

**THE MINISTRY FOR DEVELOPMENT OF INFORMATION
TECHNOLOGIES AND COMMUNICATIONS OF THE REPUBLIC OF
UZBEKISTAN**

**TASHKENT UNIVERSITY OF INFORMATION TECHNOLOGIES
NAMED AFTER MUHAMMAD AL-KHWARIZMI**

**MANUSCRIPT
UDK 658.5:004**

NARIMBAYEVA FERUZA BAXTIYAROVNA

**INCREASING THE EFFECTIVENESS OF PERSONNEL MANAGEMENT
IN BANKS BY EMPLOYING INFORMATION COMMUNICATION
TECHNOLOGIES
(AS A SAMPLE OF JSC “ALOQABANK”)**

5A350301– Faculty of Economics and Management in the fields of ICT’s

MASTER’S DISSERTATION WORK

«Admitted to defense»

The head of “Economics and
Management in the fields of ICT”
department

Scientific advisor :

Candidate of economics, docent
Ismoilova G.F

Ph. d, professor Qodirov A.M

TASHKENT-2018

**THE MINISTRY FOR DEVELOPMENT OF INFORMATION
TECHNOLOGIES AND COMMUNICATIONS OF THE REPUBLIC OF
UZBEKISTAN**

**TASHKENT UNIVERSITY OF INFORMATION TECHNOLOGIES
NAMED AFTER MUHAMMAD AL-KHWARIZMI**

Faculty: Master's department

Master's student: Narimbayeva

--

(Asrarova) F.B.

Chair: Management and Marketing

Advisor: Ph.d, Qodirov A.M.

Studying year: 2016-2018

Major: 5A350301-Economy and
management in the field of ICT's

THE ANNOTATION OF MASTER'S DISSERTATION

The actuality of the research topic. With the globalization, liberalization and privatization in Uzbekistan, the organization has been focusing more on being technologically advance in all the aspects. The cutthroat competition, changing employee expectation, change in work environment as well as fight to be on the top, all these driving forces leads the implementation of e-HRM. Human Resource managers need to be aware that the change in technology will not only increase the quality of employee information, but also will have a strong effect on the overall effectiveness of the organization. To reduce the routine transaction and traditional Human Resource activities and to deal with the complex transformational ones, the organizations began to electronically automate many of these processes by introducing specialized HRIS (human resource information system) or HRMS (human resource management system).

The object and subject of the research. The object of research is JSC "Aloqabank". Methods and techniques of increasing the effectiveness of personnel are the subject of the research.

The purpose and objectives of the work. The purpose of work consists of the research on the ways of increasing personnel management productivity,

developing personnel management by using information communication technology. This project initiated with the following objectives:

1. To study the current E-HRM policies and practices in the bank chosen for the study.
2. To study the impact of these policies on employees.
3. To analyze whether there is an impact on the implementation of these policies on the employee satisfaction.
4. To suggest measures for adopting the e-way of managing human resources.

The scientific novelty degree of the research results. The scientific novelty of the research is to develop and substantiate the theoretical and methodological approach to the formation of a stable system of personnel management in JSC “Aloqabank” on the basis of the increasing role of the employee's personality, the knowledge of his motivational attitudes, the ability to form and direct them in accordance with the tasks of increasing not only labor productivity, but also his quality.

Also, finding new methods to increase personnel management productivity and creating approach to employ information communication technology to HRM in JSC “Aloqabank” effectively.

Analysis of literature review. For the research of increasing the effectiveness of personnel management in banks by employing information communication technology have been devoted research works of Ruël H., Bondarouk T., Looise J. K., Laumer, S., Eckhardt, A., Weitzel, T., Stone, D. L., Stone-Romero, E. F., & Lukaszewski, K. M. and others. In our Republic with the study of increasing the effectiveness of management by employing information communication technology has been engaged such specialists as academicians M.Sharifxo’jayev, Sh.Zaynutdinov, D.Rahimova, A.A.Iminov, M.X.Djamatov, S.G’ulomov and their students.

The methodology and methods of the research. The researcher used descriptive research designs which makes use of unstructured and structured

interviews to collect data and obtain a full range and depth of information; focus group discussions/workshops, in exploring the topic in depth; and country papers and data obtained from participating JSC«Aloqabank». After obtaining all information/data from different gathering instruments, namely, interviews, focus group discussion/workshops, and country papers, the researcher initially organised comments into similar categories such as concerns, suggestions, and recommendations.

The structure and composition of the work. The dissertation consists of introduction, three sections, conclusion and the list of literature.

Advisor: _____

(sign)

Master's student: _____

(sign)

**МИНИСТЕРСТВО ПО РАЗВИТИЮ
ИНФОРМАЦИОННЫХ ТЕХНОЛОГИЙ И
КОММУНИКАЦИЙ РЕСПУБЛИКИ УЗБЕКИСТАН**

**ТАШКЕНТСКИЙ УНИВЕРСИТЕТ
ИНФОРМАЦИОННЫХ ТЕХНОЛОГИЙ ИМЕНИ МУХАММАДА АЛ-
ХОРАЗМИЙ**

Факультет: Отдел Магистратуры

Кафедра: Менеджмент и маркетинг

Учебный год: 2016-2018

Научный руководитель: Кодиров А.М

Магистрант: Наримбаева (Асрарова) Ф.Б

Специальность: 5А350301 Экономика и менеджмент в сфере ИКТ

АННОТАЦИЯ К МАГИСТЕРСКОЙ ДИССЕРТАЦИИ

Актуальность темы исследования. В условиях глобализации, либерализации и приватизации в Узбекистане организация уделяет больше внимания технологическому продвижению во всех аспектах. Конкуренция, головокружение, изменение ожиданий сотрудников, изменение рабочей среды, а также борьба за то, чтобы быть на вершине, все эти движущие силы приводят к внедрению e-HRM. Руководители кадровых ресурсов должны знать, что изменение технологии не только повысит качество информации о сотрудниках, но и окажет сильное влияние на общую эффективность организации. Чтобы уменьшить рутинную транзакцию и традиционные мероприятия в области людских ресурсов и решать сложные трансформационные, организации начали автоматизировать автоматизацию многих из этих процессов путем внедрения специализированной

информационной системы HRIS (HRIS) или системы управления персоналом (HRMS).

Объект и предмет исследования. Объектом исследования является АО «Алокабанк». Методы и методы повышения эффективности персонала являются предметом исследования.

Цель и задачи работы. Целью работы является исследование путей повышения производительности управления персоналом, развития управления персоналом с использованием информационных коммуникационных технологий. Этот проект был начат со следующих **целей:**

1. Изучить текущую политику и практику E-HRM в выбранном для исследования банке.
2. Изучить влияние этой политики на сотрудников.
3. Проанализировать, влияет ли влияние на реализацию этих политик на удовлетворенность сотрудников.
4. Предложить меры для принятия электронного пути управления человеческими ресурсами.

Научная новизна степени результатов исследования. Научная новизна исследования заключается в разработке и обосновании теоретического и методологического подхода к формированию стабильной системы управления персоналом в АО «Алокабанк» на основе возрастающей роли личности сотрудника, знания его мотивационных установок, способность формировать и направлять их в соответствии с задачами увеличения не только производительности труда, но и его качества.

Кроме того, поиск новых методов повышения производительности управления персоналом и создание подхода к эффективному использованию информационных коммуникационных технологий для HRM в АО «Алокабанк».

Анализ обзора литературы. Для исследования повышения эффективности управления персоналом в банках с использованием

информационных коммуникационных технологий были посвящены исследовательские работы Руэля Х., Бондарука Т., Луиза Дж. К., Лаумера С., Экхардта А., Вейццеля Т., Камень , DL, Stone-Romero, EF, Lukaszewski, KM и другие. В нашей республике с изучением повышения эффективности управления с использованием технологий информационной коммуникации были задействованы такие специалисты, как академики М.Шарифходжаев, Ш.Зайнутдинов, Д.Рахимова, А.А.Иминов, М.Х.Джаматов, С.Гуломов и их ученики.

Методология и методы исследования. Исследователь использовал описательные исследовательские проекты, которые используют неструктурированные и структурированные интервью для сбора данных и получения полного диапазона и глубины информации; обсуждения / семинары в фокус-группах, углубленное изучение этой темы; и страновые документы и данные, полученные от участвующих АО «Алокабанк». Получив всю информацию / данные из разных инструментов сбора, а именно интервью, дискуссию / практикумы в фокус-группах и страновые документы, исследователь первоначально организовал комментарии к аналогичным категориям, таким как проблемы, предложения и рекомендации.

Структура и состав работ. Диссертация состоит из введения, трех разделов, заключения и списка литературы.

Научный руководитель _____

(подпись)

Магистрант _____

(подпись)

CONTENTS

INTRODUCTION.....	9
1. THE EFFECTIVE BASICS OF MANAGING IN BANKING SECTOR...	
1.1 The principles and methods of e-human resource management.....	11
1.2 The importance of E-HRM and HRIS in banking sector.....	16
1.3 The evaluating process of Human Resources Management in commercial banks.....	23
1.4 Summary for chapter I.....	31
2. THE CURRENT STATE OF EFFECTIVE MANAGING PERSONNEL IN JSC “ALOQABANK” AND THE SIGNIFICANCE OF EMPLOYING INFORMATION TECHNOLOGY.....	
2.1 The organizational characteristics of JSC “Aloqabank”.....	32
2.2 Economic substance and financial state of JSC “Aloqabank”.....	37
2.3 Personnel policy of JSC “Aloqabank” and its analysis in present context....	44
2.4 Summary for chapter II.....	51
3. THE SIGNIFICANCE OF EMPLOYING INFORMATION TECHNOLOGY IN BANKING SYSTEM.....	
3.1 Developing personnel management by using information systems.....	52
3.2 The ways of increasing personnel management productivity in banking system by IT tools	62
Summary for chapter III.....	79
CONCLUSION.....	80
THE LIST OF USED LITERATURE.....	84

INTRODUCTION

The actuality of the research topic. With the globalization, liberalization and privatization in Uzbekistan, the organization has been focusing more on being technologically advance in all the aspects. The cutthroat competition, changing employee expectation, change in work environment as well as fight to be on the top, all these driving forces leads the implementation of e-HRM. Human Resource managers need to be aware that the change in technology will not only increase the quality of employee information, but also will have a strong effect on the overall effectiveness of the organization. To reduce the routine transaction and traditional Human Resource activities and to deal with the complex transformational ones, the organizations began to electronically automate many of these processes by introducing specialized HRIS (human resource information system) or HRMS (human resource management system).

The object and subject of the research. The object of research is JSC “Aloqabank”. Methods and techniques of increasing the effectiveness of personnel are the subject of the research.

The purpose and objectives of the work. The purpose of work consists of the research on the ways of increasing personnel management productivity, developing personnel management by using information communication technology. This project initiated with the following objectives:

1. To study the current E-HRM policies and practices in the bank chosen for the study.
2. To study the impact of these policies on employees.
3. To analyze whether there is an impact on the implementation of these policies on the employee satisfaction.
4. To suggest measures for adopting the e-way of managing human resources.

The scientific novelty degree of the research results. The scientific novelty of the research is to develop and substantiate the theoretical and

methodological approach to the formation of a stable system of personnel management in JSC “Aloqabank” on the basis of the increasing role of the employee's personality, the knowledge of his motivational attitudes, the ability to form and direct them in accordance with the tasks of increasing not only labor productivity, but also his quality.

Also, finding new methods to increase personnel management productivity and creating approach to employ information communication technology to HRM in JSC “Aloqabank” effectively.

Analysis of literature review. For the research of increasing the effectiveness of personnel management in banks by employing information communication technology have been devoted research works of Ruël H., Bondarouk T., Looise J. K., Laumer, S., Eckhardt, A., Weitzel, T., Stone, D. L., Stone-Romero, E. F., & Lukaszewski, K. M. and others. In our Republic with the study of increasing the effectiveness of management by employing information communication technology has been engaged such specialists as academicians M. Sharifxo'jayev, Sh. Zaynutdinov, D.Rahimova, A.A.Iminov, M.X.Djamatov, S.G'ulomov and their students.

The methodology and methods of the research. The researcher used descriptive research designs which makes use of unstructured and structured interviews to collect data and obtain a full range and depth of information; focus group discussions/workshops, in exploring the topic in depth; and country papers and data obtained from participating JSC«Aloqabank». After obtaining all information/data from different gathering instruments, namely, interviews, focus group discussion/workshops, and country papers, the researcher initially organised comments into similar categories such as concerns, suggestions, and recommendations.

The structure and composition of the work. The dissertation consists of introduction, three sections, conclusion and the list of literature.

1. THE EFFECTIVE BASICS OF MANAGING IN BANKING SECTOR

1.1. The principles and methods of e-human resource management

Human resource management is linked with all the managerial functions involved in planning for recruiting, selecting, developing, utilizing, rewarding, and maximizing the potential of the human resources in an organization. To bring out the best in a man is the essence of human resource development. Human Resource Development (HRD) is the process of increasing the capacity of human resources through the development. Personnel Management is a method of developing potentials of employees so that they get maximum satisfaction out of their work and give their best efforts to the organization.

Considering the vital importance of human resources, they are now being treated as assets which are most precious for the survival of an organization. New values are being added. There has been a shift from traditional master slave relationship to the modern trusteeship system (in which employers and employees are considered as partners investing their wealth and labor respectively) and from traditional salary administration to the new Human Resource System (HRS). With human resources being a part of an organization, HRS is a subsystem of larger system *i.e.*, an organization and Human Resource Development is the center of HRS and most vital for the organizational advancement. Human Resource Development includes both the development of the people and development of an organization.¹

Some definitions interchange HRM with personnel management. Personnel management characteristically focused on a range of activities centered to the supply and development of labour to meet the immediate and short term needs of the organization.

HRM is a process of formulating, implementing and evaluating Human Resource (HR) strategies to achieve organizational objectives. It encompasses the

¹ Bhatti K, Komal, Qureshi M, Tahir (2007). Impact of Employee Participation on Job Satisfaction, Employee Commitment and Employee Productivity" Int. Rev. Bus. Res., pp. 2-3.

entire gamut of human resource development in an organization, including manpower planning, transfer and promotions, compensation and benefits.

Table 1.1

Difference between HRM and Personnel Management:

No	Personnel Management	Human Resource Management
1.	Personnel means person employed. Personnel Management is the management of employed people	HRM is the management of employee's skills, knowledge, abilities, talents, etc.
2.	Employees are treated as cost centre and therefore management controls the cost of labour.	Employees are treated as profit centre and therefore, invest capital for human resource development and future utility.
3.	Employee in personnel Management is mostly treated as economic man as his services are exchanged for salary/wages.	Employee in HRM is treated not only as economic but also as social and psychological Man. Thus, the complete man is viewed under this approach.
4.	Employee is viewed as commodity or tool or equipment which can be purchased and used.	Employee is treated as a resource.
5.	Employees are used mostly for organizational benefit.	Employees are used for the multiple mutual benefits of the organization, employees and their family members.

