



UNIVERSITI PUTRA MALAYSIA

**BUILDING PEOPLE TO
BUILD BUSINESS CASE STUDY:
ROLE OF PERWIRA AFFIN BANK'S SCHOOL OF BANKING**

LIM LIAN CHIAW

GSM 1999 11



**BUILDING PEOPLE TO BUILD BUSINESS
CASE STUDY : ROLE OF PERWIRA AFFIN BANK'S
SCHOOL OF BANKING**

BY

LIM LIAN CHIAW

**PROJECT PAPER SUBMITTED IN PARTIAL FULFILMENT OF
THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF BUSINESS ADMINISTRATION**

**MALAYSIAN GRADUATE SCHOOL OF MANAGEMENT
UNIVERSITI PUTRA MALAYSIA
SERDANG**

JANUARY 1999



Dedication,

***To my beloved husband, father, mother
for their love, care, encouragement and sacrifices
and also to my beloved brother, sister-in-law, niece, nephew,
all family and my love
for bringing love, joys, thoughts and being supportive.***



ACKNOWLEDGMENTS

Many individuals have contributed to this project paper and I gratefully acknowledge my large debt to each of them. This project would not have been possible without the close monitoring and supervising of Tuan Haji Yaakob Ibrahim, who is my supervisor and lecturer that kind enough to give his time and share his invaluable insights with me for the sake of this project.

My deep thanks also to all the lecturers from Malaysia Graduate School of Management, Universiti Putra Malaysia for providing advises and excellence guidance along the way.

Special thanks go to Mr. Micheal Ng Yan Pioh - Head School of Banking, En. Daud, Zainal, Muhammad Hussaini and En. Zainal, who provided me with a constant stream of helpful information.

My grateful thanks to my boss Suresh, FUAT Team Leader Elaine, my colleagues in Finware User Acceptance Test Team, especially Deposits Team, CITIL friends for their understandings, cooperation, encouragement and supports along the way.

Lastly, I would like to thank my parents, Tuan Boon and Siyu Lan, for instilling in me a love of study, as well as my parents-in-law, for being so undestanding and caring for my career success. My deep thanks also to my beloved grandfather, Poh Chye for his love and encouragement all year through. My love and thanks to my beloved brother, Soon Lee and his family for their love and care.

Most of all my heartfelt thanks go to my beloved husband, Khing Hong, an incredible influencer that his encouragement and assistance have made this project possible. I will never forget all the sacrifices he made for my happiness and joys.



ABSTRACT

The aim of training is to improve job performance by increasing knowledge, developing skills and modifying attitudes so that individuals can work in the most economical, efficient and satisfying way. Training and development has become crucial with the rapid advances in technology and became one of the most vital elements in Human Resource Development process.

The purpose of this study is to know how Perwira Affin Bank's School of Banking in playing their roles as training and development centres to achieve the Banks' objective and commitment towards building its people to build its business. This study also to analyst the effectiveness of School of Banking in human resource and development.

This study is based on the relationship between the Bank's objectives, School of Banking structure, conduct, and performance approach. The structure will affect the conduct and subsequently affect the performance of the school.

Descriptive method is used to determine factors and problems that influence the effectiveness, strength and weaknesses of the school. The systematic training approach through the Training and HRD process model used as determinants.

This study found that the Bank shown high commitment towards it human resource development that proven they are committed to building people to build business. The School of Banking has been playing its roles as human resource training and development centres. In order to be more effective and efficient as preferred learning centre, Training and HRD process model is a useful model that the Banks should consider to improve it training school performance. This would contribute directly towards the building of capable and competent workforce. Its has potential of being developed into a strategic advantage to meet an ever increasing challenges in the future.

ABSTRAK

Tujuan utama 'training' atau latihan ialah untuk memperbaiki mutu pekerjaan dengan menambah ilmu pengetahuan, pembangunan skills and menukar kelakuan dan perlakuan. Dengan itu seseorang boleh melaksanakan tugas dan kerja dengan lebih ekonomik, berkesan, dan berkepuasan. Latihan dan pembangunan manusia telah menjadi lebih genting dengan adanya kemajuan dalam teknologi and merupakan satu elemen yang paling penting dalam process pembangunan sumber manusia.

