

Mass Resignation With Operations Blackout: A Case Study Of MCB Islamic Bank

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INTRODUCTION

Since April 2021, HR and Operations of MCB Islamic faced a breathtaking moment after getting a complete report on more than 700 employees of MCB Islamic Bank's resignations. a record rate that has disrupted operations. MCB was having a hard time figuring out why their workers were leaving in the first place, and they couldn't figure out how to fix it. Instead of spending the effort to look into the real reasons for employee turnover. Managerial style has a detrimental impact on bank managers since they don't comprehend how it affects staff retention. Specifically, some bank managers may not have a strategy for reducing turnover. As a major factor in the mass resignations, a new manager was brought in from another bank. One of the factors is the significant shift in managerial behavior. As a result, workers are pushed to perform the duties of two distinct positions at once. MCB was putting its company at risk by failing to recognize the sources of employee dissatisfaction and the potential sources of staff attraction. Furthermore, the bank failed to invest in a more meaningful employee experience and failed to meet new needs for autonomy and flexibility at work since many other businesses are doing the same.

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BACKGROUND AND HISTORY

THE ORGANIZATION: MCB ISLAMIC BANK

Commercial banking institution in Pakistan, MCB Bank Limited (Pakistan's largest commercial bank) is situated in Lahore in Punjab province. The Nishat Group of Pakistan and Maybank of Malaysia own the vast bulk of the company's stock. There are 1,600 branches of the bank throughout Pakistan. Adamjee Group incorporated it on 9 July 1947. (Annexure 1). The bank was created to serve the financial needs of the South Asian business community. In 1974, under Zulfikar Ali Bhutto's² leadership, the bank was forced to become public. Privatization began in 1991, when Nishat Group, a Pakistani multinational conglomerate, bought this institution. The Nishat Group has a majority share in the bank as of June 2008. Shoaib Mumtaz is the bank's current CEO and President.

Muslim Commercial Bank Limited changed its name to MCB Bank Limited in 2005 in order to enter overseas markets, where the term "Muslim" was seen as a deterrent to obtaining a license. A newly built structure in Share Ghous-ul-Azam, more generally known as Jail Road, became the new home of MCB's headquarters in 2008, replacing the company's previous location in Karachi's MCB Tower. Since its inception in 2000, the bank's Islamic Banking Business Group has expanded to a total of 34 locations, with the first branch being built-in 2003. Additionally, the bank has 1,100 traditional banking locations. MCB Islamic Bank Limited, or simply "MIB," was established in 2015 as a wholly-owned subsidiary of the bank in recognition of the lucrative potential of Islamic banking³. The first chairman of the board of directors Raza Mansha and the first president Ali Muhammad Mahoon of the MIB

¹ Muslim commercial bank

² Politician: ex prime minister of pakistan

³ Sharia based banking

were both chosen by MCB Bank Ltd.

One of MCB Bank's subsidiaries, MCB Islamic Bank Limited (the "Bank"), was established in 2015 and has branches around the country. With complete conviction and dedication to Shari'ah⁴ principles, it is the mission of MCB Islamic Bank Limited to be the customer's first option for Shari'ah-compliant financial services. Since its establishment, MCB has made important contributions to Pakistan's business and retail banking sectors. A firm can only be successful in the financial services industry if it serves the demands of its consumers, and that is MCB's core concept. MCB Bank will continue to improve on its leading position if it understands its customers' financial goals and provides them with the necessary goods and services to help them succeed financially. MCB launched a number of initiatives in 2009 to better serve its clients. Customers' needs for growth and protection were met by the introduction of Bank assurance and Investment Products in many of our branches. Transactional convenience was improved for customers through the introduction of MCB Privilege, the first local bank to offer a tailored proposition for the affluent segment. As a result of these and other measures, our client base and profitability continued to rise.

EXPANSION:

As part of the NIB Bank and MCB Bank Limited merger in 2017, Fullerton Financial Holdings (International) of Singapore purchased a 5.49 percent interest in MCB via Bugis Investments (Mauritius) Pte Ltd. A considerable portion of MCB's client base has expressed a desire for financial products that adhere to Shari'ah regulations, and MCB has responded to this demand by establishing MCB Islamic Bank Limited, a totally owned Islamic Banking subsidiary. MCB Islamic Bank Limited, a fully owned subsidiary of the Bank, took over the operations of the Bank's 90 branches in 2018 in order to take advantage of the development potential in the Islamic Banking market. (appendix 2)

ATTRITION SURVEY:

