training method (Driskell 2011).

TABLE 1. Comparison between the concept of Off-the-Job Training and On-the-job Training (adopted from Surbhi 2015)

<table>
<thead>
<tr>
<th>Basis of Comparison</th>
<th>Off-the-Job Training</th>
<th>On-the-job training</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Meaning</strong></td>
<td>A form of training that conduct outside the actual location</td>
<td>A form of training provided at the workplace during performing the actual job.</td>
</tr>
<tr>
<td><strong>Active participation</strong></td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Approach of training</strong></td>
<td>Theoretical</td>
<td>Practical</td>
</tr>
<tr>
<td><strong>Principle of the method</strong></td>
<td>Learning by acquiring knowledge</td>
<td>Learning by performing or doing the actual job at workplace</td>
</tr>
<tr>
<td><strong>Location</strong></td>
<td>Out of the work actual place</td>
<td>within the workplace</td>
</tr>
<tr>
<td><strong>Conducted by</strong></td>
<td>Professionals or experts in specific area of knowledge.</td>
<td>Experienced employees of the organization</td>
</tr>
<tr>
<td><strong>Suitable for</strong></td>
<td>Non-manufacturing firms</td>
<td>Manufacturing firms</td>
</tr>
<tr>
<td><strong>Cost</strong></td>
<td>Expensive</td>
<td>Inexpensive</td>
</tr>
</tbody>
</table>
3 BANKING SECTOR OF BANGLADESH AND FINLAND

The study is based on the HRM practice in CBL and OP those are representing the scenario of HRM policies and its practices in two different country like Bangladesh and Finland. Here is a short overview of the banking industry of both the countries in below.

3.1 Banking Industry of Bangladesh

Bangladesh is a developing country and it has an impoverished banking system, particularly in terms of the banking services and customer care provided by the banks. At present, private banks are trying to imitate their banking structure following the more developed countries. The banking industry of Bangladesh has achieved a remarkable momentum over the years. It has already brought several positive changes in terms of expansion, modernization, application of international standards, quality of assets, corporate governance, technology adaptation, capacity development efforts and more improved regulatory and supervisory environment.

3.1.1 Financial System in Bangladesh

The financial system of Bangladesh is basically consisting of three sectors. They are Formal sector, Semi-formal sector and Informal sector. The financial sectors of Bangladesh have been categorized in accordance with their degree of regulations. Here the formal sector includes all regulated financial institutions like banks, non-bank financial institutions (FIs), insurance companies, capital market intermediaries such as brokerage houses, merchant banks etc. Another sector of financial institute is the semi-formal sector. It includes those institutions which are regulated otherwise but do not fall under the jurisdiction of Central Bank of Bangladesh, Insurance Authority, Securities and Exchange Commission or any other enacted financial regulator of the country. This sector is actually represented by the specialized financial institutions such as House Building Finance Corporation Palli Karma Sahayak Foundation, Smabay Bank, Grameen Bank etc, Non-governmental organizations (NGOs) and some others discrete government programs. The informal sector of financial system includes all private intermediaries which are completely unregulated. (Source: WIKIPEDIA)
3.1.2 History of Banking in Bangladesh

The banking system after independence in 1971 consisted of two branch offices of the former state bank of Pakistan. On that time, there were 17 large commercial banks too. Two of them were controlled by Bangladeshi interests and there by foreigners other than west Pakistanis. There were also 14 smaller commercial banks. At that period, all banking services were concentrated in urban areas. The newly independent government of the country immediately designated the Dhaka branch of the state bank of Pakistan as the central bank of Bangladesh and renamed it as Bangladesh Bank. The bank was responsible for controlling credit and monetary policy, regulating currency and administering exchange control and the foreign exchange reserves. From the very beginning, The Bangladesh government initially nationalized the entire domestic banking system and produced to recognize and rename most of the banks. Foreign-owned banks were also permitted to continue doing business in Bangladesh from that time. The insurance business became nationalized and a source of potential investment funds (Hossain 2018).