E-HRM strives to implement all the operational activities that the HRM is concerned with, with the help of technological tools in a fast and accurate way. It has been widely used to facilitate the recruitment and selection processes, from the simple task of up-loading a CV to a webpage platform, filling an online job

application to the moment of the actual hiring. Also, online training options and accessing performance information online is becoming more and more popular. Uzbekistan is very much focused on banking growth for the last few decades. As a result, different banks are performing a momentous role in the economic development of the country.²

Since the emergence of the internet, a new era of HR termed as E-HRM has begun, dramatically reengineering the HR practices and processes to operate in a highly competitive market. As a result, HRM has undergone a change process in terms of HRM functions over the last decade. The study aims to investigate the impacts of E-HR to HRM function in organizations, particularly to the changes in roles and competencies of HR specialists as well as non-HR staff (line managers and employees).

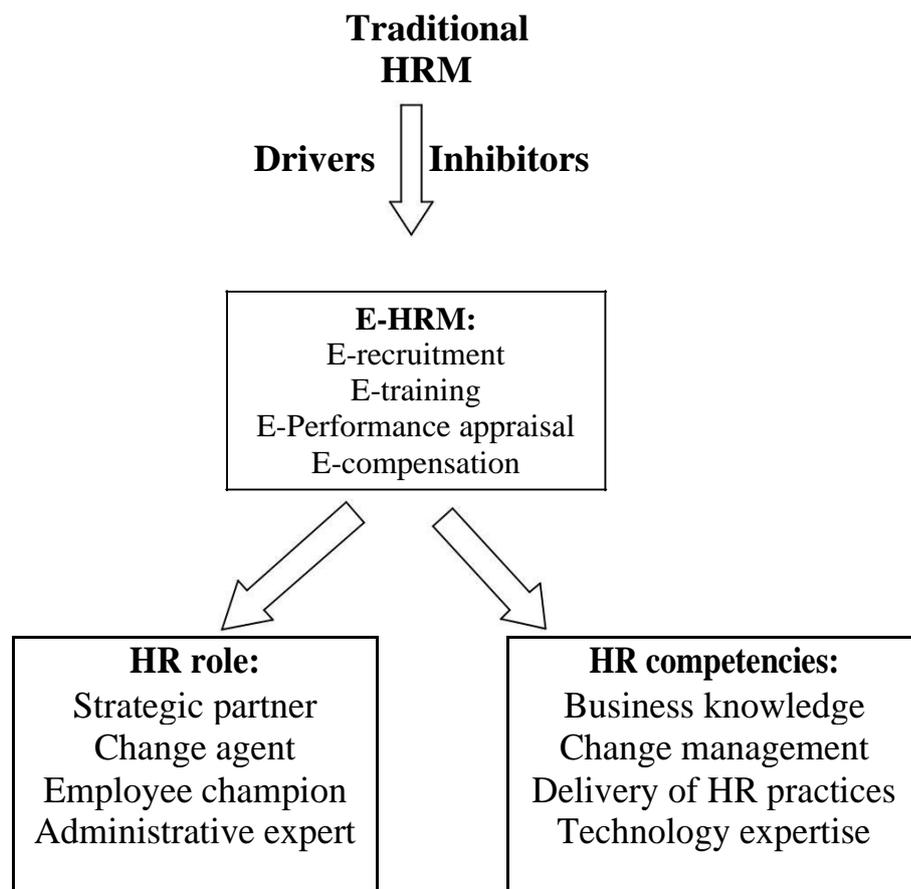


Figure 1.1 Transformation of HR roles and competencies³

² Transnational Journal of Science and Technology April 2014, vol.4 No.2 ISSN 1857-8047

³ Performed by author during investigation

Participative management tends to improve motivation because employees feel more accepted and involved in the situation. Their self-esteem, job satisfaction, and co-operation with management will also improve. The results often are reduced conflict and stress, more commitment to goals, and better acceptance of a change.



Figure 1.2. Types of e-HRM⁴

There is a trend to continue the automation of HR service in the next few years. In addition, the findings suggest that the delivery of HR services with a small range of web-based tools used hardly enables the expected changes in HR's role toward a strategic partner though it supports the shift of HR focus to the role as employee champion. The initiation of E-HRM practices is pushing HR to move from a traditional bureaucratic department to a client-friendly approach which potentially targets at the role of an employee champion. Another tangible effect caused by E-HRM is the devolvement of HR responsibilities to line management though the support from HR technology to their daily work is unobvious. However, improvements in competencies of HR professional after the implementation of E-

⁴ S. McKenna, J. Richardson, L. Manroop, "Alternative paradigms and the study and practice of performance management and evaluation", *Human Resource Management Review*, vol.21, no.2, pp.148-157, 2011.

HRM were found to be inconsiderable. A preference of developing people related skills such as communication, teamwork, consultancy and negotiation to other types of competencies existed among HR professionals, though they were suggested to focus on upgrading the business knowledge, critical thinking and leadership.



Figure 1.3. e-HRM Activities⁵

1. e-Recruitment: Also known as online Recruiting, is being widely used by companies these days. Through e-Recruitment, companies usually hire the candidates using the internet as a medium. The common practice of facilitating the online recruitment is by uploading the recruitment information on the company's official website or hiring the online recruitment websites to serve the purpose.

2. e-Selection: The HR department using the online selection process must ensure that each step complies with the procedural requirements viz. Project steps, vendor selection, assessment steps, feedback to the candidates, etc. The purpose of

⁵ G. R. Ferris, T. P. Munyon, K. Basik, M. R. Buckley, "The performance evaluation context: social, emotional, cognitive, political, and relationship components", Human Resource Management Review, vol.18, no.3, pp.146-163, 2008.

E-selection is to utilize the maximum human capital at a reduced cost and in less time.

3. E-Performance Management: Many companies make use of web-based technology to evaluate the performance of an individual. This can be done either using the computer monitoring tool, wherein the complete working of an individual can be recorded, or through writing the reviews and generating the feedback on the employee's performance using the web portal.

4. E-Learning: It means using the internet or organization's intranet to facilitate the training and development programmes for the workforce. Getting the online modules of training, a large number of employees can be covered irrespective of their locations.

5. E-Compensation: An organization using the compensation management online enables it to gather, store, analyze, and distribute the compensation data or information to anyone at any time. Also, the individual can access electronically distributed compensation software, analytic tools, from any place in the world.

1.2. The importance of E-HRM AND HRIS in banking sector.

Human Resource Management (HRM) practices are being increasingly considered as major contributory factors in financial performance of organizations. This research is studied highlights the importance of HRM practices with impact on financial performance of the JSC "Aloqabank" operating in Uzbekistan. The HRM practices selected for the research study were selection, training, performance appraisal system, and compensation system and employee participation.

The study of human resource management practices as a determinant of organizational performance has gained currency in the last two decades especially in the banking industry. However, the results from the researchers are either inconclusive or controversial.

The Uzbek banking sector appeared to arrive in 1990 after independence of the Republic of Uzbekistan. The banks of Uzbekistan had to pass long evolution way of the development and get over the difficulties to become nowadays a powerful body influencing on the national economy. 1991 year made a start to formation of a number of the banks which functioning in changed conditions of the development of the economy of Uzbekistan gradually obtained new features assimilating modern methods of work. 1991-1992 years became a turning period of banking operation. The adoption of the law of Uzbekistan “About the banks and banking activity” was the base to form two-level banking system and created the Central bank of the republic entrusting new functions to it. It was put the tasks of regulation of monetary circulation and payment system as well as the formation of the commercial banking structure before it. So the formed specialized commercial banks should finance the different brunches of the economy that started to work out the new strategy of their development and form their internal structure on the base of modern principles and requirements.

In 1993-1994 years the reform of banking system went on. Introduction into circulation the national currency sum since July 1, 1994 became an important landmark in the formation of independent banking system and the development of the economy of Uzbekistan as a whole. In fact it meant that the Central bank became independent completely in its activity and further it could facilitate the effective formation of the national monetary system by market instruments of its regulation. Just from that time the activity of the CBRU on carrying out the tactics on conduction of monetary and credit policy and currency regulations, regulation of banking activity, then formation of effective payment system was completely targeted at provision of steady national currency.

Now it consists of two levels, one is the Central Bank of the Republic of Uzbekistan (Central Bank) wielding control over a range of commercial banks and the second consists of commercial banks. The Central Bank is in charge of establishing national monetary policy, issuing currency, and operating of national payment system. Currently the second level of banking system consists of 29

commercial banks, including 3 state-owned banks. Although these three banks are stating their main goal is profit and government participates at banks capital as shareholder. Two of them (National Bank for Foreign Economic Activity of Uzbekistan and State Joint stock Commercial Asaka Bank) own about 70% of total Uzbek banks assets and both of them to be privatized during 2006-2010 years. In 2010 year, the commercial banks of Uzbekistan began to act as a specific credit institution, which, on one hand, attracted interim spares funds of the sector, on the other hand, satisfied financial requirements of enterprises, private entrepreneurship and population owing to attracted funds.⁶

Importance of Human Resource Process (HRP) in banking sector:

1. Planning is significant as it helps determine future personnel needs. Surplus or deficiency in staff strength is the result of the absence of or defective planning. The problem of excess staff has become so heavy that many units are restoring to VRS to remove the excess staff.

2. HRP enables an enterprise to cope with changes in competitive forces, markets, technology, products and government regulations. Such changes generate changes in job content, skill demands, and number and type of personnel. Shortage of people may be induced in some areas while surplus in other areas may occur.

3. As was mentioned earlier, jobs are becoming highly intellectual and incumbents are getting vastly professionalized. The HR managers must use his/her ingenuity to attract and retain qualified and skilled personnel. Another fact of the high-talent personnel is management succession planning. Who will replace the retiring chief executive? From what pool of people will top executives be selected and how will these individuals be groomed for their increased responsibilities? HRP is an answer to these and other related questions.

4. Protection of Weaker Sections include physically handicapped, children of socially and physically oppressed and backward-class citizens and they enjoy a given % of jobs, notwithstanding the constitutional provision which guarantees equal opportunities for all.

⁶ The information herein has been obtained from public sources, banks or their websites.

5. HRP will grow increasingly important as the process of meeting staff needs from foreign countries and the attendant cultural, language and developmental considerations grow complex.

6. Manpower planning provides essential information for designing and implementing personnel functions, such as recruitment, selection, personnel movement and training and development.

7. Another compelling reason for HRP is an investment an organization makes in its human resources. Human assets, as opposed to physical assets, can increase in value. An employee who gradually develops his/her skills and abilities becomes a more valuable resource.

8. There is a growing resistance among employees to change and move. There is also a growing emphasis on self-evaluation and on evaluation of loyalty and dedication to the organization.

Creating innovative solutions to improve processes within companies is what any organization would like to achieve. Time is money, therefore, any tools that would speed up the company's activities, improve productivity or cut costs, are being implemented. One of the biggest advantages of e-HRM is said to be cost reduction (Foster, 2010).

To understand e-HRM, one must know what it actually means. Electronic Human Resources Management is a relatively new term in organizations. Therefore it can be easily misinterpreted. We have presented a very general definition of e-HRM at the beginning of this thesis. However, there have been many explanations of e-HRM presented in various journal articles. As stated by Ruël, Bondarouk & Looise (2004), e-HRM is the use of web-based technologies for the implementation of various HRM strategies or practices. An additional definition stated by Bondarouk and Ruël (2009) says that "e-HRM is an umbrella term covering all possible integration mechanisms and contents between HRM and information technologies aiming at creating value within and across organizations for targeted employees and management" (p. 507).

Through the process of this research, we will use the latter definition. This is because we believe that it captures all important components of e-HRM and as stated by its authors, it is a consensus understanding of most existing definitions of e-HRM.

Previous researchers have divided e-HRM into three types: operational, which involves strictly administrative functions (salary and personnel data administration), relational, concerned with “business processes” (such as recruitment, training and performance appraisal) and transformational, related to strategic human resources actions, such as organizational change and strategical re-orientation (Snell, Stueber & Lepak, 2001; Ruël, et al., 2004). This division was also described as goals of conventional HRM. According to Parry & Tyson (2010), e-HRM is supposed to support the role of traditional HRM in fulfilling its goals.

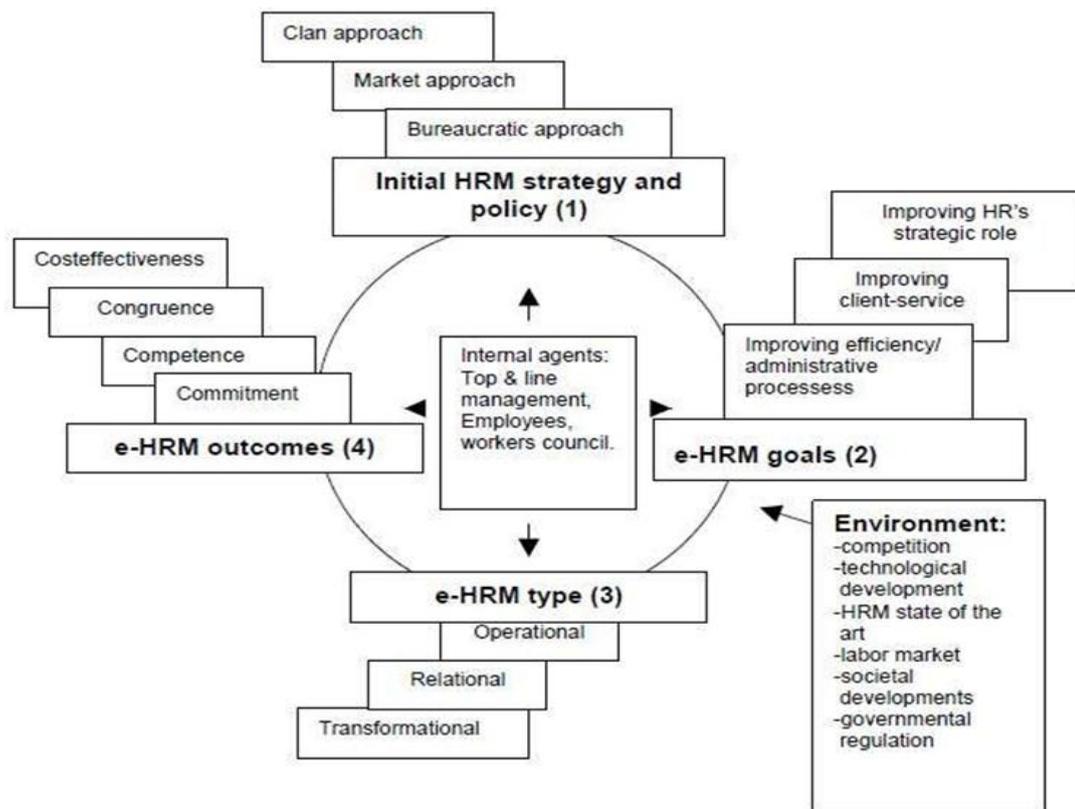


Figure 1.4. Approaches to e-HRM. (Ruël et al., 2004)⁷

⁷ Ruël H., Bondarouk T., Looise J. K., (2004). E-HRM: Innovation or Irritation. Management Review, 15(3), 364-379.

As mentioned before, several authors have divided e-HRM into three types. The same division was presented in this classification. The distinction is made to operational, relational and transformational e-HRM. Ruël et al. (2004) also suggest the areas of concern for the different types:

- Operational- any administrative activities within HRM, for instance salary or personal data management
- Relational- more advanced HRM issues, such as training of employees, recruitment and selection of new candidates and performance appraisals
- Transformational- area with a strategic focus, i.e. re-orientation of strategy, knowledge management etc.