MCB performs an attrition⁵ survey to determine the cause of mass resignations. Misguided executives who believe that attrition has eased or that it is in any way restricted are doomed. This study found that 40% of workers stated they were at least somewhat likely to leave their jobs during the next three to six months. Eighteen percent of those polled claimed they were "likely" to "almost certain" of their plans. All of Pakistan's branches (Pakistan) confirmed these results (Annexure 3). 36% of those who left their jobs in the last six months did so without a new position lined up, according to this poll (Annexure 4). MCB's mass resignation manifests itself in yet another manner. Because of their workloads and dissatisfaction with their working conditions and compensation, many employees want to quit. While employees were unable to pinpoint the major reasons for departure, they still struggled to comprehend the current scenario (Annexure 5). These results led MCB to devise new ways of keeping its employees.

EMPLOYEE RETENTION:

According to the most recent data, voluntary turnover was responsible for 20.2 percent of the MCB Islamic bank's turnover rate only a few months ago. The average duration of employees is decreasing as the turnover rate rises. Recruiting and training competent personnel also requires a substantial amount of time, effort, and money. Employee retention and human resource practices go hand in hand. It is important for human resources to find out what factors influence employee retention, and to analyze these factors in order to find out how they can be improved. Among these factors are training, recruitment and selection, and training facilities, as well as performance-based appraisals, association with employees, compensation, and decision-making. And it takes a lot of time for a freshly trained person to get up to speed on the process, the circumstance, and the time frame of the task. Prior to MCB Islamic bank arranging much training for their job knowledge and bearing the high expense during their difficult period, only a few employees worked rapidly and responded promptly. While few workers provide a good answer throughout this time period, some employees depart the company.

During the process of identifying difficulties, the issue of employee retention and retention of conscripts became more of a point of contention for the other sectors. The well-received services were kept coming from the same company thanks to technological advancements and a stable workforce. It is an advantage for MCB Islamic banks to utilize the expertise of their workers. Although the firm's returns lower turnover costs and boost generosity via high-quality goods and services, employee initiatives improve productivity. MCB will reap the benefits in the long run. By boosting employee morale and performance, as MCB attempted, the company will be able to reduce turnover costs by lowering turnover rates.

⁴ Islamic code of conduct

⁵ Reducing strength

REWARD & RECOGNITION:

Due to a lack of a reward and recognition structure, MCB Islamic Bank has difficulty retaining staff. A company's productivity and employee retention may both benefit from a rewards and recognition program that encourages employees to take part in the process. Reward systems are systems that provide real and intangible benefits to employees as part of an employment arrangement. Extrinsic incentives, development opportunities, and intrinsic rewards all have a role in an employee's success. Both internal and extrinsic rewards, as well as career possibilities, depend on employee retention. In order to keep an employee motivated for a long time, it's crucial that they get recognition and rewards. Employee retention is MCB's greatest challenge. Workers at MCB are motivated to quit the firm by their low wages. The lack of job satisfaction among operational-level employees is mostly attributable to the workload's extreme volume and the correspondingly low level of compensation. MCB places a high value on the long-term viability and growth of its workforce.

CAREER OPPORTUNITIES:

It is a great practice in human resource management for a firm to retain its personnel. Because of the difficulty of hiring and selecting new employees, MCB prioritizes motivating its employees through a variety of methods, including numerous policies and procedures. While this can be a difficult process for the company to accept, talented employees rarely leave. In reality, MCB's HRM team is having a difficult time throughout this process and must find new strategies to keep personnel and think about the company's future advantages. There is never a long-term relationship between MCB and its expensively-trained staff. Employees are rewarded and their careers are developed by providing them with the facilities and tools they need to do their jobs. Employees are able to deliver a better product and operate more efficiently as a result of this. Due to the high value placed on skilled personnel by multinational corporations, MCB strives to create a positive work environment inside the firm. Success planning, the building of talent sequentially, growth of leadership program, career administration development framework, and self-evaluation are all part of career development. Because the HR department failed to build an effective system for developing new workers' careers, the MCB has had difficulty attracting and retaining top talent.

The MCB incurs a lot of additional costs by hiring new staff who are suited to this procedure. During work, everything is agonizing because of this technique and the interruptions it causes. One of the most important human resources strategies at MCB is providing workers with the opportunity to develop their unique personalities while working for the company. A successful career expansion arrangement building for career opportunities necessitates that individuals continue to advance within the firm via job changes. Through a variety of training and retention tactics, MCB hopes to keep people and their careers inside the company for as long as possible. MCB never binds its employees; instead, it provides them with the best possible working conditions and facilitates their activities by providing adequate facilities and removing unnecessary obstacles, such as excessive workloads and late arrivals, while also reminding them that they must adhere to company policies and procedures at all times.