Maksud dan tujuan penelitian ini adalah untuk mengetahui bagaimana Sekolah Latihan Perbankan (School of Banking) milik Perwira Affin Bank dalam memainkan peranannya sebagai pusat latihan pekerja dan pembangunan dalam mencapai objektif utama dalam membangunkan manusia supaya boleh memajukan perniagaan syarikat.

Kajian kes ini berdasarkan pendekatan hubungan antara bank, struktur School of Banking, perilaku dan prestasinya. Struktur akan menentukan perilaku dan selanjutnya mempengaruhi prestasinya.

Kaedah deskriptif digunakan untuk menentukan factors dan masalah yang mempengaruhi keberkesanan, kebaikan dan keburukannya. Pendekatan latihan yang bersistematik dengan menggunakan model 'Training and HRD Process' sebagai penentu.

Hasil kajian dan penelitian menunjukkan Bank ini telah menunjukkan komitmen yang tinggi terhadap pembangunan sumber manusianya dan membuktikan mereka mementingkan pembangunan manusia dalam membantu pembangunan perniagaan. School of Banking telahpun memainkan peranannya sebagai pusat untuk melatih dan membangunkan sumber manusia. Dengan itu, untuk memaju dan lebih berkesan untuk mencapai objective sebagai 'preferred learning centre', model 'Training and HRD Process' perlu digunakan. Ia secara tidak langsung dapat membantu dalam menghasilkan tenaga pekerja yang berpotensi dan berprestasi ke arah pembangunan strategik dan menghadapi masa depan yang lebih mencabar.

TABLE OF CONTENTS

| | Page |
|---|-------------|
| DEDICATION | ii |
| ACKNOWLEDGMENT | iii |
| ABSTRACK | iv |
| ABSTRAK | v |
| TABLE OF CONTENT | vi |
| LIST OF FIGURES | viii |
| LIST OF APPENDIXES | ix |
| | |
| CHAPTER 1 INTRODUCTION TO PERWIRA AFFIN BANK | |
| 1.1 History of the Bank | 1 |
| 1.2 Perwira Affin Bank's Vision and Values | 8 |
| 1.3 Economic Crisis and Training Dilemma in PAB | 8 |
| | |
| CHAPTER 2 TRAINING PROGRAMMES BY SCHOOL OF BANKING | |
| 2.1 Introduction | 16 |
| 2.2 Role of School of Banking | 16 |
| 2.3 SOB Management | 18 |
| 2.4 The Location and Facilities at School of Banking | 21 |



| | Page |
|--|-------------|
| 2.5 Policies and Procedures | 25 |
| 2.5.1 General Policies | 25 |
| 2.5.2 Procedures | 27 |
| 2.5.3 Identification and Selection Procedures | 28 |
| 2.5.4 Attendance | 28 |
| 2.5.5 Claims - Travelling/ Accommodation/Expenses | 29 |
| 2.5.6 Pre Course Briefing and Post Course Follow-up | 29 |
| a) Pre Course Breifing | |
| b) Post Course Follow-up | |
| 2.5.7 Training Consultants, Packages and Arrangement | 31 |
| 2.5.8 Contract Related To The Training | 32 |
| | |
| 2.6 Training Programs | 32 |
| | |
| CHAPTER 3 CASE ANALYSIS | |
| | |
| 3.1 Case Title | 42 |
| 3.2 Case Synopsis | 42 |
| 3.3 Problem Identification | 44 |
| 3.4 Problem Analysis | 48 |
| 3.5 The Strength and Weakness | 67 |
| 3.5.1 Their Strength Point | 68 |
| 3.5.2 Their Weaknesses | 69 |
| | |
| CHAPTER 4 RECOMMENDATION AND CONCLUSION | |
| | |
| 4.1 Alternative Solutions | 71 |
| 4.2 Recommendation | 80 |
| 4.3 Conclusion | 85 |