Relational e-HRM takes less care about the administrative processes and focuses more on developing advanced activities regarding the interpersonal field; it means activities that have the closest contact with the people and their role within the company. Moreover, relational e-HRM aims at tools that enhance basic HRM processes such as recruitment and selection of new personnel, training, performance management and appraisal, motivation and rewards (Ruël et al. 2004).

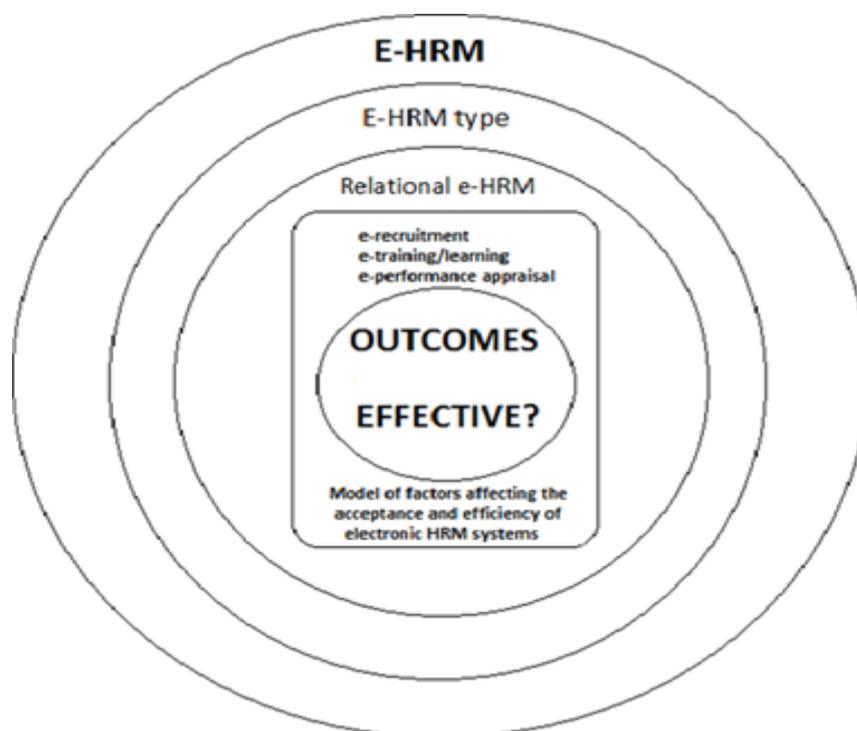


Figure 1.5. Relational e-HRM⁸

⁸ Performed by author during investigation

E-recruitment is one of the three components of relational e-HRM. After studying different articles and books about the subject, we learned that companies implement web- based platforms and the Internet to advertize and employ new personnel. Many authors have stated different objectives for the implementation of e-recruitment such as communicating information about job opportunities and other important data about the organization (Stone, Stone-Romero & Lukaszewski, 2006). In addition, it is said that e- recruitment decreases the time of the process allowing employees to dedicate more time doing other activities (Dickinson & Tatton, 2011).

The next element of relational e-HRM is e-training or e-learning. According to Kaplan- Leiserson (2002), the American Society of Training and Development defines e- learning as “a wide set of applications and processes, such as web-based learning, computer-based learning, virtual classrooms, and digital collaboration” (cited in Oiry, 2009, p. 112). It is said that this new form of training saves costs because companies do not spend on travel expenses, room booking or employing tutors (Strother, 2002).

The last section of relational e-HRM is online performance appraisal. It is used by organizations in form of electronic systems to give evaluations and keep track of employees’ performance. In our research we discovered that these form of evaluation should emphasize staff’s weaknesses and strengths and give direction for development (Piggot-Irvine, 2003). The theory collected shows that online appraisals reduce costs and increase the speed of the evaluation process. Additionally, companies have the advantage to use these systems to store personnel’s information and keep track of their performance.

1.3. The evaluating process of Human Resources Management in commercial banks.

The function of human resource management (HRM) is to fully exploit human resources and to maintain the competitiveness of intellectual capital, thus, acquiring sustained competitive advantage and assuring the survival and development of commercial banks.

Electronic Human Resources Management (e-HRM) - is a term that includes all HRM processes which are performed with the help of information technologies to generate value for organizations. Moreover it offers the opportunity to automate administrative HRM work and to optimize value creating HRM processes. (Biesalski, no year specified).

Effectiveness- determines among all the possible processes the optimum strategy that will maximize the outcome on its highest level. It is frequently quoted as “doing the right things” (Lu, & Hung, 2011). The term “effectiveness” with regard to a company could be understood as the degree to which the organization achieves the goals that the stakeholders expect from it; within the Human Resources Management field, effectiveness takes a slightly different way: according to Boundarouk and Ruël (2005), effectiveness can be identified by the level of commitment, development and change that the employees show in response to the HRM practices.

Efficiency- in the e-HRM context, efficiency is often associated with the capability of the employer to use any web-based technology in order to transmit certain information to the employees in the fastest way possible. Moreover, efficiency refers to the ability of getting the same results but with the less effort or cost.

E-HRM is argued to develop through three main stages. Though there are different ways to categorize E-HRM stages, they all have one thing in common: the highest level of E-HRM is always presented under the name of “transformation”. It implies that there is a high consistency in identifying the

maturity stage of E-HRM. Table 1.2 summarizes the key development stages of E-HRM.

Table 1.2 Development stages of E-HRM.⁹

Author	Development stages		
Lepak & Snell (1998)	Operational HRM	Relational HRM	Transformational HRM
Wright & Dyer (2000)	Transactional HRM	Traditional HRM	Transformational HRM
Lengnick-Hall & Moritz (2003)	Publishing	Automation of Transactions	Transformation
Ruël et al. (2004)	Cost reduction	Improve HR Services	Improve strategic orientation
Foster (2009)	Replication	Enhancement	Transformation

With the keen competition of financial industry, human resources management (HRM) has already become the key that the commercial bank won the competition advantage and realized the value-added of assets continuously, it is the resource of the core ability of competition and sustaining competitive superiority for modern commercial bank, the condition and effect of HRM influence the economic benefits and development of the commercial bank greatly.

The employees of banking sector envision that Information Systems will have a major influence on their working style will be highly innovative. Their paperless office will be highly automated for office activities e.g. recruitment, training, performance measurement etc. The objective of this research is to trace the emergence of e-HRM practices in banking sector and to find out the impact of E-

⁹ Ruël, H. & Bondarouk, T. (2008). Exploring the relationship between e-HRM and HRM effectiveness: lessons learned from three companies. In: Technology, outsourcing and transforming HR, 161-92. Eds. Martin, G., Reddington, M. & H. Alexander. London: Butterworth-Heinemann.

HRM System on organizational performance and to offer recommendations and suggestions for enhancing the effectiveness of e-HRM systems. In economic activities, in addition to physical factors and capital, the human factor is decisive. Workers and human resources in general to become the leading factor determining success or failure of any business does. The main reason that human resources and human resources management in meaningful business activities in general and banking in particular.

With knowledge of human resource management gained in the learning process, working in the banking sector, we choose a theme: human resource management in commercial banks.

In view of modern administration, the administrators agreed, management activities include five basic elements: Planning, Organization, Staffing, Commander, and Check.

The content management component in all human-level knowledge, well informed business done. Thus, personnel and HR issues are content, a basic function in the process of general administration and general business management in particular.

A commercial bank is a financial institution that is authorized by law to receive money from businesses and individuals and lend money to them. Commercial banks are open to the public and serve individuals, institutions, and businesses. A commercial bank is almost certainly the type of bank you think of when you think about a bank because it is the type of bank that most people regularly use. Banks are regulated by federal and state laws depending on how they are organized and the services they provide. The traditional commercial bank is a brick and mortar institution with tellers, safe deposit boxes, vaults and ATMs. However, some commercial banks do not have any physical branches and require consumers to complete all transactions by phone or Internet. In exchange, they generally pay higher interest rates on investments and deposits, and charge lower fees.

A commercial bank is authorized to serve the following functions:

- receive deposits - take money in from individuals and businesses (called depositors)
- disburse payments - make payments upon the direction of its depositors, such as honoring a check
- collections - a bank will act as your agent to collect funds from another bank payable to you, such as when someone pays you by check drawn on an account from a different bank
- invest funds in securities for a return
- safeguard money - banks are considered a safe place to store your wealth
- maintain and service savings and checking accounts of its depositors
- maintain custodial accounts - accounts controlled by one person but for the benefit of another person, such as a trust account
- lend money

The general role of commercial banks is to provide financial services to general public and business, ensuring economic and social stability and sustainable growth of the economy.

In this respect, "credit creation" is the most significant function of commercial banks. While sanctioning a loan to a customer, they do not provide cash to the borrower. Instead, they open a deposit account from which the borrower can withdraw. In other words, while sanctioning a loan, they automatically create deposits, known as a "credit creation from commercial banks".

Commercial banks accept various types of deposits from public especially from its clients, including saving account deposits, recurring account deposits, and fixed deposits. These deposits are payable after a certain time period.

Commercial banks provide loans and advances of various forms, including an overdraft facility, cash credit, bill discounting, money at call etc. They also give demand and term loans to all types of clients against proper security.

What is the state of performance of HRM, whether or not gain the prospective result, whether or not accord with the objective of enterprise strategy, whether or

not work together with the other management function complementary, whether or not adapt the change of environment? It is necessary to the human resources department of commercial bank to check the performance of the HRM. How to evaluate the performance of HRM in commercial bank is a remarkable brand-new subject. At present, many domestic and international experts and scholar have already made certain achievement in research on evaluating of HRM, and work out some model and method including qualitative analysis or quantitative research. But still lack acknowledged standard, a lot of study are still in the groping stage. The study on evaluation method and evaluating indicator system of HRM will become one of the important research topics in the field of HRM. Therefore, the thesis reveals the factors and function of HRM in commercial bank from the view of strategic human resources management on the basis of previous finding. It also constructs evaluating system and model of commercial bank human resources management, which will identify and measure its contribution to improve efficiency of the organization and realize the goal of the enterprise in commercial bank.

Human resource issues and management is important especially for an organization in general and for bank managers in particular:

- helps administrators to complete tasks and achieve goals through other people, most efficiently, an administrator can complete the planning, design organizational structures with parts and units clearly . Of course, there are resources in the hands of fully modern, know how to monitor accurately. However, if you do not recruit the right people, arrange the wrong place, wrong time use, management activities have failed to go to space;

- to develop skills and improve labor productivity per employee, unlike machines, materials, technologies are things senseless, sense, influenced by the idea of unconditional subjectivity of the user, and can work under its impact predetermined formula;

- decide on the number of quality staff organization. The good governance will help to use a labor force to complete a reasonable amount of work assigned to the time and lowest cost;

- Human Resource Management decide working atmosphere. Implies the spiritual relationship that an employee feels when they work together with the collective self.

In practice, many countries, although business has a very low starting point, very limited in science and technology, resources and money, but due to respect human factors and performance management methods result, the country still has many enterprise successes. Miraculous growth of Japan and some East Asian countries have demonstrated vividly the assertion above.

The missions of HRM management in commercial bank are the followings:

- recruit and train staff
- maintain and develop a close cooperation between individuals and individuals, between individuals and departments.
- monitor, supervise employees, motivate employees to work enthusiastically, as businesses such as second home, creating a bond between employees' interests with business interests.
- explains policies and procedures for employees.

The more important of the challenges are skill-based pay, salary reviews, pay secrecy, comparable worth, and international pay.

In traditional job-based pay, employees are paid on the bases of jobs they do. In the skill-based system, workers are paid on the basis of number of jobs they are capable of doing, or on the depth of their knowledge. The purpose of this system is to motivate employees to acquire additional skills so that they become more useful to the organization.

Table 1.3**Skill-based pay and job-based pay compared¹⁰**

№	Factors	Job-based	Skill-based
1.	Pay structure	Based on job performance	Based on ability to perform
2.	Employer's focus	Job carries wage Employee linked to job	Employee carries wage, Employee linked to skills
3.	Employee focus	Job promotion to earn greater pay	Skill acquisition to earn greater pay

Three considerable IT-based applications in HR comprise of an E-recruitment system, an introduction of E-learning program (of which online courses are provided by a third party) and the intranet which allows a better internal communication among employees. For the purpose of this study, the web-based recruitment system will be the main E-HR tool which cause more significant impacts to HR rather than the other two tools.

The E-recruitment system was designed by the IT team of the company and used to manage the recruitment process from A to Z. It also provides online selection tools but this function has not been utilized by the HR team yet. This system has not been integrated with the main HRIS of the company since it is still in development. In order to ensure the accessibility to all potential candidates, other application methods such as paper-based CVs or emailed CVs are still accepted. However, the company encourages applicants to apply online to reduce the workload for their recruitment and selection department.

¹⁰ Performed by author during investigation

In increasing globalization of business, international pay assumes great relevance.

To sum up, whether HR professionals become strategic partners with the intervention of E-HRM is controversial among academicians and practitioners and the exciting debate is still going on. Some researchers believed in the power of E-HRM in changing HR role to a higher level while the others argued that E-HRM has not been recognized as a strategic weapon in transforming HR organization. Again, although there was consensus between HR researchers and practitioners that the introduction of E-HRM will reduce administrative activities and enable HR practitioners more time to focus on other issues, whether their new orientation results in an actually strategic objective or not is another story. Thus, it is critical to say that relying on E-HRM alone to foster the transformational impact is more mythical than realistic. However, there is always a better chance to create a miracle in organizations where HR role has been highly appreciated.

Summary for the first chapter.

The first “The effective basics of managing in banking sector” part presents information on the principles and methods of human resource management, its importance in banking sector and the evaluating process of Human Resources Management in commercial banks. In increasing globalization of business, international pay assumes great relevance.

To sum up, whether HR professionals become strategic partners with the intervention of E-HRM is controversial among academicians and practitioners and the exciting debate is still going on. Some researchers believed in the power of E-HRM in changing HR role to a higher level while the others argued that E-HRM has not been recognized as a strategic weapon in transforming HR organization.

2. THE CURRENT STATE OF EFFECTIVE MANAGING PERSONNEL IN JSC “ALOQABANK” AND THE SIGNIFICANCE OF EMPLOYING INFORMATION TECHNOLOGY

2.1. The organizational characteristics of JSC “Aloqabank”

The Joint-Stock Commercial “Aloqabank” was established by the Ordinance of the Cabinet of Ministers of the Republic of Uzbekistan under No. 502 of the 12th October 1994, purposed to provide economic support to the enterprises of the Uzbek Communications and Informatization Agency and small and medium-scale business entities.

The JSC “Aloqabank”, being all-purpose commercial bank, carries out its activities based on the following:

- License for Banking Operations under No. 48 granted by the Central Bank of the Republic of Uzbekistan on the 4th August of 2014 (replaced by the License No.48 of the 22nd of march 1995);
- General License for Currency Operations under No. 59 granted by the Central Bank of the Republic of Uzbekistan on the 4th August of 2014 (replaced by the License No.36 of the 12th of August 1996).