REFLEXIVE LEVEL MCB GROWTH:

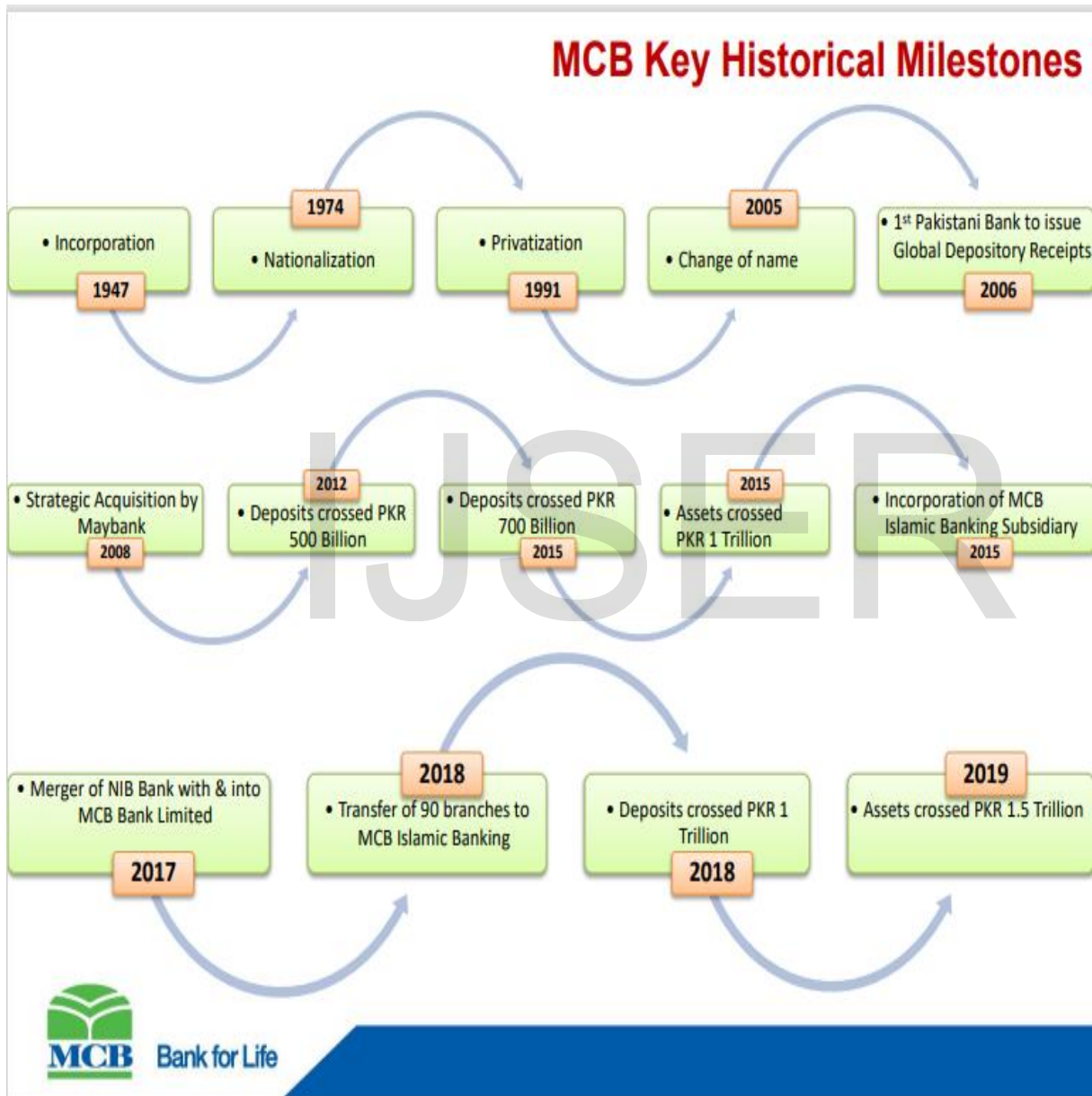
This mass resignation in the said area affected the growth as well. The operational downfall and the retainage of the employees were going tough day by day in this era. The table that has been drawn below shows how the mark-up earned and income declined due to the operational and employee downfall. (Annexure 6)

The massive hiring and change in the Human Resources policies were made right after facing this massacre. However, it takes enough time to cater to all the policies and get the result in each and every desired aspect.