APPENDIXES

BIBLIOGRAPHY



List Of Figures

| | Page |
|---|-------------|
| Figure 1.1 - Perwira Affin Bank Organisation's Chart | 7 |
| Figure 1.2 - Perwira Affin Bank Comparative Analysis of Training & Development Expenditure for 1997 | 10 |
| Figure 1.3 - Training and Development Expenditure for the year 1992 -1 996 | 11 |
| Figure 1.4 - Perwira Affin Bank Staff Training Summary Training Expenses Incurred as at June 30, 1998 | 12 |
| Figure 1.5 - Human Resource Department | 15 |
| Figure 2.1 - School of Banking Organisation Chart's | 19 |
| Figure 2.2 - Type of Facilities Available at School of Banking | 22 |
| Figure 2.3 - User Trainer Organisation Chart | 24 |
| Figure 2.4 - Routing and Approving Authority | 27 |
| Figure 2.5 - Training Schedule for 1998 | 34 - 37 |
| Figure 2.6 - Staff Participation in Training and Development Programme | 40 |
| Figure 3.1 - Trend of programs offered 1996 – 1998 | 47 |
| Figure 3.2 - Phases and Steps in the Training Process | 50 |
| Figure 3.3 - Trainers Qualities | 61 |
| Figure 3.4 - Barriers to Training Environment Effectiveness | 64 |
| Figure 3.5 - Proposed SOB New Structure | 75 |
| Figure 4.1 - Training & HRD Process Model | 84 |



List Of Appendixes

- Appendix 1 - List of PAB's Branches
- Appendix 2 - Affin Shareholding Corporate Structure
- Appendix 3 - PAB new Logo
- Appendix 4 - Financial Statement for the passed 5 years
- Appendix 5 - 1996 to 1998 Cost Behaviour of Course Fee/
Accomodation/Travelling/Subsistence/Meal Allowance
- Appendix 6 - List of Standard Procedures and Instructions (SPIs)
- Appendix 7 - Training Directory 1998 & 1999
- Appendix 8 - BSN Commercial now planning merger with Perwira
Affin Bank



CHAPTER 1

INTRODUCTION TO PERWIRA AFFIN BANK

1.1 History Of The Bank

PERWIRA AFFIN BANK BERHAD (PAB in short) formerly know as PERWIRA HABIB BANK BERHAD (PHB in short) was incorporated on October 21, 1975 with the take-over by Malaysian interest of 66 2/3% of the then Habib Bank Limited (Kuala Lumpur Branch), as follows:-

| SHAREHOLDERS (1975) | Amount Held | Percentage |
|---|--------------------|-------------------|
| Lembaga Tabung Angkatan Tentera (LTAT) | \$1,700,000 | 34% |
| Syarikat Permodalan Kebangsaan Berhad (SPK) | \$1,666,666 | 26% |
| * Dato' Hj Hamidi Bin Tan Sri Dato' Osman | \$333,334 | 6 2/3 |
| Habib Bank Limited (HBL) | \$1,300,000 | 33 1/3% |
| TOTAL | \$5,000,000 | 100% |

* Dato' Hj Hamidi has transferred his 6 2/3 percent (%) interest to Lembaga Tabung Angkatan Tentera in 1980 increasing the latter's equity participation to 40 2/3(%).

The authorised share capital at that time was 500,000,000 ordinary shares of \$1/- each that equal to RM500,000,000. The issued and fully paid was 105,000,000 ordinary share of \$1/- each that equal to RM105,000,000.

The Bank started its operation on the 1st January 1976 after taking over all the asset and liabilities of the former bank Branch at No. 17, Jalan Gereja, Kuala Lumpur. Upon its incorporation in October 1975 and until early April 1982, the Bank was managed by Executive Directors who were nominees of HBL, Pakistan. Since early April 1982 up to the present, the Executive Directors of the Bank were appointed from amongst Malaysians. The Bank's first Chairman was Dato' Haji Hamidi bin Dato' Osman while the Bank Executive Director was Encik raja Allah Dad Khan.