The JSC “Aloqabank” is member of various organizations, for instance the Bankers’ Association of the Republic of Uzbekistan; the Monetary Exchange of the Republic of Uzbekistan; the Foundation for Guaranteeing Household Deposits in Banks; “Tashkent” Republican Stock Exchange; the National Payment System of Uzbekistan; the International Payment System SWIFT; the International Payment System VISA; the Association of Lessors; the center to initiate the syndicated loan.

Bank has long-term partner relationship with "Western Union", "Unistream", "Blizko", "Caspian money transfer", "Zolotaya korona", "Лидер", "Contact", "Money gram", "Anelik".

All companies must have at least one member. A member of a company is commonly called a shareholder. Members of a company have certain rights and

responsibilities. The following reputable companies, organizations and joint ventures are the Bank shareholders:

1. “Uzbektelecom” Joint-Stock Company;
2. Fund for Development of information-communication technologies;
3. Center of Electromagnetic Compatibility;
4. Tashkent University of Information Technologies;
5. “Alskom” Insurance Joint Stock Company;
6. Ministry for Development of Information Technologies and Communications of the Republic of Uzbekistan;
7. Center of radio communication, broadcasting and television;
8. "DD GENERAL INSURANCE" LLC;
9. “Uzbekiston Pochtasi” Joint-Stock Company;
10. Agrofirma "Mekhnat" LLC;
11. “Matbuot Tarkatuvchi” Joint-Stock Company.

International rating of JSC “Aloqabank” represents E+/B1/B2/NP for 2016 year. Furthermore, International rating agency Moody's assigned JSC “Aloqabank” following international ratings of:

- ❖ the outlook for all ratings - "Stable";
- ❖ on deposits in national currency - B1;
- ❖ on deposits in foreign currency - B2;
- ❖ financial stability of the bank - E+

National rating illustrates uzA + (Very high) contrast to international rating. Interbank rating company “Akhbor-Reyting” assigned JSC “Aloqabank” credit rating “uzA” + (Very high) on a national scale over 2016.¹¹

There are last 5 years’ histories of JSC “Aloqabank” in the followings:

The followings were observed in 2010 year:

1. January, in the competition for commercial banks of the republic in attracting deposits: The savings bank №2 of Djizakh branch of the bank has won the first place in the basic nomination «The best saving bank in attracting deposits

¹¹ <http://aloqabank.uz/>

in cities». The “Mirabad” a mini bank of Tashkent city operational management won the second place in the basic nomination «The best mini-bank in attracting deposits in cities».

2. March, The specialists of the bank actively took part in III Republican exhibition of innovative ideas, technologies and the projects, hold in the capital exhibition centre “Uzexpocenter”. March, In according to the State program “The year of harmoniously developed generation”, and also in connection with the 15 anniversary of the bank the tournament on mini-football among employees of the branches of the bank the JSC “Aloqabank” was held in the hall of sport complex of Chirchik college of Olympic reserve.

3. April, The winner of the nomination “The best spent advertising company” at the annual exhibition of bank technologies, equipments and services **BANKEXPO-2010**

4. May, the general meeting of stockholders of the bank was held. The new structure of the Board of the bank was selected and announced on the next 16-stockemission of the bank.

5. November, in honor of 15-th anniversary of the JSC “Aloqabank” in the outgoing Cooperation exchange the exhibition was held. At the exhibition there were presented the goods produced by the clients of JSC “Aloqabank”,as well as the services delivered by the bank to clients, including for the subjects of small business and private entrepreneurship.

6. November, with the assistance of the friendship society “Uzbekistan-Germany” 8 specialists of the bank were sent to Germany for increase their skills and study the experience of the world banks.

The appreciable notices which were held in 2011 year:¹²

1. January, the JSC “Aloqabank” took 1st place and final qualifying work of 1st degree and valuable prize in nomination “The Best bank of 2011 on attraction of contributions of the population” the next competition also was awarded

¹² <http://aloqabank.uz/>

following the results of 2011 among commercial banks, their branches, mini banks and special/memory cash desks on attraction of contributions of the population.

2. April, Moody's international rating agency has confirmed rating the estimation of the JSC "Aloqabank" as E+/B1/B2/NP; "Stable"

3. April, following the results of an annual national exhibition of bank technologies, equipment and services "Bank EXPO – 2011" the JSC "Aloqabank" was the winner in a nomination «Best design of the stand».

4. May, Namangan branch of the JSC "Aloqabank" was replaced in the new building.

5. June, in honour of the name of 2011 – "Year of small business and private entrepreneurship" the JSC "Aloqabank" held competition of «Best innovative project of students» among students of high schools and colleges.

In 2012 year, the followings were rendered:

1. January, There was a competition for attracting deposits at the end of 2011 the JSC "Aloqabank" won in the nomination "The best bank of the year on attracting deposits of the population", and the central savings cash desk of Navoi branch of Joint Stock Commercial "Aloqabank" took second place in the nomination "The best savings / special cash desk on attracting deposits of population in rural areas".

2. February, new Mirabad Branch in Tashkent and Kokand Branch in Kokand City began their activity.

3. April, Moody's international rating agency confirmed the rating of the JSC "Aloqabank" at E+/B1/B2/Not Prime, stable outlook.

4. April, the Bank won nomination of "The best advertising company" in the annual national exhibition "Bank EXPO – 2012" for bank technologies, equipment and services.

5. May, on May 3-5, 2012, the Bank took active part in V Republican fair "Innovative ideas, technologies and projects" organized in Tashkent.

6. May, on May 12-13 of 2012, The “Independence Cup” contests in futsal was held among teams of branches, departments and sections of the Bank at “Uzbekistan” Sport Complex, Tashkent.

The followings were presented in 2013 year:¹³

1. January, There was a competition for attracting deposits at the end of 2012. Central Savings Cash desk of the Jizzakh branch of JSC “Aloqabank” took the second place in the nomination "The best saving/special cash desk in the cities."

2. January, the Shaykhantakhur mini bank of JSC “Aloqabank” began functioning in Tashkent City.

3. February, Moody’s international rating agency confirmed the rating of JSC “Aloqabank” at E+/B1/B2/Not Prime, “Stable” outlook.

4. March, the Bank introduced a new profitable savings deposit “Khamyon 2” in national currency.

5. September, on September 26th to 28th, the Bank took active part in Information Technologies National Exhibition “ICT Expo-2012” held in Tashkent, Navoi and Termez.

6. October, the introduction of mobile services «CLICK» for individuals, the introduction of mobile services “Mbank”.

The followings were shown in 2014 year:

1. January, There was a competition for attracting deposits at the end of 2013. Navoi branch JSC “Aloqabank” won in the nomination "The best branch of the year on attracting deposits of population in rural areas."

2. January, Moody’s international rating agency confirmed the rating of JSC “Aloqabank” at E+/B1/B2/Not Prime, “Stable” rating was confirmed once again.

3. January, introduction of a new mobile service “Uzcard” for individuals.

4. March, New modern, more functional and useful web-site of JSC “Aloqabank” began to work.

¹³ <http://aloqabank.uz/>

5. April, The Bank participated in “Bank EXPO – 2014” annual national exhibition of bank technology, equipment and services.

6. April, JSC “Aloqabank” actively participated in "7th Republican Fair of innovative ideas, technologies and projects" held on April 23rd to 25th in Tashkent City.

2.2. Economic substance and financial state of JSC “Aloqabank”.

For the last 20 years JSC “Aloqabank” has continued to apply the policy to increase the volume of its assets, forming a solid resource base, rational use of resources and effective application of risk management policy.

While in 1995, the bank assets comprised 305.3 million UZS, as a result of measures taken they reached 1 009.6 billion UZS in 2014. Compared to the same period of the previous year bank assets increased to 144, 8 %.

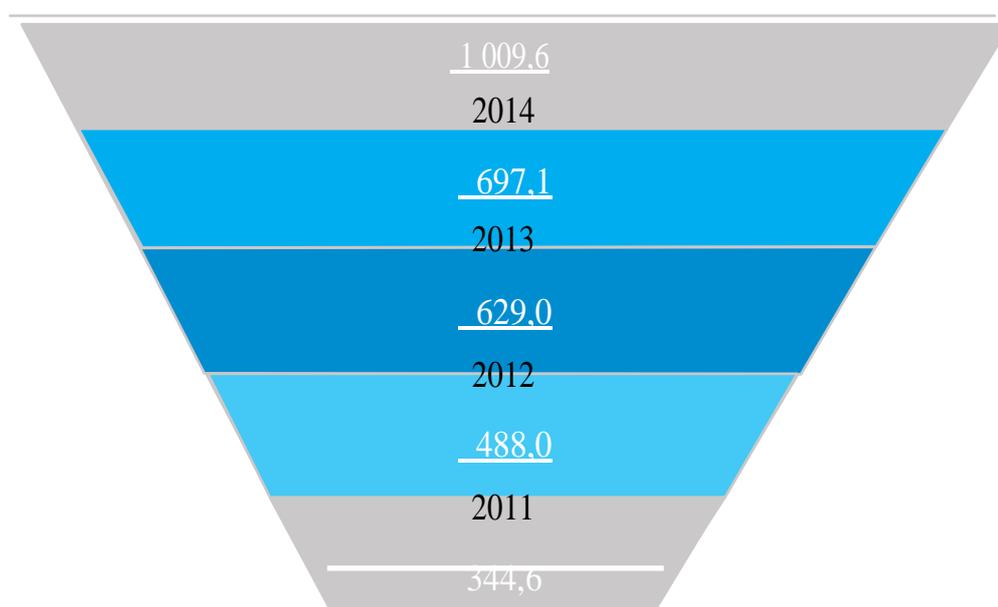


Figure 2.1 Assets dynamics (bln. uZS)¹⁴

¹⁴ The information herein has been prepared by author using annual report for 2016 of JSC “Aloqabank”

During activity of JSC “Aloqabank” in 2016 the management of assets reached high liquidity and ensured financial stability and profitability, whereas for the specified report period the bank’s income generating assets rose to 285.2 billion, increasing by 152.1 % and thus reaching 82.5 % in total share of assets.

In 2015, the loan portfolio comprised 947.7 bln. UZS while at the end of 2016 this indicator reached 1,101.5 bln. UZS, and the share in assets totalled 70.0 percent.

As of January 1, 2017 balances on loans issued for different economic sectors increased by 153.8 bln. UZS, or 16.2 percent, compared with a similar period in the previous year.

As a result of measures undertaken to issue loans for small business and private entrepreneurship in 2016 the volume of loans channelled into these purposes by the Bank totalled 488.2 bln. UZS.

As a financial support, the Bank has allotted 507.1 bln. UZS to the investment projects of priority economy sectors, namely, to the projects related to modernization and technological innovations. In the process of improving the Bank’s lending policies particular attention is paid to preserve a minimum level of credit risk, as well as to expand the volume of the loan portfolio.

To be noted, the bank's assets increased by 41.7% as against 2014 and formed 344.6 billion sums.

Measures taken to induce free funds of the population and economic entities to bank's deposits resulted in the growth of the volume of deposits; they added 33.4% versus 2014 and exceeded 46.2 billion sums as of 1 January 2016.

Bank's credit and investment activities also demonstrated positive changes. In 2010 total volume of credits extended by JSC “Aloqabank” to legal entities and individuals exceeded 111.3 billion sums.

The bank paid special attention to the support of small business and private entrepreneurship. In 2010 the volume of credits extended for this sector of economy due to bank's own funds made up 80.9 billion sums, including microcredits worth 10.8 billion sums, 5.4 times more as against 2009.

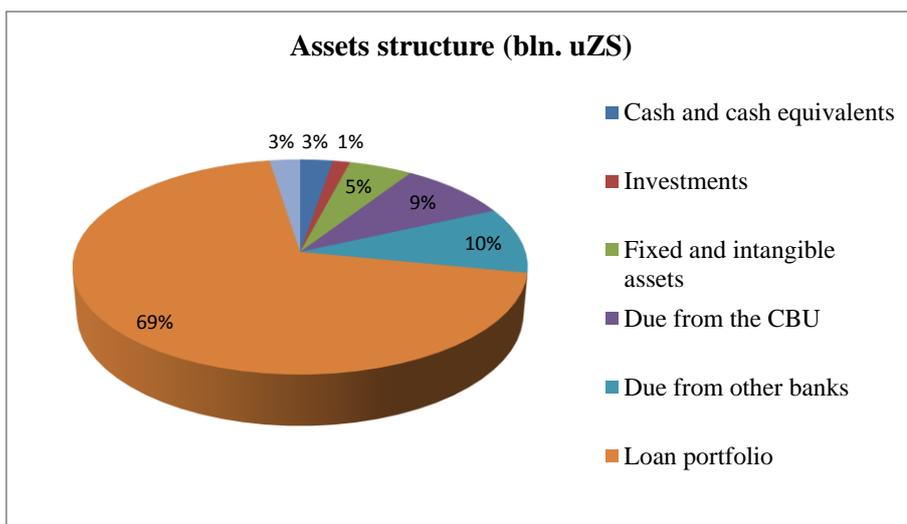


Figure 2.2 Assets structure of JSC “Aloqabank”¹⁵

JSC “Aloqabank” also significantly contributed to financial recovery of economically insolvent enterprises, improvement of management mechanisms and production modernization, technical and technological re-equipment. For this purpose the bank invested over 13.9 billion sums as a result of which the production volume at recovered enterprises made up 2.8 billion sums. According to the financial results of 2014, the assets of the bank increased by 1.4 times, the equity capital by 1.2 times, the deposits of individual and legal entities by 1.2 times and the net profit, obtained for the fiscal year, increased by 1.2 times year over year.

It should be noted, that during 2014 the loan portfolio increased by 1.4 times and 92.4 percent of them were long-term loans due to measures taken for the formation of the loan portfolio of the bank, as well as, an increase in their investment activity.

Ratings of JSC “Aloqabank” are confirming stable and reliable quality of its loan portfolio, with no overdue or restructured loans for the end of 2010.

¹⁵ The information herein has been prepared by author using annual report for 2016 of JSC “Aloqabank”

Depreciation of the bank's credits, in according to IFRS is amounted to 2, 26% of the total loan portfolio and they were entirely covered by the allowance for possible loan losses amounting to 3%. Moody's notes that the good performance of the loan portfolio, as well as active participation JSC "Aloqabank" in the money transfer system for corporate and retail clients maintain stable flow of income of the bank, which mainly consist of interest income and fees and commissions (43% and 39% of total operating income, respectively in 2010).

Due to large-scale work, carried out within the financial support of small business and entrepreneurship, which is one of the most important activities of the bank, the amount of loans allocated in 2014 to small businesses and private entrepreneurship increased by 1.3 times compared to the last year.

The positive results and the rate of sustained growth achieved by the bank are highly appreciated and recognized by international and national rating agencies. For instance, for seven consecutive years, the bank was assigned the rating «Stable» by international rating agency «Moody's Investors Service» and these assessments have been restated for the year 2016 as well.

Implementation of these objectives will serve to improve the standards of living and welfare, as well as, economic, industrial and export capacity of the country, along with a comprehensive financial support of business entities.