At present, there are 59 scheduled banks in Bangladesh. There are 6 state owned commercial banks (SOCBs) those are fully or majorly owned by the Government of Bangladesh. There are 3 specialized banks which are now operating for specific objectives like agricultural or industrial development for the country. These banks are specialized banks also fully or majorly owned by the Government of Bangladesh. There is a total of 41 private commercial banks in Bangladesh those are in operation right now. They are majorly owned by private entities and classified into two types. In total 33 conventional private commercial banks are now operating in the industry. They perform the banking functions in conventional fashion. There are also 8 Islami Shariah-based private commercial banks in Bangladesh and they execute their banking activities according to Islami Shariah-based principles. In total 9 Foreign commercial Banks are operating in Bangladesh as the branches of the banks which are incorporated in abroad. On the other hand, on-scheduled banks are licensed only for specific functions and objectives and do not offer the same range of services as like scheduled banks. At present there are now 5 non-scheduled banks in Bangladesh (Hossain 2018).

3.2 Banking Industry of Finland

The Finnish banking system is largely dominated by three major groups of banks: OP Group, Nordea Bank Finland, and Danske Bank Plc Group. Operating since 1982, Citibank International plc. was the first foreign branch in Finland. Day by day the entire financial world is going through a massive change
with the new arrival of financial technology. Therefore, the banks are adapting to changes by cutting on personnel, corporate restructuring, closing offices and developing new business models. The banking sector’s operations were influenced due to low and even negative market rates, stricter government regulation, expanding more digitalization and also for the slow growth in the national economy. According to World Economic Forum's Global Competitiveness Report 2017-2018, the financial market development in Finland is scored 5.5 out of maximum 7.0 and they ranked 4th out of 138 analysed economies, trustworthiness and confidence of financial market is scored 5.8 (7th place). (Source: The-Banks.eu) In Finland the number of financial institutions has decreased. At the end of 2016, there were total number of 274 credit institutions operating in Finland. These credit institutions included domestic deposit banks, investment banks, and branches and subsidiaries of foreign deposit banks and also some credit institutions. At present, mergers have shaped the modern Finnish banking sector (Pankkivuosi 2018).

The banks and insurance companies have sought a new form of cooperation and the banking operations have extended to many sectors of financing and investment. Major Banks of Finland are OP, Nordea Bank Finland Plc, Aktia Bank Plc, and Danske Bank Oy. Bank of Finland is the central bank of Finland and it controls all the other banks and is considered as the national monetary authority of Finland. As the Central bank of Finland, it is also responsible for articulating monetary policy to producing statistics, from issuing bank notes to ensuring the efficiency of the banking system. In recent years, in spite of the weak economic situation, Finnish banks have been able to maintain their results in a sustainable and satisfying level. The Finnish banks have been continuing to adapt to updated working conditions. For example, reducing the number of total employers, offices and renewing their current working models and also their business arrangements. The main reasons for the changes in Finland and globally are the development in technology such as much developed in electronic services, tightened regulations, low interest rates and weak form of macro-economic condition (Pankkivuosi 2018).
3.3 Background of the Study

The research was conducted on The City Bank Limited, Bangladesh and OP, Finland. This a comparative research between to commercial bank of two different country where The City bank limited represent the overall banking sector of Bangladesh in terms of practice of HRM in their organization. On the other hand, OP bank represent the banking sector of Finland. This study carried out a research on comparative analysis of practice of HRM in above two banks. A brief introduction of both the said banks is given as bellow.

3.3.1 The City Bank Limited

The City Bank Limited is the first private commercial bank in Bangladesh. It has been operating its business since 1983 with an initial authorized capital of Tk. 1.75 billion under the entrepreneurship of twelve prominent & leading businessman of Bangladesh. The main intention behind opening this Bank was to bring a qualitative change in the sphere of the Banking and Financial management. At present The Bank serves its customers at home & abroad with 135 branches spread over the. The services consist of a wide diversified area of trade, commerce and industry which tailored to the specific needs of their customers. These are also distinguished by an exceptional level of prompt and personal attention over the banking service. By the time being, the Bank has expanded the spectrums of its Services (OP 2018).