In 1980, after Dato' Hj Hamidi transferred his 6 2/3% interest to LTAT. LTAT equity participation has increase to 40 2/3%, SPK and Habib Limited remained unchanged as 26% and 33.1% respectively.

However, from 1984 to 1986 the Bank experienced a crisis that effected its image as financial institution and trustee to public funds. But, in 1987, there was a change in the shareholding, which resulted in the increase in paid up capital from \$105 million to \$405 million to meet capital requirement and the entry of Aseam Malaysia Nominees as a new shareholder of 49.38%, LTAT

holding 36.7%, SPK interest was 7.71% and Habib Limited has reduced their interest to 6.17% from 33.1%.

With the coming in of Malaysian Executive Directors, the Bank embarked on the employment of more Malaysian staff in line with the aspiration of the Government. Its staff was increased accordingly from 23 at the time when it took over from HBL (KL) to 1114 in 1985. The period that saw the most rapid expansion in staff was between 1983 – 1985, with emphasis placed on recruitment of Bumiputras and other Malaysians.

Since inception, The Bank has grown in size and stature to emerge as one of the leading local bank in the country. The Bank expanded its network of operation from the initial 6 Branches in 1976 to the existing 74 Branches (as at November 1998- Appendix 1 - List of PAB's Branches) in various states throughout Malaysian and have 2500 staff strength.

In 1992, PAB underwent a corporate restructuring exercise whereby it became a wholly owned subsidiary of Affin Holding Berhad (Affin), a public listed company, and the financial investment arm of the Malaysian Armed Forces Super-annuation Fund or 'Lembaga Angkatan Tentera (LTAT)'. On the 21st December 1992, marks the departure of Habib Limited of Pakistan and Syarikat Permodalan Kebangsaan Berhad, two of the three-founder shareholders of

Perwira Habib Bank. The name change from Perwira Habib Bank to Perwira Affin Bank took place on 26th April 1994 to reflect its present shareholding, a 100 percent (%) ownership by Affin Holdings Berhad (Appendix 2- Affin shareholding Corporate Structure). The paid-up capital was increased to RM650 million and authorised capital of RM800million. 1993 marked the end of an era for Perwira Habib Bank. With new ownership comes a new name and new logo that brought PAB's new corporate image (Appendix 3 - PAB new Logo).

PAB had emerged as financial institution which focused on servicing specific target markets. Presently, PAB is a major financier of small and medium-sized industries (SMIs), mainly in the manufacturing sector. With its core exposure to one of Malaysia's major engines of growth (SMIs), PAB is poised to play a greater role in economic development of the country. Furthermore, being a major player in financing public sector spending, PAB continuing success in the domestic and international markets is ensured. With the strong backing from Affin and LTAT, couple with Malaysia's growing defense budget, PAB is expected to continue reaping both private and public sector demands for credit.

Yearly profits were consistently improved since 1987 (Appendix 4 - Financial Statement for the passed 5 years). This outstanding performance had been

attained through vigorous efforts to strengthen the Bank's competitive position in its niche markets, Trade Finance activities and all levels of management.

Today operationally the Bank is on a firm footing for a strong earnings growth, buoyed by strong loan growth and fee-based income.

With 74 fully automated branches and wide range of products and services to offer, PAB has been able to successfully reach a broad spectrum of Malaysians. Globally, PAB's role is well assisted by its wide network of correspondent banks, which are located strategically in Asia, America, Europe and Africa. PAB is ideally placed to assist its clients with world class service, a comprehensive range of trade products and an in-dept knowledge of trade services.