Table 2.1 Statement of Financial Position¹⁶

	Note	31 December	31 December
In thousands of Uzbekistan Soums		2016	2015
ASSETS			
Cash and cash equivalents	7	127,497,058	59,367,931
Due from other banks	8	89,455,902	67,509,128
Loans and advances to customers	9	696,020,678	470,580,197
Finance lease receivables	1	11,610,166	14,747,209
Investment securities available for sale	1	3,749,348	3,924,539
Investment securities held to maturity	1	5,124,657	5,151,233

¹⁶ <http://aloqabank.uz/en/page/shareholders/finansovaya-otchetnost> "Annual report for 2016 year"

Investment in associates	1	7,304,094	6,086,863
Premises, equipment and intangible	1	56,060,698	55,156,498
Current income tax prepayment	2	206,436	308,252
Deferred income tax asset	2	2,712,820	2,619,924
Other assets	1	6,091,914	4,258,824
Constructed property for resale	1 6	-	1,009,034
TOTAL ASSETS		1,005,833,771	690,719,632
LIABILITIES			
Due to other banks	1	257,414,439	80,218,157
Customer accounts	1	579,383,631	458,101,864
Debt securities in issue	1	12,302,466	12,360,165
Other borrowed funds	2	10,994,981	13,978,439
Current income tax liability		621,213	830,327
Other liabilities	2 1	4,990,096	5,418,985
TOTAL LIABILITIES		865,706,826	570,907,937
EQUITY			
Share capital	2	104,440,658	93,971,604
Retained earnings		35,686,287	25,840,091

Cash flow statements classify cash receipts and payments according to whether they stem from operating, investing, or financing activities. A cash flow statement is divided into sections by these same three functional areas within the business:

- cash from operations is cash generated from day-to-day business operations.
- cash from investing used for investing in assets, as well as the proceeds from the sale of other businesses, equipment, or other long-term assets.
- cash from financing paid or received from issuing and borrowing of funds. this section also includes dividends paid.
- net increase or decrease in cash increases in cash from previous year will be written normally, and decreases in cash are typically written in (brackets).

These financial statements have been prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2014

for Joint Stock Commercial Aloqabank. The bank is a joint stock company limited by shares and was set up in accordance with Uzbekistan legislation.

Thereby, the following are determined as principal tasks to fulfillment by the bank in 2017 and the next years:¹⁷

1. Strengthening the confidence of the population and economic entities in the bank on the basis of more extending of reforms conducted in banking system and stable development of finance and credit spheres.

2. Providing the steady implementation of the requirements of the law of the Republic of Uzbekistan «On the appeals of individuals and legal entities» and establishing effective consideration of citizens' appeals.

3. Increasing the bank's capitalization level and strengthen resource base at the expense of issue and selling of additional shares and other debt securities, to attract available funds of the population, entrepreneurship entities and potential investors, as well as of foreign investors.

4. In order to ensure the fulfillment of Decree of the President of the Republic of Uzbekistan #1438 dated November 26, 2010¹⁸ «On priority directions of further reforming and increasing sustainability of financial and banking system in 2011-2015 and achieving high international rating indicators »:

- to improve the financial stability and liquidity of the bank in accordance with the requirements of the international standards set by the Basel Committee by increasing the capitalization and resource base of the bank, attracting private capital into the sector, and improving the quality of assets;

- to take systemic measures on the strengthening guarantees for depositors, as well as domestic and foreign investors' confidence to the banking system, the introduction of a new range of attractive savings and deposits for population and economic entities;

- to implement a modern system of analysis and evaluation of the performance of the bank based on international principles, criteria and standards used by leading

¹⁷ <http://aloqabank.uz/en/page/shareholders/finansovaya-otchetnost> "Annual report for 2014 year"

¹⁸ Decree of the President of the Republic of Uzbekistan #1438 dated November 26, 2010

international rating companies, that gives the opportunity of assessment of banks aiming to get to the higher level of development indicators;

- to increase the investment activity of the bank and further expanding of the participation of the bank in financing investment projects, through the improvement of the system of risk assessment and examination of the projects to ensure continuous growth and improvement of the quality of the loan portfolio, preventing the formation of problem loans;

- to promote the development of the microfinance sector as an important tool for financing the development of small business and private entrepreneurship and strengthening the employment and welfare of the population;

As of January 1, 2016 banking services with foreign exchange operations were provided to 242507 customers, including 716 legal entities and 241791 individuals.

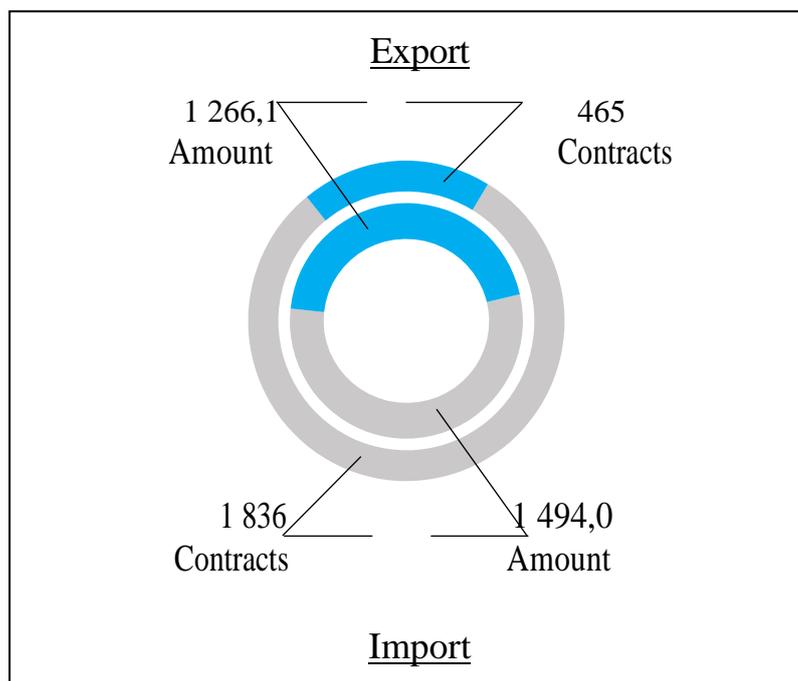


Figure 2.3. Structure of operations in foreign currency (contracts, mln. uS \$)¹⁹

¹⁹ The information herein has been prepared by author using annual report for 2016 of JSC “Aloqabank”

As of January 1, 2017, the bank provided foreign currency operation services for 347,947 customers, including 862 legal entities and 347,085 individuals. For the reporting period, the bank carried out 465 foreign currency operations worth 1,266.1 million USD under export agreements and 1,836 foreign currency operations worth 1,494.0 million USD under import agreements. In order to ensure a wide range of high quality banking services to customers, the bank continues to carry out economic cooperation with the banks establishing correspondent relations based on mutually beneficial principles.

2.3. Personnel policy of JSC “Aloqabank” and its analysis in present context.

A personnel policy is a preplanned course of action establishing a guide to work toward acceptable outcomes and objectives. Personnel policies are the rules that govern how to deal with a human resources or personnel related situation. They are guidelines to decision making that help keep the system as fair and unbiased as possible. They outline worker conduct within a broad framework that reflects the intentions and goals of top management.²⁰ Personnel policies outline the hiring procedure, including whether they should be tested first, information about a trial period or other training matters. They also outline pay functions, including salaries, commission and bonuses so that employees have a clear goal and method of reward.

JSC “Aloqabank” puts bank’s personnel policy on a high priority. Forces of rapid change and strong competition are now operating in the world. Banking with its rapidly changing technology must keep pace with these forces but it must at the same time provide secure and continuous employment for staff. Personnel policy now encompasses manpower planning which is defined as ‘A strategy to acquire, utilize, retain and develop people by formulating and implementing sound manpower policies agreed with employees and their unions’.

²⁰ <http://smallbusiness.chron.com/personnel-policies-important>

The Bank has continuously been working on the development of information technologies, achievement of new automation quality stages, improvement of telecommunications infrastructure and technical capacities.

Process of crediting of wages to plastic cards of employees of the state-funded organizations has been automated in cooperation with the Ministry of Finance.

481 employees of the Bank in total have completed an advanced training in computer literacy within 2016.

Principal redemption and repayment of loan interests of the clients through the self-service terminals and ATM has been launched in collaboration with Fido-Business LLC.

New version of IABS bundled software has been put into practice. Trainings have been conducted on practising new version of program for accepting the deposits of individuals and utility payments, which was introduced in the Operations Department and all branches.

A wide range of information and interactive services launched through the corporate website of the Bank in accordance with the latest requirements have been developed in consistence with the E-Government established in our country.

In addition, the website provides forms of online applications, contracts. Moreover, automated identification of loan payments schedule based on the loan amounts and interests has been introduced.

A good personnel policy will help match each employee in the correct position and make your company into an organized and coordinated team. It outlines job training for each position, and following the guidelines should make every employee fully prepared for their work. Personnel policies create security within the opportunity, and provide incentive and recognition. Explicit policies help your employees perform their jobs at their best and work toward career goals and the future.²¹

The system of personnel management requires new solutions regarding the development of the Bank specialists' competence and intensification of their

²¹ <http://smallbusiness.chron.com/personnel-policies-important>

performance, educating them in using cutting-edge technologies, and broadening their capacities and responsibilities. The primary goals of the bank's personnel policy are recruitment of highly qualified employees and conformation of advanced team. To reach these goals, the bank accomplishes the following activities:

Recruitment of highly qualified personnel:

- analyse demand for personnel, forecast, create an employee selection system;
- form reserves, plan promotion of employees by career ladder;
- organize professional training of employees.

Enhancement of the incentive program:

- encourage and promote employees who contribute to the bank's growth;
- optimize the structure of the bank, increase the level of methodological activities;
- develop a strategy of work with employees.

Development of corporate culture:

- provide employees with information required
- boost a corporate culture through comprehensive programs;
- improve the psychosocial environment within the bank.

Personnel management system requires new goals for the development of specialists' skills, intensification of their activities, handling of new products and technologies and increasing the powers and responsibilities.

The main objectives of HR policy are to provide the bank with a highly qualified staff, develop the motivation systems and corporate culture. Special attention paid for involvement of young talented graduates from Tashkent Financial Institute, Tashkent State University of Economics, Tashkent University of Information Technologies and other institutions of higher education. In order to select the best team of highly qualified personnel, to attract young professionals from financial and educational institutions for their employment in the bank, a

special commission was established in 2014 which provided employment to 47 young specialists with higher and secondary education.

In order to create the resources of management employees, the special working group was set up in the head office of the bank. The working group conducted interviews with staff on a regular basis to determine the extent of their knowledge and prepare for the reserve of Central Bank nomenclature. In order to improve the skills of Bank employees, 28 employees have been trained in the Higher Business School of the Center for Corporate Governance under Academy of State and Social Construction under the President of the Republic of Uzbekistan, the Banking and Finance Academy, The regional bank training center, The initiative Centre for syndicate loans, the national center for training specialists in the securities market, center of the international financial and economic development of Uzbekistan and other educational institutions so far. At the same time, 12 employees of the bank study in various institutions of higher education.

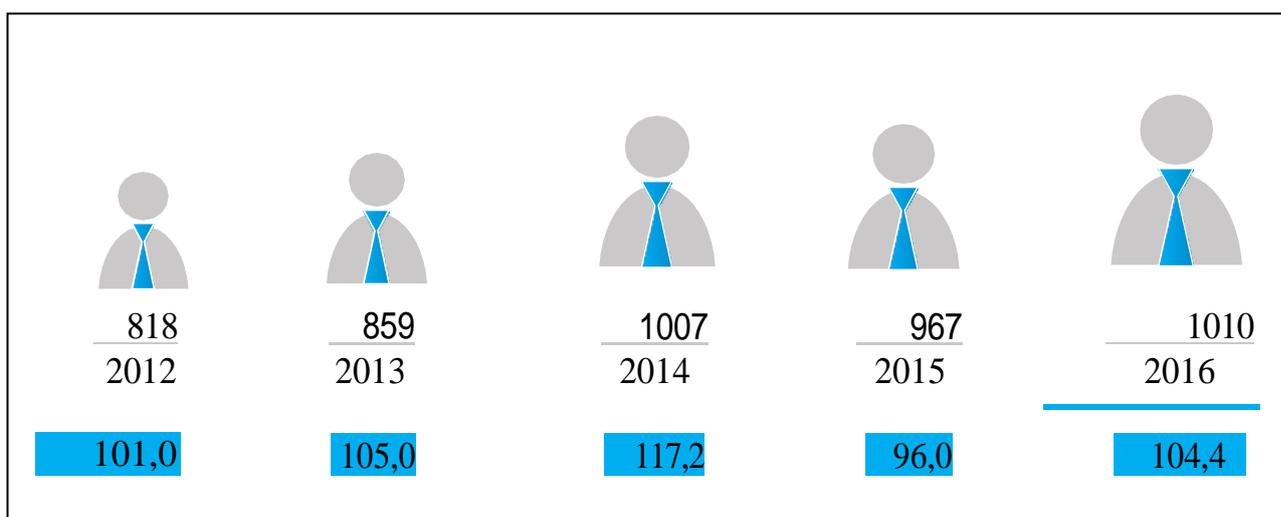


Figure 2.4. Employees' dynamics²²

According to the reports, more than 1000 employees of JSC “Aloqabank” operate through all regions of the country, and the main part of them, i.e. 80 percent consist of young specialists. Bank has created all conditions for the

²² The information herein has been prepared by author using annual report for 2016 of JSC “Aloqabank”

improvement of working convenience of the employees, effective use of time, having rest during employment vacation and health protection.

Main purpose of human resource policy is to ensure the employment of highly qualified personnel in the Bank, develop motivation systems and corporate culture. One of the principal areas in working with personnel is to reinforce the staff with young talented specialists among graduates of Tashkent Financial Institute, Tashkent State University of Economics, Tashkent University of Information Technologies and other higher educational institutions.

In order to provide jobs for fresh graduates from universities specialized in banking and finance, to vigilantly choose and form advanced team of highly qualified personnel 240 young specialist with undergraduate and postgraduate degrees were provided jobs by the special employment commission of the bank.

To improve knowledge and qualification of bank employees, 170 employees were trained so far at Corporate Management Center of Higher Business School under the State and Society Building Academy at the President of the Republic of Uzbekistan, Banking and Finance Academy, Regional Banking Training Center, Initiative Center for syndicated crediting, National Center for training equity market experts, Uzbekistan-International financial and economic development center and other training institutions.

Training and development are processes that attempt to provide an employee with information, skills and understanding of the organizations and its goals. Training and development is designed to help a person continue to make positive contribution in the form of good performance. This usually means changes in specific knowledge, skills, attitudes or behavior. It is the method used to give new or present employees the skills they need to perform their job. It may mean job orientation, showing employees how to use new equipment or showing a sales person how to sell. It is a systematic process of altering the behavior of employees in a direction that will achieve organizational goals. Development refers to learning opportunities designed to help employees grow. Such opportunities do not have to be limited to improving employee's performance on their current job. The

focus on development is on the long term to help employees prepare for future work demand while training often focuses on the immediate period to help fit any current deficit in employees' skills.²³

As of reporting date, more than 1 007 employees of JSC «Aloqabank» are working in all the regions of our republic. Majority of these employees, i.e. about 80 % is the youth. Many companies welcome young employees with open arms. Others tend to avoid them, opting for more mature and experienced individuals. However, it's important to remember that young people could be the next Bill Gat. In order to combine theory and practice between higher education, science and production, on March 15, 2017 in the meeting room of the Tashkent University of Information Technologies a meeting between students, professors, teachers of the faculty Economics and Management in the ICT field with representatives of the JSC Aloqabank was held.