CONCLUSION:

The troubles for MCB Islamic Bank are far from over, the robust increase in the number of resignations is ever surging. Although rapid steps are being taken to the resolution of the Human capital Problem. There are some considerable policies or strategies which are developed as this problem is being addressed. As starts a professional way of hiring external Human capital with required skill sets at a higher wage rate but one more thing to consider here is that although new hires have the skills still need to be trained and settle as per the company's existing software and operation manual. But the sense of ownership must be passed on to the employees and instead of hiring externally internal elevations, increments, awards recognition programs, increased salaries, and better bonuses must be shared with employees from the company's profit.

ANNEXURE 1 HISTORICAL MILESTONE OF MCB ISLAMIC BANK



ANNEXURE 2 NUMBER OF BRANCHES & HOLDINGS

Local Branches: 1,399

Foreign Branches: 11 (Including 1 EPZ branch)

MCB Islamic bank has a total of 66 across the country with the highest number of branches in Sindh, Karachi (12), and then in Punjab, Lahore (11)

Subsidiaries

MCB Financial Services Limited Holding: 100%

Profile: Float, administer and manage modaraba funds and acts as trustees of various mutual funds.

MCB Islamic Bank Limited Holding: 100%

Profile: Islamic & Shari'ah compliant banking.

At 51.33 percent, the holding of MCB - Arif Habib Savings and Investments Limited

An asset manager's responsibilities include advising investors, managing portfolios, and underwriting.

"As a result, the Azerbaijani government holds 99.94 percent of MCB Non-Bank Credit Organization."

Profile: Leases various types of industrial equipment, public transport, real estate, and retail auto leases.

Financial & Management Services (Pvt) Limited Holding:

A whopping 94.90% of the time Provider of financial services is the profile given.

The following companies are associates of the Bank, in terms of major holdings:

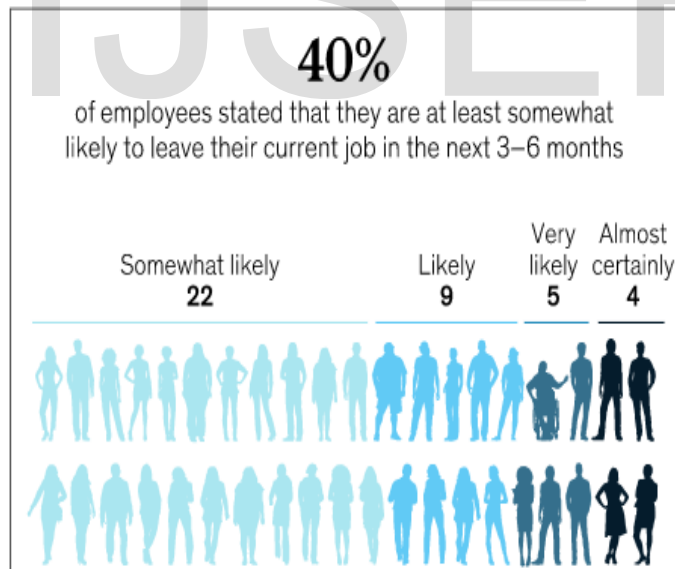
a 20 percent stake in Adamjee Insurance Company

A 30.00 percent stake in Euronet Pakistan (Private) Limited

Annexure 3

Survey results 1

Likelihood that employees will leave their current job in next 3–6 months, % of respondents



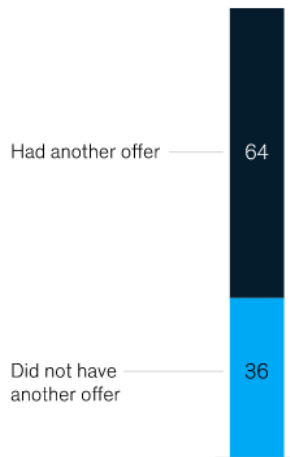
Annexure 4

Survey result 2

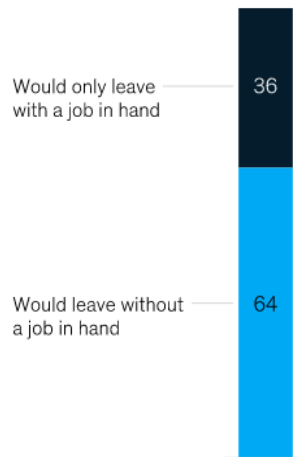
Attrition may accelerate, as people are willing to quit without another job lined up.