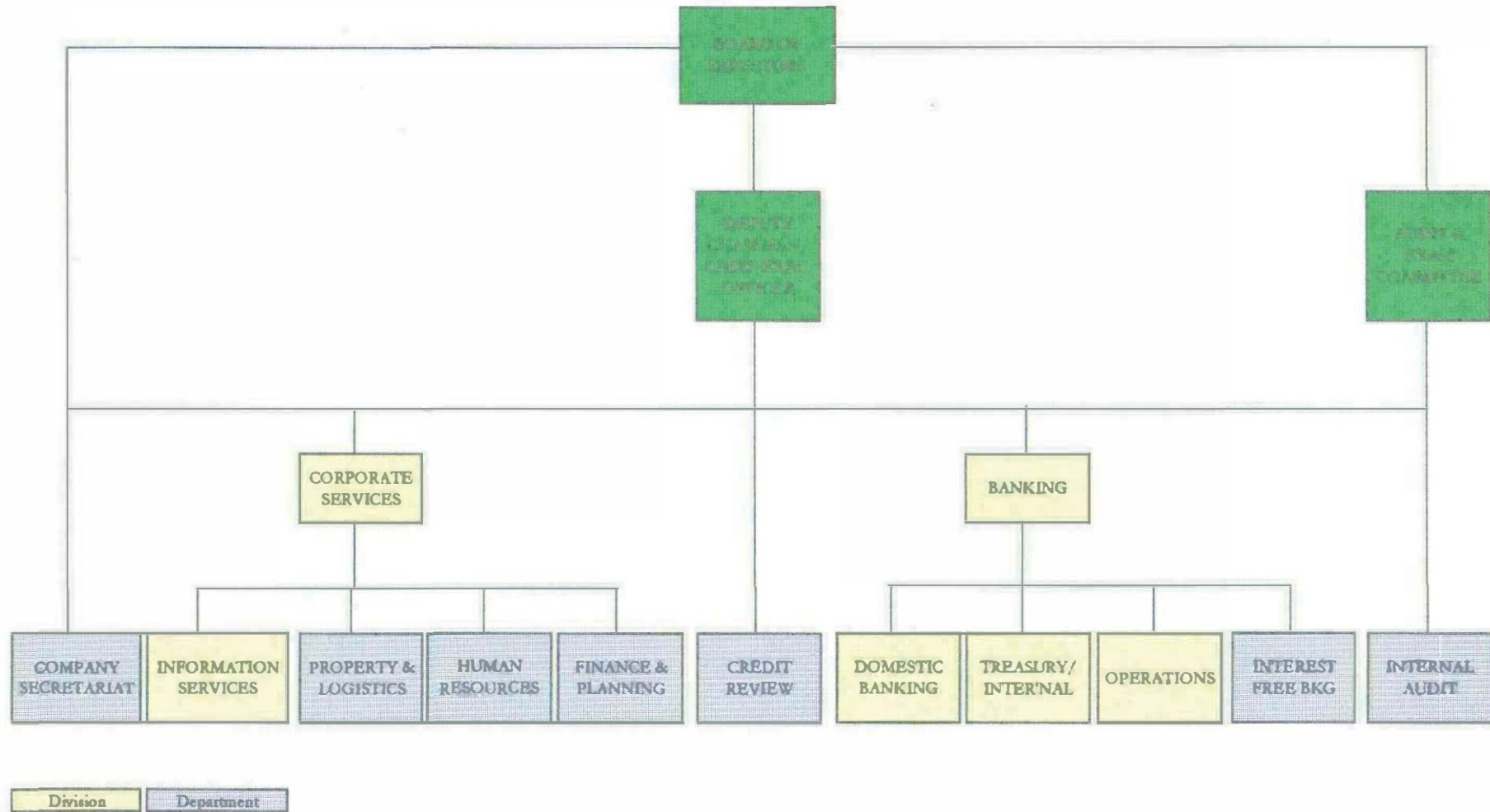
As the backbone of Affin Holdings, PAB believed she would continue to expand and promote the growth of the manufacturing sector in line with the Nation's aspiration of becoming an industrialised nation of the year 2020. As Affin Holdings moves towards becoming a complete financial services group, PAB feature a new computer systems prominently, as a solution to both labour constraints and in its pursuit of operating efficiently. With the strength of its human assets, advance technologies, innovative products and sophisticated service, PAB was expected to join the Tier-1 rank in due process.