At the meeting, representatives of AK "Aloqabank" gave detailed information on the bank's foundation, organizational structure, main tasks, as well as directions of activities.

At the end of the event, on behalf of the employees of JSC Aloqabank, a "Quiz of erudition" organized in the form of question-answers was organized for TUIT students, as well as valuable prizes were given to students who answered correctly questions and took an active part in the seminar. es or Mark Zuckerberg.

On April 17-19, 2017, Human Resources department's staff of the Head Office, the Operations Department and all branches participated at a seminar on the themes "Management, selection and distribution of employees in the Aloqabank system and labor legislation", "Staff motivation" as well as "Promotion of the client-oriented policy of the bank".

On February 17, 2017 at the Head office of JSC Aloqabank there was held a seminar on theme scientific development of the Center of Information Technologies and Communications. On the seminar there was gives a brief

²³Barrington, H. (2006), Training Interventions: Managing Employee Development: Institute of Personnel and Development, Wimbledon.

information about the scientist M.Kamilov, his activities, his great contribution to the sphere of information technologies, as well as other prominent representatives of the Centre.

The seminar was held under the leadership of the M.Kamilov's student Z.MIngliqulov. It is worth noting that in our country the attention given scientists increase. The practical application of scientific and theoretical knowledge and years of experience to date is one of the most relevant topics.

There are several advantages to hiring a young person. They often have an abundance of energy and a natural thirst for knowledge, which can rub off on colleagues and help invigorate the workplace. You can be sure that they will be enthusiastic about their first 'real' job, with a strong eagerness to learn and develop their career. Young people tend to push themselves, wanting to make a lasting impression and prove what they can do. Their sheer determination to complete their work can inspire colleagues around them. Young people can offer a cost-effective way to grow a workforce. If you put time and thought into who you recruit, this can result in a very positive return on investment. Hiring a young person can give you influence in the kind of employee they become. If you're managing a staff of young employees, you understand that workers in this age group pose their own unique challenges to management.

Youth employment rates are a bit hard to interpret because their engagement with the labour force is attenuated by their attachment to the education system. The drop in employment rates for 20-24 year olds has a bit more to do with a drop in the student employment rate than the graduate employment rate. Younger workers bring potent energy, drive, and enthusiasm to your company — they want to be challenged and are confident that they can achieve whatever they put their minds to. However, younger employees also require a lot of attention and feedback, demanding more of a time commitment.

Patience is key in this situation – everyone has to start somewhere and it's important to view it as a long-term investment.

Summary for the second chapter.

On the second part investigated the organizational characteristics of JSC “Aloqabank”, its economic substance, financial state and personnel policy in present context. JSC “Aloqabank” puts bank’s personnel policy on a high priority. Forces of rapid change and strong competition are now operating in the world. Banking with its rapidly changing technology must keep pace with these forces but it must at the same time provide secure and continuous employment for staff. Personnel policy now encompasses manpower planning which is defined as ‘A strategy to acquire, utilize, retain and develop people by formulating and implementing sound manpower policies agreed with employees and their unions’.

The system of personnel management requires new solutions regarding the development of the Bank specialists’ competence and intensification of their performance, educating them in using cuttingedge technologies, and broadening their capacities and responsibilities. The primary goals of the bank’s personnel policy are recruitment of highly qualified employees and conformation of advanced team. To reach these goals, the bank accomplishes the following activities:

Recruitment of highly qualified personnel:

- analyse demand for personnel, forecast, create an employee selection system;
- form reserves, plan promotion of employees’ by career ladder ;
- organize professional training of employees.

3. THE SIGNIFICANCE OF EMPLOYING INFORMATION TECHNOLOGY IN BANKING SYSTEM.

3.1. Developing personnel management by using information systems.

With the globalization, liberalization and privatization in Uzbekistan, the organization has been focusing more on being technologically advance in all the aspects. The cutthroat competition, changing employee expectation, change in work environment as well as fight to be on the top, all these driving forces leads the implementation of e-HRM. Mostly all the organization whether private or publicize using e-HRM. They are using several IT tools for performing their HR functions. With the liberalization of the foreign policies, foreign companies are easily investing in Uzbekistan. Many organizations have their head office or branches in other countries. The use of e- HRM leads to easy communication and interaction between as well as among the organizations. There are several e-HRM tools that the organization in India are using such as e-recruitment which is online calling of prospective candidate to apply for the job; e-selection i.e., using web based test and other selection procedure online; e-training which is conducting training program by using web based technology making it available “anytime” and “anywhere”; e-employee profile : maintaining and modifying employees information online; e-learning it is delivery of content internet, intranet/extranet, audio and videotape, training program provider, etc.; e-compensation which is maintaining employees compensation online. Some other tools are e-tracking, e-learning, e-performance appraisal, e-grievance handling mechanism. Several study done by the researchers in the past on the field of e-HRM agreed that e-HRM is reliable and easy to use tool which reduces HR cost and lesser administrative work load.

The modern stage of the development of the society on the whole and the market relations in particular confirms that the result of overcoming of difficult political, economic, social, cultural and moral, economic and other problems

depends first of all on the people participating in their decision, on their competence, professional, business and moral qualities.

Today especially sharply there is a problem of staffing strategy of the commercial organizations. It is connected with the sudden change and complication of functions of management, in particular management of human resources, with growth of dynamics and unpredictability of environment, with advantages of orientation of production on innovative type of development, with world tendencies of a humanization and a social orientation of management.

A HRIS, which is also known as a human resource information system or human resource management system (HRMS), is basically an intersection of human resources and information technology through HR software. This allows HR activities and processes to occur electronically.

To put it another way, a HRIS may be viewed as a way, through software, for businesses big and small to take care of a number of activities, including those related to human resources, accounting, management, and payroll. A HRIS allows a company to plan its HR costs more effectively, as well as to manage them and control them without needing to allocate too many resources toward them.

In most situations, a HRIS will also lead to increases in efficiency when it comes to making decisions in HR. The decisions made should also increase in quality—and as a result, the productivity of both employees and managers should increase and become more effective.

The strengths of information are: having the right information at the right time from the right source using the right form. Therefore, Human Resources Information System must provide users with the information – with the right characteristics.

Human Resources Information System must provide information about all the factors that influence the business activities of a company, and that is done by implementing Executive Information System which combines relevant data from external and internal sources and provides the user with important up-to-date information that can be analyzed quickly.

Executive Information System must provide the following process:

A. Establishing the information requirement using the reports that will be shown later

B. Transferring the information requirement to the data model, identification of key figures and characteristics

- Important: Relationship between key figures and characteristics
- Which key figures are to be filled from which sources, and with reference to which characteristics?

- Result: Data model

C. Description of master data

D. Basic settings (configuration)

E. Configuration of data basis according to data model

- Configuration of characteristics and key figures
- Configuration of data structure (aspect)

F. Configuration of data transfer according to data model

- Data sources R/2, R/3, external.
- Data collection programs, and standards
- Defining sender structure
- Define transfer rules
- Implementing planning logic

G. Definition of the reports to be issued and the planning layouts, using the defined data structures.

Human Resources Information System consist of a huge amount of personal information about all employees, so it is important to keep these data secure, without forgetting to keep the historical data safe and available taking into consideration the potential threats.

Cloud technology is an application would allow workers to log into a Web-based service which hosts all the programs the user would need for his or her job. Remote machines owned by another company would run everything from e-mail to word processing to complex data analysis programs.

Thus, instead of installing a suite of software for each computer, you only have to load one application.

In a cloud computing system, there's a significant workload shift. Local computers no longer have to do all the heavy lifting when it comes to running applications. The network of computers that make up the cloud handles them instead. Hardware and software demands on the user's side decrease. The only thing the user's computer needs to be able to run is the interface software of cloud computing, which can be as simple as a Web browser, and the cloud's network takes care of the rest.

Using the Cloud Technology will give the following benefits:

A. Achieve economies of scale: increase volume output or productivity with fewer people. Your cost per unit, project or product plummets.

B. Reduce spending on technology infrastructure: Maintain easy access to your information with minimal upfront spending. Pay as you go (weekly, quarterly or yearly), based on demand.

C. Globalize your workforce on the cheap: People worldwide can access the cloud, provided they have an Internet connection.

D. Streamline processes: Get more work done in less time with less people.

E. Reduce capital costs: There's no need to spend big money on hardware, software or licensing fees.

F. Improve accessibility: You have access anytime, anywhere, making your life so much easier!

G. Monitor projects more effectively: Stay within budget and ahead of completion cycle times.

H. Less personnel training is needed: It takes fewer people to do more work on a cloud, with a minimal learning curve on hardware and software issues.

I. Minimize licensing new software: Stretch and grow without the need to buy expensive software licenses or programs.

J. Improve flexibility: change direction without serious "people" or "financial" issues at stake.

Human Resources Information System should be integrate with the other systems in the company, within Enterprise resource planning.

Knowing that Enterprise resource planning (ERP) envisages the integration of all the information and processes in an organization. Some of the processes are:

- Manufacturing
- Human Resources
- Supply Chain Management
- Projects
- Customer relationship management
- Data Warehouse
- Financials

Enterprise resource planning packages are designed to facilitate automation of many of the fundamental processes in a company.

The advantages of the Enterprise resource planning are greater business integration, flexibility and enhanced analytical and planning capacity. Implementation of Enterprise resource planning brings many advantages such as reduced lead time, improved customer satisfaction, greater flexibility, reduced quality cost, improved resource utility, improved supplier performance etc. The scope of the Enterprise resource planning cuts across functions and is extended across the organization. Integration occurs between all the departments involved.

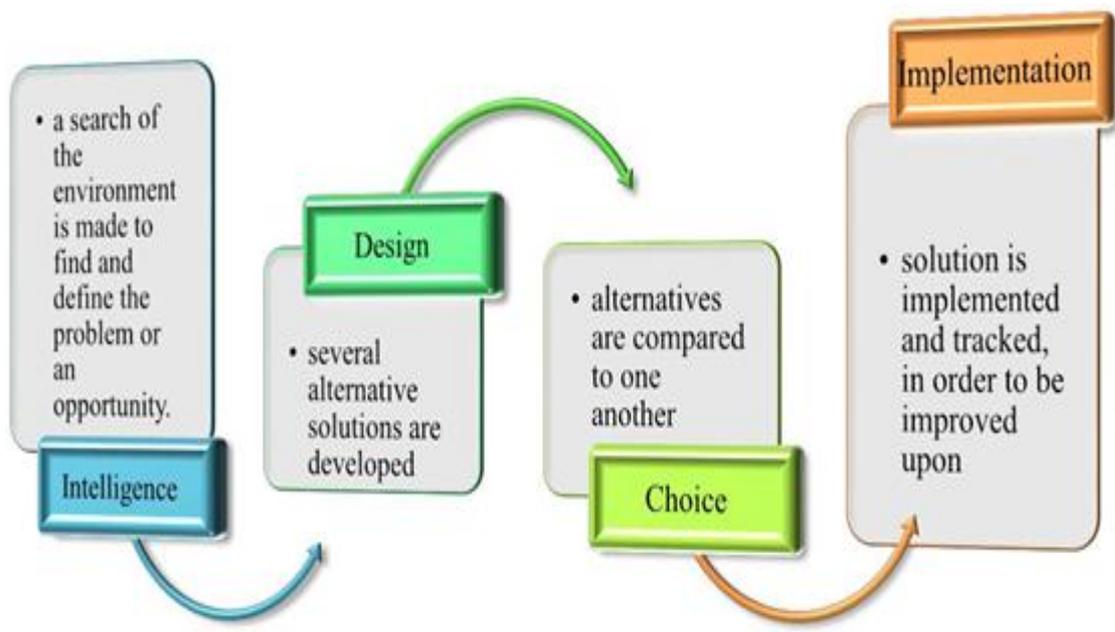


Figure 3.1. Decision Support Process

There are two main factors affect the Human Resources Information System:

Firstly, the type of the company whether it is local or an international company since the functions, communication, diversity of employees, number of branches, and many other details play a role in choosing and implementing the System.

Secondly, the size of the company plays a role in choosing and implementing the System because the size of company has many sides. The number of employees in the Human Resources department plus their functions, and the overall number of employees because they are partners in the system.

As a conclusion, to enhance the functions of Human Resources Management in any organization want to reach the vision, mission, and objectives through their employees. Also by comparing the literature review of this project with the facts finding the recommendations will summarized by the following table (some literature review topics, and other topics also enhance the ideas):

Table 3.1. Recommendations

Theoretical part	Recommendation
Human Resources Information System allow Human Resources function to become more efficient and to provide better information for decision making(<i>Beadles, Lowery & Johns, 2005</i>)	<ul style="list-style-type: none"> • Solve problems and support Decisions • Implement Executive Information System
Disseminate and execute the strategy within the organization(<i>Ulrich 2007; 2009</i>)	
Risk and security management(<i>Karakanian, 2000</i>)	
Enhanced employee communications(<i>Watson Wyatt ;survey 2002</i>)	Enhance Organizational Behavior
Align and satisfy the needs of the organization and its users (<i>Noor & Razali 2011</i>)	Improve Business process
Make employees part of Human Resources Information System(<i>Beckers and Bsat ;2002</i>)	<ul style="list-style-type: none"> • Interact with all employees • Enhance Organizational Behavior
Improved employee communications, and greater information accuracy(<i>Beadless, et al., 2005</i>)	
directed towards the Human Resources department itself(<i>Ruël, Bondarouk & Looise, 2004</i>)	Relate all Human Resources departments activities with each other's
Human Resources practices focused on a company's overall performance goal(<i>Ostermann, Staudinger & Staudinger, 2009</i>)	Upgrade Performance Management Process
follow workforce gaps, the quantity and quality of the labor force and to plan future workforce requirements(<i>Dessler, 2005</i>)	Provide full solution for workforce planning
support long range planning with information for labor force planning and supply and demand forecast(<i>Shibly, 2011</i>)	

Because of their enormous size and broad scope, the implementation is itself a Herculean task. The implementation process should be closely supervised by a panel of consultants and experts. The implementation is generally carried out by companies specializing in Enterprise resource planning implementation.