The City Bank Limited has started its journey with banking service on 27th March 1983. The first branch of The City Bank was opened at B. B. Avenue, in the capital, Dhaka city. It has about 135 branches, the total number of ATM booth and CDM is about 369. From 1983 to till date the City Bank Ltd. is successfully operating its business and providing various types of financial services to its clients. It has started its journey with banking service on 27th March 1983. The first branch of The City Bank was opened at B. B. Avenue, in the capital, Dhaka city. It has about 135 branches, the total number of ATM booth and CDM is about 369. From 1983 to till date the City Bank Ltd. is successfully operating its business and providing various types of financial services to its clients. CBL is one of the key national banks in Bangladesh and one of the oldest banks in the city of Dhaka. CBL is having expertise in banking services such as commercial and customer banking and corporate trade finance. CBL is renowned for its longevity, its good quality of products and the remarkable services it renders. The City Bank Limited is also the first commercial bank in Bangladesh who issued Dual Currency Credit Card, holding a principal membership of VISA and Master Card franchises. The bank has been named as 'Best Bank in
Bangladesh for 2012’ by Finance Asia for the reason of adopting global best practices by doing away with age-old traditional and as well as decentralized banking model and culture (OP 2018).

### 3.3.2 Osuuspankki

OP-ryhmä (OP-group) is the largest financial services group in Finland with a large market share of 36% (Finanssiala 2018). OP-groups includes as following: OP Yrityspankki Oyj, Helsingin seudun OP, OP-Asuntoluottoopankki Oyj, OP-Korttiyhtiö Oyj, Yhteenliittymä osuuspankit and OP-Prosessipalvelut Oy. At present, the total number of OP employees are near about 13,000 people and have 3, 9 million private customers and approximate 440,000 corporate customers (OP 2018).

OP Financial Group is the largest financial services group of Finland. It usually provides its customers with the best loyalty benefits. It also provide the most extensive and diversified range of banking, investment and also insurance services. There are three business segments of the Group. These are; banking, non-life insurance, and wealth management. The OP Group consists of 180 independent member cooperative banks and OP Cooperative which they have own are including its subsidiaries and closely related companies. OP Group's operations are based on the cooperative principle and their principle is “cooperation and sharing the fruits of success with everyone” (OP 2018).

OP Business segments are as already mentioned above such as banking, non-life insurance, wealth management and product and service development. The income for OP mainly comes from three sources; banking, non-life insurance and wealth management. From the three sources, Banking is the largest business segment of OP where they are providing consumers extensive and comprehensive range of products and services. At present in inland, OP is the leading provider of home and corporate loans in Finland. Besides these, OP Cooperative is the central institution of the amalgamation of the cooperative banks. The core members of cooperatives are the amalgamation’s deposit banks and some other credit institutions (OP 2018).

The Human Resource Committee (HRC) of OP is the collaboration of board members, all executive directors and the human resource staffs. The core responsibility of this committee is to create an efficient supervision procedure. The main duties of Human Resource Committee (HRC) is to properly analyze, expand, explore, advise and implement the executive performance for the organization. The tasks are
including with reviewing of salary scales, reviewing staffing structure and needs, maintaining as well as enhancing employee policies, managing and organizing etc. (Berger 2014).
4 RESEARCH PROCESS

This chapter covers research methodology of the thesis. The research design, data collection methods are also discussed here. The research design shows the structure of how the study was conducted. The method of data collection and how the process of presenting the analysis result are also discussed in this chapter.

4.1 Research Methodology

Research methods can be broadly divided into two categories. These are quantitative and qualitative research. According to Bajpai (2011), quantitative research describes and resolve problems using numerical data whereas qualitative research is based on words, feelings, emotions and non-numerical data. In terms of qualitative research, the data cannot be analyzed and presented by means of mathematical techniques. Since the research is conducted by using non-numerical data which is collected from various secondary sources to uncover trends in thought and opinions, qualitative research methods is followed for this study.