As of December 1998, the Bank's Chairman was Y. Bhg. Jen (B) Tan Sri Dato' Zain Hashim (appointed on the 5th February, 1986). While the Deputy

Chairman and Chief Executive Officer, YM Raja Dato' Aman Bin Raja Haji Ahmad, an experience Banker who was formerly the General Manager of Zone 1 in Malayan Banking Berhad. The Bank's Management Team was headed by Deputy Chairman and Chief Executive Officer, Y.M. Raja Dato' Aman Raja Haji Ahmad were General Managers (Corporate Services, Treasury & International, Domestic Banking, Interest-Free Banking, Operations). From the company organisation which took effect from 1st September 1997, it is divided into two; Corporate Services and Banking (Figure 1.1 - Perwira Affin Bank Organisation Chart).

Divisions and department that reported to Head or GM Corporate Services were Information Services Division, Property & Logistics, Humans Resources and Finance & Planning Departments. Whereas division and department reported to Head, Banking was Domestic Banking Division, Treasury/International Division, Operations Division, and Interest Free Banking Department. Company Secretary and Internal Audit and Audit & Exam Committee reported directly to Board of Directors.

FIGURE 1.1 : PERWIRA AFFIN BANK BERHAD'S ORGANISATION CHART



1.2 Perwira Affin Bank's Vision and Values

The Bank made known its mission statement to every staff of the Bank and even to their customers. The mission and vision of the Bank were printed on their Management dairy as a gift to customers and staff.

Their mission statement were they wanted to strive to be the *Preferred banker* to their customers, *Employer of choice* to their employees, *Jewels in the crown* of their shareholders, *Active partner in the growth and aspirations* of our country. In tandem with the mission statement, PAB's way of life were "*We value customers as our dearest assets, We are committed in building people to build the business, We believe in excellence through teamwork, We strive to do things right the first time, We stay ahead through continuous quality improvements*". PAB believed that, their way of life could only be achieved when they believe and exhibit personal values like integrity, care, discipline, humility and resourcefulness. To enforce the mission and values, PAB's vision statement; "*Together We Make PAB The Preferred Bank*".

1.3 Economic Crisis and Training Dilemma in PAB

The Bank's GM, Corporate Services in his recent statement said that, the current economic crisis has affected the growth of the Bank. Apart from facing

stiff competitions from the bigger banks, PAB also have to deal with the increasing demand of customers' needs for a more efficient and reliable services. For these reasons, PAB are moving from their current computer systems to a more advanced and sophisticated technology, the Finware and MicroBanker systems. The focus of the training would be inline with the implementation of the Finware and MicroBanker that can enhance the staff product knowledge, information technology competencies, cross selling and marketing skills. He said, staff development and career progression and cultural and attitudes improvement among staff are important and have to be align with the Bank's business needs.

Bank Negara Malaysia's minimum requirement for banking and finance staff training and development are 2.5% from the total staff gross salary of the previous year about RM1, 798,136.97 for 1997 as depicted in Figure 1.2 the comparative analysis of training and development expenditure for 1997. The Bank budgeted RM2, 539,980.25 on training and development and the actual expenditure for the 1997 were RM2, 715,307.17. Figure 1.3 was illustrate the training and development expenditure for the year 1992 - 1996 and figure 1.4 depicted the staff training summary training expenses incurred as at June 30, 1998.

**Figure 1. 2 : Perwira Affin Bank
Comparative Analysis of Training & Development
Expenditure for 1997**

| Actual | Budget | Variance | Percent (%) |
|----------------|----------------|-----------------|--------------------|
| RM2,715,307.17 | RM2,539,980.25 | (RM175,326.92) | (6.46) |

| Actual | BNM Requirement | Variance | Percent (%) |
|----------------|------------------------|-----------------|--------------------|
| RM2,715,307.17 | RM1,798,136.97 | RM917,170.20 | 33.78 |

Note : Bank Negara Malaysia minimum requirement for staff training and development are 2.5% from the total staff gross salary of the previous year.