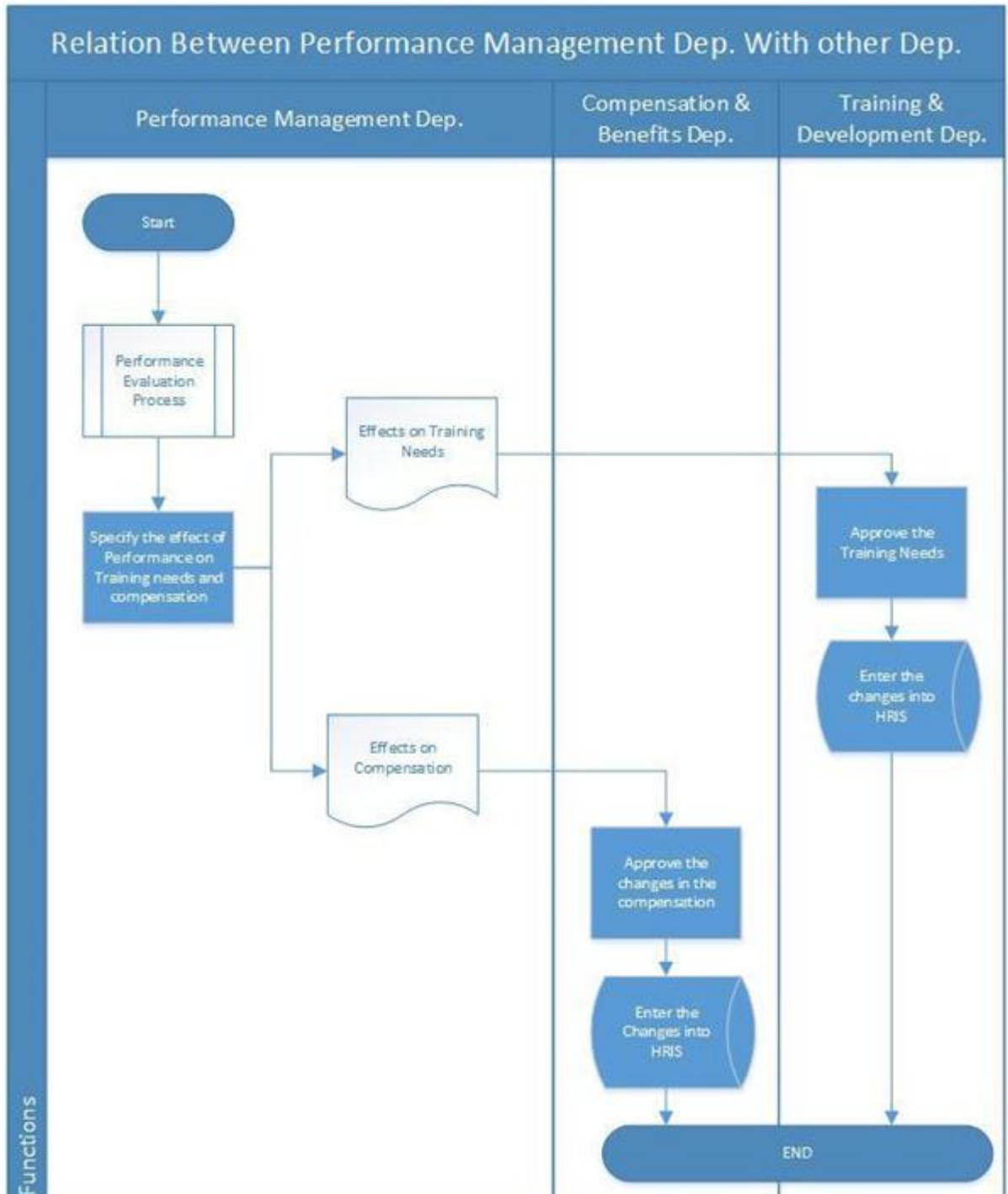


Figure 3.2 Relation between Performance Management Dep. & other Dep.

66.66% of the companies specify the training needs manually based on performance evaluation results, while 0% of the Human Resources Information

System transfer the performance evaluation results into training needs automatically.

33.33% of the companies modify manually the compensation based on performance evaluation results, while 0% relate the compensation with performance evaluation results and other factors like finishing training programs.

- Un-automated relation between Training and performance

The training need isn't related to performance appraisal results directly and automatically.

- Un-automated relation between Compensation and (Training, Performance)

Human Resources Information System do not relate compensation with Training or performance results, for example: the compensation does not increase automatically if the employee finishes important training programs.

Enterprise resource planning packages come with in-build security against crime and espionage. Modern packages are also designed to counter a terrorist act or any kind of sabotage.

The difference between Human Resources Information System and Enterprise resource planning is fundamentally in the scope. Human Resources Information System concerns itself with the human resource development while Enterprise resource planning is broader in scope as it is involved in all the processes pertaining to an organization.

Human resources management interacts with all employees, and employees with themselves also interact. These interactions usually leads to conflicts and problems between all the parties, thus it is important to have a systematic problem solving tool and decision making system for the Human Resources departments, so Human Resources Information System must consist of decision support system plus executive information system.

These two options will prevent problems and solve it as possible, In addition to supporting the decision making process.

In order to develop personnel management is recommended followings:

✓ to ensure that human resource planning helps in improving the financial performance of commercial banks, the human resource management should embrace strategic human resource planning programs that are linked with the overall banks strategy. Human resource plans should cover a longer period of more than 10 years to help to produce new skills, to upgrade existing ones and to engage in organizational transformation, manage uncertainties and risks created by major changes in environmental factors in the medium to long term. The banks should carry out human resource planning by conducting, human resource demand and supply forecasting, human resource planning objectives, design of human resource planning programs and evaluation of human resource planning programs;

✓ to effectively undertake human resource demand and supply forecasting, the results of a human resource environment scanning process should be incorporated into the human resource planning process. This may include demographic analysis which identifies current and future human resource needs, including the number, knowledge, skills, and competencies of staff needed to meet the goals of the ministry. Commercial banks should set out clear HRP objectives. To achieve organizational human resource planning objectives, human resource planning must use employee recruiting, development and retention;

✓ to ensure that employees reward systems in commercial banks contributes towards realization of increased banks financial performance. The human resource management should formulate and implement an active reward policy is linked to the overall banks strategy. The reward policy should ensure that employees' rewards are matched with the employees' efforts. Employee reward systems should help commercial banks management achieve their organizational goals. However, HRM in commercial banks should first set clear reward objectives before developing tangible and intangible reward systems. Important goals such as employee retention and job satisfaction, performance improvement and employee motivation should be given much emphasis since they are easily achieved by identifying the desired outcome of employee reward programs;

✓ to improve on training commercial banks should establish an active training and development policy formulated for its employees. The training and development policy should be linked to the overall bank strategy.

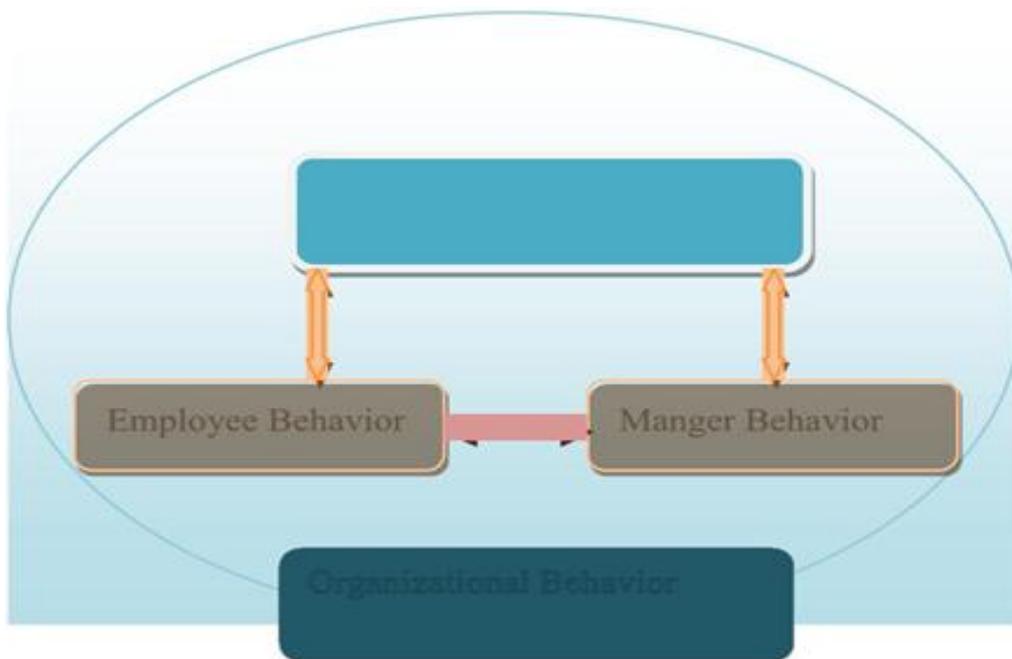


Figure 3.2. Relations within Organizational Behavior

The banks human resource management should embrace the following stems in order to improve on training programs. The training needs of each employee should be identified. Programs should be developed that are best suited to their needs.

3.2. The ways of increasing personnel management productivity in banking system by IT tools (JSC “ALOQABANK”).

HRM and productivity is an exciting and lively field and has made great strides in the last two decades. We see its future as being integrated in the general research programs of the economics of organization and management which are becoming a major part of modern labor economics.

It is noted that JSC “Aloqabank” provides loans to telecommunication companies in Uzbekistan. The company supports financial stability of Uzbek telecommunications companies and financing real sector of economy, as well as fosters development of entrepreneurship. JSC “Aloqabank” was founded in 2004 and is based in Tashkent, Uzbekistan.

JSC «Aloqabank» held extended session dedicated to results of bank's activity in 2010 and discussion of foreground priorities set for commercial banks in the speech of the First President Islam Karimov at the session of the Cabinet of Ministers on 21 January 2011. The event stressed that last year the bank's activity was aimed at the implementation of the tasks set in Anticrisis program for 2009-2012.

In 2010 JSC «Aloqabank» made a huge work on further strengthening of bank's financial stability and liquidity. As a result, the bank's owned capital grew by 39.9% as against 2009 and made up 64.7 billion sums as of 1 January 2011.

To be noted, the bank's assets increased by 41.7% as against 2009 and formed 344.6 billion sums.

Measures taken to induce free funds of the population and economic entities to bank's deposits resulted in the growth of the volume of deposits; they added 33.4% versus 2009 and exceeded 46.2 billion sums as of 1 January 2011.

Bank's credit and investment activities also demonstrated positive changes. In 2010 total volume of credits extended by JSC «Aloqabank» to legal entities and individuals exceeded 111.3 billion sums.

The bank paid special attention to the support of small business and private entrepreneurship. In 2010 the volume of credits extended for this sector of economy due to bank's own funds made up 80.9 billion sums, including microcredits worth 10.8 billion sums, 5.4 times more as against 2009.

JSC “Aloqabank” also significantly contributed to financial recovery of economically insolvent enterprises, improvement of management mechanisms and production modernization, technical and technological re-equipment. For this

purpose the bank invested over 13.9 billion sums as a result of which the production volume at recovered enterprises made up 2.8 billion sums.

The participants of the session established foreground directions for bank's development in 2011. Thus, in 2010 JSC "Aloqabank" will be working on implementation of tasks set at governmental session dedicated to the results of 2010, including on further reforming of banking system and increase of bank's stability, investment activity, capitalization level, etc.

On 22th January of 2015 the international rating agency Moody's has assigned JSC "Aloqabank" following international ratings:

- the outlook for all ratings - "stable";
- on deposits in national currency - B1;
- on deposits in foreign currency - B2;
- financial stability of the bank - E +.

Agency analysts did this after re-examining the current activities of the bank, its strategic direction and the results of 2014 year. It was also taken into account the fact that the JSC "Aloqabank" has strong financial performance, good asset quality and historically good level of capitalization.

Based on more than 30 years of observational research into what drives high performance organizations, I've identified the following 22 factors, broken into six categories that significantly influence (positive/negative) individual/team productivity.

Foundations of Productivity are seen as a first category, which include two factors:

1. High-performing and innovative employees are the foundation of productivity — by far the most impactful factor in workforce and team productivity is hiring and retaining employees with exceptional capabilities and self-motivation. Working together, managers and HR can attract, hire, develop, and retain individual employees who are agile, high-performing continuous learners and innovators. Unfortunately, even the best employees cannot perform without great managers, proper direction, support, tools, and resources.

2. Effective managers and leaders set direction and execute — a great manager/leader is the second-most important productivity factor. Leaders and managers play a critical role in defining the direction, purpose, priorities, goals, and roles of the workforce. The capability of the manager (with the support of HR) to develop plans, hire effectively, coach, motivate, and develop employees is crucial to success. Unfortunately, many managers are the weak link in the productivity chain, so HR must accept the role of developing great leaders/managers and identifying/removing the ineffective ones.

Next category is Direction and Guidance Factors, it involves 6 elements:

1. A corporate strategy and plan that builds commitment is a competitive business strategy and strategic plan increases the chances that an organization will be successful and success builds commitment. In addition, if the plan and the strategy are clear and well communicated, not only will your employees be more motivated, but knowing the strategic direction will help them remain focused. Corporate values that are measured and rewarded can also align behavior and build commitment.

2. A defined purpose for teams make roles clear, every business unit and team needs to understand its role. Managers and leaders need to develop a clear and communicated purpose that is both compelling and that makes members feel important. Understand that employees are more likely to be committed to the purpose of the unit or team if they are involved in creating it. An unclear mission will result in a lack of focus and a low level of “engagement” and commitment toward achieving it.

3. Team and individual goals mean having clear operational goals lets everyone know what is expected. If these goals are communicated and measurable, employees will understand precisely what is important and what is not. If stretch but reachable goals are set, employees are less likely to become complacent.

4. Prioritization for impactful resource allocation is setting clear priorities helps to ensure that time and resources are allocated to the most important and impactful tasks. Employees must be made aware of both high- and low-priority

goals, tasks, processes, and customers. Processes must be developed to ensure that resources are allocated disproportionately to high priority tasks.

5. Performance metrics for continuous improvement is having effective metrics and reporting processes reinforces both team and individual goals. Because whatever is measured and reported gets done, metrics provide focus, feedback and result in continuous improvement.

6. Effective rewards drive performance when monetary rewards are tied directly to performance and the metrics for each goal, you doubly reinforce the message about what is important. Individual and team monetary rewards, coupled with nonmonetary excitement factors, can play a major role in ensuring focus and consistent performance.

Third section shown as Support Factors which comprise seven aspects:

1. Team member support increases individual performance, few tasks in this modern age can be completed by an individual employee working without support. Unless your employees are provided with complementary teammates, as well as the support of managers and employees outside the team, productivity is bound to suffer.

2. Best-practice sharing and collaboration improve productivity, learning by trial and error slows progress and leads to mass duplication of effort and higher error rates. Productivity improves dramatically when others who are outside the team freely collaborate and proactively share best practices and ideas. It is HR's role to develop formal methods to increase cross-function collaboration and sharing.

3. Support for innovation can dramatically increase productivity. In most industries, the yearly increase in the level of productivity that is required to maintain a dominant position in the industry has increased dramatically. The new reality is that productivity increases of between 10 and 25% are now required each year. What is needed is a continuous level of innovation both in products and in business processes. Increased efficiency for continuous improvement processes are not sufficient to provide that level of double-digit gain, so HR must develop

processes, training, measures. and incentives that result in continuous innovation workforce wide.

4. Control and authority can enhance or hinder decision-making. A lack of control and excessive freedom can result in waste, duplication, and a lack of focus. In direct contrast, micromanagement and excessive rules can slow decision-making and employee development. Productivity is maximized when there is enough balance so that employees have enough control, authority, and permissions to make most operational decisions.

5. Non-monetary factors can also excite employees. In addition to formal rewards, managers, leaders, and teammates can provide nonmonetary factors that increase employee excitement, energy, motivation, and loyalty. These factors can include praise, recognition, exposure, challenge, feedback, and learning opportunities. It is HR's role to ensure that managers know how to effectively use these nonmonetary factors.