4.2 Data Collection Method

Generally, data is defined as all the facts and figures that are arranged in an orderly manner to make sense. The research uses secondary data. In this comparative research work data was collected from various secondary sources. Data have been collected from annual report of both banks, various relevant books, articles of various author, journals and relevant information through browsing internet. Among all the commercial banks of Bangladesh and Finland, The City Bank Limited and OP Bank has selected for the study. The annual report and all others necessary organizational information has been taken for the comparative analysis of these two banks. The information was utilized in a qualitative analysis that focused on the practices of HRM in both banks those are representing the HRM practices in Bangladesh and Finland. Since qualitative research methods are followed for this study, non-numerical data is collected for the study.
This chapter covers analysis and presentation of research results. Since the study conducted a qualitative research to show a comparison between The City Bank limited and OP in terms of HRM practice in their organization, the research only considered non-numerical data to analyze and present the results of the research. This chapter also showed some important findings of the research.

5.1 Presentation of Analysis

To present a comparative analysis between The City Bank Limited and OP regarding HRM practice secondary data is considered for analysis. Based on the analysis, the results are presented in a comparative manner so that the reader can easily understand and gather knowledge about HRM practice in different organization as well as different country like Bangladesh and Finland. The results of the research are discussed below.

From a native perspective the major responsibility as an HR department, The City Bank Ltd is to recruit the right employee from a huge number of applicants, training the employees, educating them defining the objectives, solving the issues that arrive maintaining good relationship among the employees and also firing an employee if needed as the other responsibilities of an HR executive. On the other hand, OP focuses on enhancing the leadership skills of employees so that they can cope with the changing and evolving global environment. Recruiting right people for the right job, training and development of employees, maintaining good employee-employer relationship and ensuring a safe working environment are the other responsibilities that he emphasizes on.

City Bank tries to discover industrious and innovative people ready to embark on a challenging career. During search for talent the recruitment process starts with online database search, advertisements or occasionally job fairs. After accepting the CVs of the candidates, the bank starts the screening based on the applications. Then evaluation is done through written and viva tests that checks the analytical skills and communication skills of the candidate. After the final selection, a medical test is needed before the appointment of the selected employee. Whereas, there are four interview phases for a candidate to be hired in OP. The first phase introduces an open interview to the candidate, second one is stated as a case interview, consecutively third one is the profile interview of the candidate and the final interview is the fourth one.
The HR department of City Bank Ltd often faces some difficulties and of course experienced some good practices as well. Maintaining cultural diversities in the work field is an issue, to not be biased for political forces, external influences is a tough thing here. On the other hand, the population of Bangladesh and high number of candidates asking for job is quite alarming for the HR department but still there lies the possibility to hire the most capable one as an employee from a large number of alternatives. Whereas, OP is quite happy in its work field as it rarely experiences much of bad practices in terms of HR management. Maintaining good relationship among the employees seems quite tough as they work with employees from various nations, but working for the same purpose brings them together, makes them cooperative to each other.

If there is any difficult situation, the HR department of City Bank Ltd prefers to screen their past experience for the solutions, then consults the situation with their superiors and the heads of other departments which lets them find the solutions for that certain situation easily. On the other hand, OP is very confident regarding the performance of their HR department. They feel like, problems are very common in work fields. If the problem is historical, they must go for the past solutions, if the hardship is new in nature, they work along with the help of other employees to solve the issue.

City Bank Ltd prefers to arrange training program for employees in a regular manner to develop their skills and ability. They believe that, employee can learn new skills and develop their old skills only through training. So, training programs lay a vital role on developing employee skills to enhance their effectiveness and efficiency in work. On the other hand, OP focuses on developing the leadership skills of the employees. OP believes that leadership skills can have a great influence in enhancing other skills as well. Once an employee is skillful, then efficiency is the result of that leadership development.

In terms of future challenges, currently City Bank Ltd is worried about the employee turnover in the bank. The tendency of employees’ switching from one bank to another is quite alarming and she thinks it will be increasing continuously over the next five years. Employees are concerned with their career growth and they are asking for better and better positions using their experiences. In this case, OP also considers globalization as a challenge to be faced. Employees from different countries are joining OP, managing employees from different culture, different values and different languages is a big challenge. So OP is also worried about the workforce diversity they are going to face in the next five years.