Share of respondents, %

Employees who have recently quit (n = 845)



Employees who are at least 'somewhat likely' to quit in next 3-6 months (n = 1,960)



Annexure 5 Employees view

IJSER

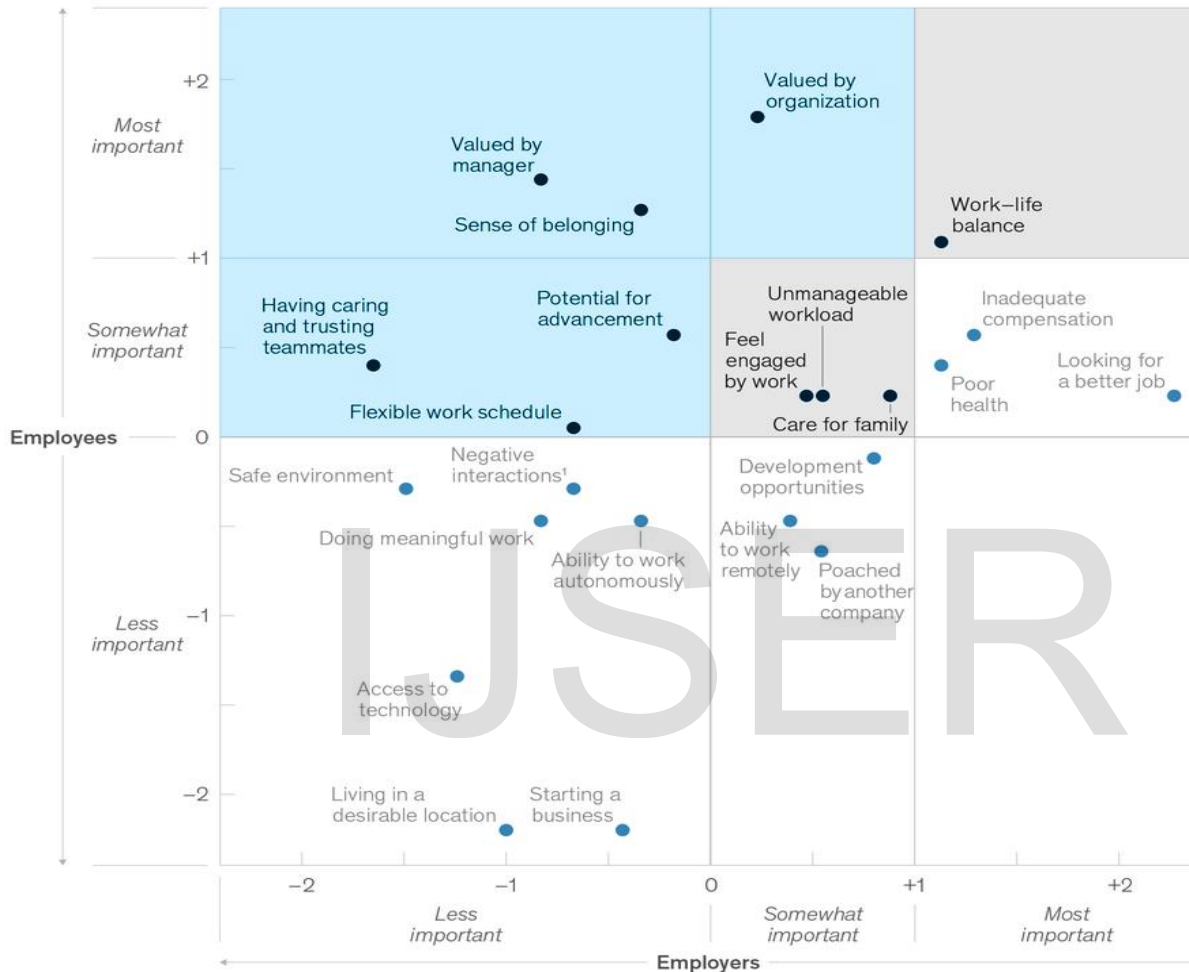
Employers do not fully understand why employees are leaving.

Factors that are important to employees versus what employers think is important

► **Employers seem to overlook the relational elements** that are key drivers for why employees are leaving, such as lack of belonging or feeling valued at work.

More important to employees than employers appreciate

As important to employees as employers think



Employers view

Employers do not fully understand why employees are leaving.

Factors that are important to employees versus what employers think is important

► **Instead, employers overindex on transactional factors**, which are not primary drivers. These include external factors (such as workers job-hunting) and structural aspects (compensation, for example).



Annexure 6

Financials

	2021	2020	2019
Mark-up Earned	123,334,306	136,075,705	138,291,896
Total Income	84,060,637	89,470,278	76,295,167
Profit after Taxation	30,811,046	29,037,301	23,976,839
EPS	26.00	24.50	20.23

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