**FIGURE 1.3 : TRAINING AND DEVELOPMENT EXPENDITURE
FOR THE YEAR 1992 - 1996**

| YEAR | GROSS SALARY | BANK NEGARA MALAYSIA REQUIREMENT | % | ACTUAL EXP. FOR T&D | % | VARIANCE | % |
|------|---------------|----------------------------------|-----|---------------------|------|---------------|------|
| 1992 | 38,339,100.00 | 958,477.00 | 2.5 | 1,767,336.00 | 4.61 | 808,859.00 | 6.8 |
| 1993 | 37,795,395.00 | 944,885.00 | 2.5 | 2,361,000.00 | 6.25 | 14,616,115.00 | 29.8 |
| 1994 | 41,929,813.00 | 1,048,245.00 | 2.5 | 1,958,528.00 | 4.67 | 910,283.00 | 86.8 |
| 1995 | 58,249,861.00 | 1,456,246.00 | 2.5 | 1,890,778.00 | 3.25 | 434,531.00 | 29.8 |
| 1996 | 63,424,600.00 | 1,585,615.00 | 2.5 | 2,591,728.00 | 3.32 | 1,006,113.00 | 63.4 |

1. Bank Negara Malaysia minimum requirement for staff training and development are 2.5% from the total staff gross salary of the previous year.
2. Gross salary quoted as per the previous year gross salary.

**FIGURE 1.4 : PERWIRA AFFIN BANK STAFF TRAINING SUMMARY
TRAINING EXPENSES INCURRED AS AT JUNE 30, 1998**

| NO. | PARTICULARS | AMOUNT UTILISED |
|------------|-----------------------------|------------------------|
| 1.0 | Professional fees | RM 426,089.59 |
| | In-House | 39,761.95 |
| | External - Local/Singapore | 372,093.12 |
| | External - Overseas | 14,234.52 |
| 2.0 | Accommodation & Meals | RM 184,226.05 |
| | In-House | 71,104.33 |
| | External - Local/Singapore | 81,590.06 |
| | External - Overseas | 31,531.66 |
| 3.0 | Travelling | RM 130,371.17 |
| | In-House | 105,818.70 |
| | External - Local/Singapore | 18,175.11 |
| | External - Overseas | 6,377.36 |
| | GRAND TOTAL UTILISED | RM 740,686.81 |

According to GM Corporate Services, the Bank also acquired a new Human Resource Information System Software using People's Soft programme and hope to implement it by the year 1999. They hope the programme would enable them to build a database to be used to identify training needs, proper selection of participants and evaluation of training effectiveness. The Bank hope the system will bring change to PAB to a step nearer to their vision to be the "Preferred bank" to both customers and the staff. PAB have invested heavily in those systems and to ensure that the results are delivered as expected, then they must have knowledgeable and competent staff to run the programmes. PAB have to produce well-trained human resources as concerned by their GM Corporate Banking.

He added that PAB believed training and development is one of the most vital elements in the Human Resource Development process. It contributes directly towards the building-up of a capable and competent workforce, which has the potential of being developed into a strategic competitive advantage to meet ever-increasing challenges in the future. Head, Human Resource Department stressed that, Human Resource Department would be responsible for the planning, development and implementation of in-house and external training programmes. Whereas supervisors were responsible for providing on-the-job training and coaching to subordinates as an internal parts of the employee's training.

He said that PAB placed high emphasis on training and development of its employees to meet present needs as well as preparing them for planned future assignments and responsibilities in line with the development of the bank and the demands of the market. The Bank has established a training school since Habib Limited time. School of Banking is to undertake the role as training and development centre. School of Banking is on of the Human Resource Department group, one of the Head Office functions, each of which provides services within the central establishment as well as on a functional basis to regional staff. (Figure 1.5 - Human Resources Department Organisation Chart). The School of Banking had provided training with special emphasis and priority towards enhancing the functional, technical and developmental skills of the staff.

The GM, Corporate Services was concerned over the intense competition amongst Financial Institution, hence it is imperative that the Bank have to train their staff to be knowledgeable, skilled and committed in order to be outstanding performers while enriching their own career progression. The Bank must have competent manpower that have right attitudes, skills and knowledgeable. This could improve the Banks return on investment such as reduce errors and minimise risk, they can provide fast and efficient delivery, better customer retention and to focus on niche market.