To reduce employee turnover, future City Bank Ltd. Planning for providing more benefits to the employees and making them think that no one else can treat them as good as City Bank does along with
upgraded promotion policies can make employees stay in the bank. On the other hand, OP is looking forward to finding out the possibility to open a department that would work for diversity management. The upcoming days are going to be challenging for HR to handle all the riddles of human complexities alone as a department.

HRD of City Bank Ltd is one of the best HRD in the country, they are also planning to hire skillful people from outside the country who has gathered knowledge about global HR practices practically could make the HRD of City Bank more capable of working internationally. Whereas, OP focuses on human relations more to increase efficiency in work. Op believes that, only good relationship among the employees and employers can lead the bank to greater outcomes in future years.

HRM department of City Bank Ltd. is already working with many HR issues. HRM should emphasis on continuous employee development to increase employee efficiency than adding some more responsibilities under its title. On the other hand, OP identified that, diversity management in HRM could be a good option for his bank. Not all employee requires the same kind of training. To know the right path of developing a certain employee one must know his attributes towards learning that were built and developed from his growing up in a certain culture of a certain country or region. So diversity management should be emphasized in HRM practices.

5.2 Findings of the research

From the point of view of a country like Bangladesh, keeping an employee loyal to its organization is a hard task for any HR executive. HR department of City Bank faces the same issue, employees are very likely to switch from one bank to another if they see a bit of more facilities in another bank or another financial organization. However, with the training and development programs, City Bank has a positive aspect to keep its employees loyal to it rather than the other banks available in Bangladesh. Another thing City Bank’s HRD should be happy about is, although the employees switch; there are lots of candidates available to join within a very short time in Bangladesh. City Bank’s HR just requires recruiting the best employees for the right positions and train them for the maximum efficiency.

OP is doing well with its current HR team. The impact of globalization getting much concern from OP as globalization is supposed to result in OP’s facing more workforce diversity and more complexity. HRD is thinking of engineering a sub department called diversity management team which seems to be
a good choice for their future development. An efficient management requires efficient team to be built up and OP always had that. Human relations among OP’s management and different departments has advanced it from the other banks with similar capabilities. If the impact of globalization is handled well, OP is going to be run successfully and profitably in its market.
6 CONCLUSION

This thesis was very helpful to the author to learn in-depth knowledge about human resource management and its practice in banking sector. Although HRM is a very broad and vast topic, this study helps a lot to acquire knowledge on this very easily and comprehensively. From this study, the reader will be able to learn that HRM is not only limited within managing and recruiting employees. Apart from these, HRM performs many other tasks inside the company. Like others, HRM in banking sectors plays a very vital role. The success of an organizations mostly depends on proper management of its human resources. The study on HRM practices in banking institution was very much informative and it helped the author to trace out the challenges and practices of HRM in banking institutions like City Bank Ltd. and OP.

The theoretical part of this thesis contains the information of human resource management where the author highlighted the opinions of famous writers and included reviews of various journals and research paper regarding HRM and its practices. Most important models of human resource management are also discussed in the theoretical part of the thesis. This part also discussed the importance of training and types of training. Apart from these, the author also discussed the banking sector of Bangladesh and Finland which helps the reader to easily compare both country in terms of present situations of their banking sector.

The thesis conducted a qualitative research to present a comparative analysis between The City Bank Limited and Osuuspankki in terms of human resource management practice in their organization. The research findings showed that, there is high employee turnover in City Bank Limited where employees are very likely to switch from one bank to another if they see a bit of more facilities. On the other hand, employees from different countries are joining in Osuuspankki. Therefore, managing employees from different culture, different values and different languages is a big challenge for Osuuspankki.

There were some limitations during this study. These limitations were as follow: Language barrier was one of the major limitations because most of the documents were written in French. Therefore it was not so easy to translate all the documents to get the proper idea. Another limitation was time limitation. As I am staying here for study purpose, I could not physically present in my case organization rather I have taken all sort of necessary documents and interview session through online communication to collect the necessary data for the study.
REFERENCES