6. Not having the appropriate inputs can hinder productivity. In most cases, team and employee work is dependent on the inputs provided from other processes. It is the manager's role to ensure that these inputs are provided on time and of the right quality. Make sure that the team's output meets the standards set by the team responsible for the next step in the production process.

7. Barriers to productivity can limit success. Often, even when every one of the positive productivity factors are present, productivity can be slowed or stopped by real or imagined barriers. These roadblocks can include individuals resistant to change, corporate politics, personal jealousies, corporate rivalries, as well as powerful people. In addition, there may be perceived or imaginative barriers that keep employees from even attempting any effort aimed at increasing productivity or innovation. In both cases, HR needs to work with managers in order to develop processes for identifying and eliminating any real or imagined barriers to productivity.

Skills, Communications, and Information Factors illustrated as fourth rank which include three points:

1. Employee skills and knowledge must be continually updated to maintain productivity; global competition has created a rapid pace of change which means that current skill sets must be continually updated. It is the manager's job to identify employees with less than optimal skills. HR's role is to develop processes to continually increase employee learning, knowledge, and skill development, while minimizing the amount of time that employees are away from their work.

2. Effective communications and feedback reduce errors and frustration, a lack of communications can frustrate employees and make them feel unimportant. Failing to provide effective feedback can lead to wasted efforts, increased error rates, and lower productivity. Communications and feedback mechanisms need to be developed in conjunction with employees to ensure that they fit both the needs of the manager and the employees.

3. Providing the right information improves decision-making, managers and employees need access to all relevant information and data in order to be productive and to make effective decisions.

Resourcing Factors Category presents information on two items of individual/team productivity:

1. Insufficient budget resources can hamper productivity. Even a great team with a great manager will produce lower levels of productivity when with insufficient budget to complete the job.

2. Technology, tools, and equipment can limit or bolster productivity. Even highly trained, motivated, and engaged employees can't be very productive when they are provided with insufficient tools and equipment to do their job. In an era where technology dominates almost every function, a failure to provide the technology, updates, or sufficient training can dramatically slow productivity.

The Type of Miscellaneous Factors provides other factors:

1. Integration can increase productivity when business processes operate independently and not in unison, it can inhibit the work flow and increase delays and error rates. Part of any productivity effort should include integrating

interdependent processes, breaking down the silos and barriers, and making interconnected processes appear “seamless” to those involved.

2. Outside-the-workplace factors, although most factors that impact productivity is internal to the organization, on occasion, employee productivity is negatively impacted by things that happen outside of the firm. These factors could include changes in employee’s personal life and external economic, social, political, and even weather-related factors. Excellent productivity processes need to be flexible so that they can adjust when these external factors begin to impact individual or team productivity.

These were that HRIS can:

- (1) increase competitiveness by improving HR operations;
- (2) produce a greater number and variety of HR-related reports;
- (3) shift the focus of HR from the processing of transactions to strategic HRM;
- (4) make employees part of HRIS; and
- (5) reengineer the entire HR function of companies.

Studies that investigate the link between management practices and productivity have assessed the impact of an individual practice in isolation, the effects of joint adoption of practices and the impact of clusters or systems of complementary practices. In this dissertation, we investigate Operations Management (OM) and HRM management practices. OM practices focus on systems management and include Information and Communication Technology (ICT), Just in Time (JIT), Total Quality Management (TQM), and lean production, amongst others. HRM practices focus on people management, in particular the recruitment, development and management of employees.²⁴

Typical HRM practices involve training, development, empowerment and teamwork.

Shibly, 2011 study found the following: Human Resources Information System can support long range planning with information for labor force planning and

²⁴ Wood, S. J. and Wall, T. D. (2002). Human resource management and business performance. In P. B. Warr (ed.), *Psychology at Work*. Harmondsworth: Penguin.

supply and demand forecast; staffing with information on equal employment, separations and applicant qualifications; and development with information on training programs, salary forecasts, pay budgets and labor/employee relations with information on contract negotiations and employee assistance needs.²⁵

Koch and McGrath investigated the impact of a set of HRM practices on labour productivity, to find that investments in HR planning and in hiring practices are positively associated with labour productivity.²⁶ Results suggest that firms that systematically train and develop their workers are more likely to enjoy the rewards of a more productive workforce than those that do not, although this is not framed to take account of the bigger picture.

Hendrickson, 2003 define the following: “Human Resources Information System is defined as an integrated system used to gather, store and analyze information regarding an organization’s human resources’ comprising of databases, computer applications, hardware and software necessary to collect, record, store, manage, deliver, present and manipulate data for human resources function”.²⁷

The increased use of web technology to deliver Human Resources will leave Human Resources specialists more time for strategic decision making and that outsourcing of people-management activities will liberate Human Resources specialists to perform more strategic activities (Kulik & Perry, 2008).²⁸

Recent economics and management science research is increasingly focusing on the impact of ICT on productivity. ICT usage permeates virtually every sector of modern economies, and for decades, the world IT sector has been experiencing significant growth with especially enhanced levels of diffusion during recent years.

²⁵ Shibly, H. (2011). Human resources information systems success assessment: An integrative model, *Australian Journal of Basic and Applied Sciences*, 5(5), pp. 157– 169.

²⁶ Koch, M. J. and McGrath, R. G. (1996). Improving labour productivity: human resources management policies matter. *Strategic Management Journal*, 17 (5), 335-354.

²⁷ Hendrickson, A. R. (2003). Human resource information systems: Backbone technology of contemporary human resources, *Journal of Labour Research*, 24(3), pp. 381–394.

²⁸ Kulik, C. T., & Perry, E. L. (2008) When less is more: The effect of devolution on HR’s strategic Role and Donstrued Image, *Human Resource Management*, 47(3), pp.541– 558.

This revolution is rooted in the swift development of ICT as well as in declining prices for its use. This recent research development contributes to increased understanding of how IT benefits productivity. The productivity paradox may have been explained since then by the fact that IT investment mainly leads to higher product quality and variety, thus aggregate output does not reflect accurately the very costly and large-scale effort to improve technology.

Leading management thinkers suggested that, “It is not technology, but the art of human and humane management” that is continuing challenge for executives in the 21st century.

In modern conditions, in the era of the Internet and electronic Uzbekistan attaches prior attention to wide introduction of modern information and communication technologies in the fields of economy, a radical acceleration of the creation of the «Electronic Government».

Even today the ICT accounts for about 5.5% of world GDP, and according to prominent international experts estimates by 2020 this figure will exceed 9%. For example, in Republic of Korea share of the ICT sector in the country’s GDP totals more than 11.8%, in Sweden – 7%, in United States of America – 6.8%.²⁹

Many HR executives and managers are so busy taking care of their daily duties, which are generally administrative, that they neglect to consider important issues that are coming down the road. This is a trap that any department can fall into, but it can be especially devastating for Human Resource, which must battle decades of preconceived notions about the department’s ability to contribute to corporate planning. Thus, today with an increase in the number of organizations, Human Resource is now viewed as a source of competitive advantage. It is necessary for firms to have highly skilled human capital to provide them with a competitive edge. So, an effective management of Human Resource in a firm is to

²⁹ The report of first President of Republic of Uzbekistan I. A. Karimov at the Cabinet Council of Ministers devoted to results of social and economic development in 2015 and the major priority directions of the economic program for 2016 year.

gain advantage in the marketplace which requires timely and accurate information on current employees and potential employees in the labor market.

With the changing world and evolution of new technology, meeting this information requirement becomes important. Human Resource managers need to be aware that the change in technology will not only increase the quality of employee information, but also will have a strong effect on the overall effectiveness of the organization. To reduce the routine transaction and traditional Human Resource activities and to deal with the complex transformational ones, the organizations began to electronically automate many of these processes by introducing specialized HRIS (human resource information system) or HRMS (human resource management system).

To increase the effectiveness of Human Resources Management, organizations are becoming more and more dependent on Human Resources Information System (Ball, 2001; Lippert and Swiercz, 2005; Troshani, et al., 2011). At the functional level, Human Resources Information System can keep track of employees', applicants', and contingent workers' qualifications, demographics, performance evaluation, professional development, payroll, recruitment, and retention (Harris and Desimone, 1995; Troshani et al., 2011).



Figure 3.3. HRIS components

With Human Resources Information System, the administrative efficiency maintains faster information processing, improved employee communications, and greater information accuracy (Overman, 1992; Beadless, et al., 2005), lower

Human Resources costs and overall Human Resources productivity improvements (Beadles et al., 2005; Dery et al., 2009; Wiblen et al., 2010; Troshani et al., 2011).

Since the dawn of the information era, organizations are increasingly incorporating Information Communication Technology in their work processes through different tools and techniques. With the evolution of Human Resource Management from largely a maintenance function to a source of sustainable competitive advantage, it has become a challenge for Human Resource to transform from Human Resource to electronic Human Resource.

Human resource processes should be focused on the strategic objectives. These strategies are led to prepare an IT strategic plan that in turn translates into an appropriate human resource strategic plan in the field of IT. Human Resource managers are facing many challenges in present business scenario like Globalization workforce diversity, technological advances and changes in political and legal environment change in information technology. All these challenges increase the pressure on Human Resource managers to attract, retain and nurture talented employee.

Objectives of HRIS

- To make the desired information available in the right form to the right person and the right time.
- To minimize the cost by providing desired information.
- To use the most efficient method of processing data.
- To offer data security & personal privacy.
- To supply up to date information at a reasonable cost.
- To keep the information up-to-date.
- To provide relevant information.
- To provide timely information.



Figure 3.4. HRIS objectives³⁰

³⁰ Strohmeier, S. (2009) Concepts of E-HRM Consequences: a Categorization, Review and Suggestion, International Journal of Human Resource Management, 20(3), pp. 528– 543.



Figure 3.5. Innovation Steps in Human Resources Information System³¹

The purpose of the HRIS is to provide service, in the form of accurate and timely information, to the “clients” of the system. As there are a variety of potential users of HR information, it may be used for strategic, tactical, and operational decision making (e.g., to plan for needed employees in a merger); to avoid litigation (e.g., to identify discrimination problems in hiring); to evaluate programs, policies, or practices (e.g., to evaluate the effectiveness of a training program); and/or to support daily operations (e.g., to help managers monitor time and attendance of their employees). The main goals of E- HRM are as follows:

E-HRM is seen as offering the potential to improve services (e.g. e-recruiting, e-selection, pension management, e-benefit, e-compensation, storage of employee data) to Human Resource Department clients (both employees and management).

³¹ Ostermann, H., Staudinger, B., & Staudinger, R. (2009). Benchmarking human resource information systems. In T. Coronas & M. Oliva (Ed.), *Encyclopedia of Human Resources Information Systems: Challenges in E-HRM* (pp. 92–101). Hershey PA: IGI Global.

E-HRM also has relational impact for a business: enabling a company's employees and managers with the ability to access Human Resource information and increase the connectivity of all parts of the company and outside organs. This connectivity allows for communication on a geographic level to share information and create virtual teams.

The e-HRM is useful in reducing the cost in the organization. e-HRM is using of information technology for both networking and supporting at least two individuals or more than two in their shared performing of Human Resource activities and practices. E-HRM is different from HRIS (Human resource information system) and Virtual Human Resource Management. E-HRM is mediated by information technologies to help the organization to acquire, develop, and deploy the intellectual capital. It is a web-based solution that uses the latest web based application technology it is online and real-time Human Resource Management Solution is possible through e-HRM.

A HRIS, which is also known as a human resource information system or human resource management system (HRMS), is basically an intersection of human resources and information technology through HR software. This allows HR activities and processes to occur electronically.

To put it another way, a HRIS may be viewed as a way, through software, for businesses big and small to take care of a number of activities, including those related to human resources, accounting, management, and payroll. A HRIS allows a company to plan its HR costs more effectively, as well as to manage them and control them without needing to allocate too many resources toward them.

In most situations, a HRIS will also lead to increases in efficiency when it comes to making decisions in HR. The decisions made should also increase in quality—and as a result, the productivity of both employees and managers should increase and become more effective.

There are a number of solutions offered to a company that adopts a HRIS. Some of these include solutions in training, payroll, HR, compliance, and recruiting. The majority of quality HRIS systems include flexible designs that

feature databases that are integrated with a wide range of features available. Ideally, they will also include the ability to create reports and analyze information quickly and accurately, in order to make the workforce easier to manage.

Through the efficiency advantages conferred by HRIS systems, a HR administrator can obtain many hours of his or her day back instead of spending these hours dealing with non-strategic, mundane tasks required to run the administrative-side of HR.

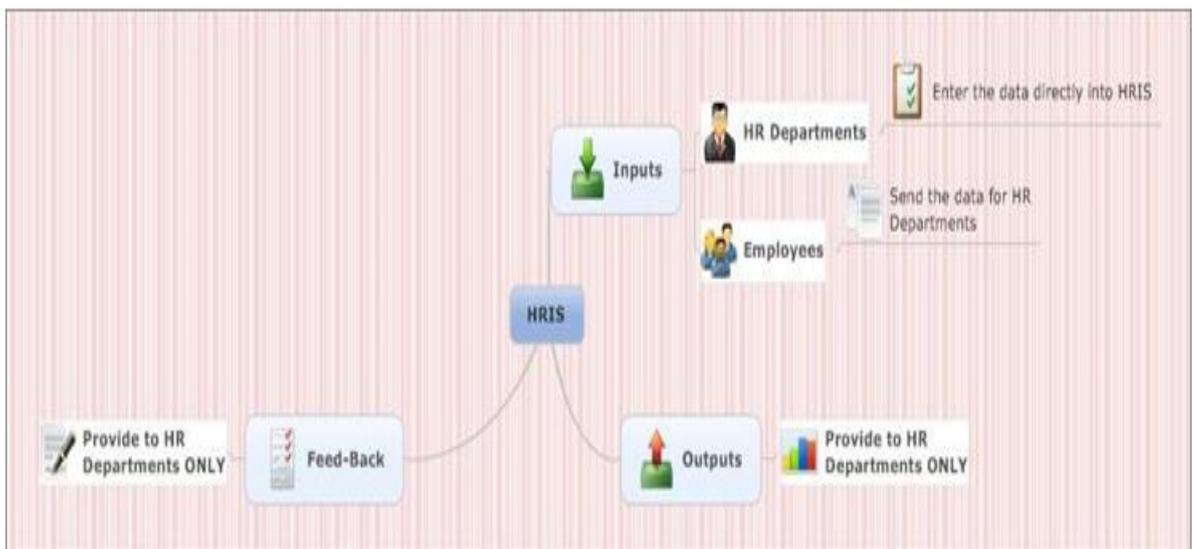


Figure 3.6. Benefits of Employees and Departments from Human Resources Information System as a System

100% of the companies take inputs from Human Resources departments, and if the employees need to send input to system it might be send to Human Resources departments which mean that 0% of the companies allow employees to input directly on the Human Resources System.

Human Resources Information System in all companies (100%) provides Human Resources departments with Output and feedback. On the other hand, 0% of companies provide employees with any kind of output or feedback.

- No inputs in Human Resources Information System from employees

The inputs of Human Resources Information System are authorized only for Human Resources employees, even if the source of the data is the employee

himself, knowing that there is a lot of data can be gathered from employees and can easily give an authorization to the employees to do it.

For example: filling a survey, request vacation, and other data the Human Resources employee enters it instead of the employee himself.

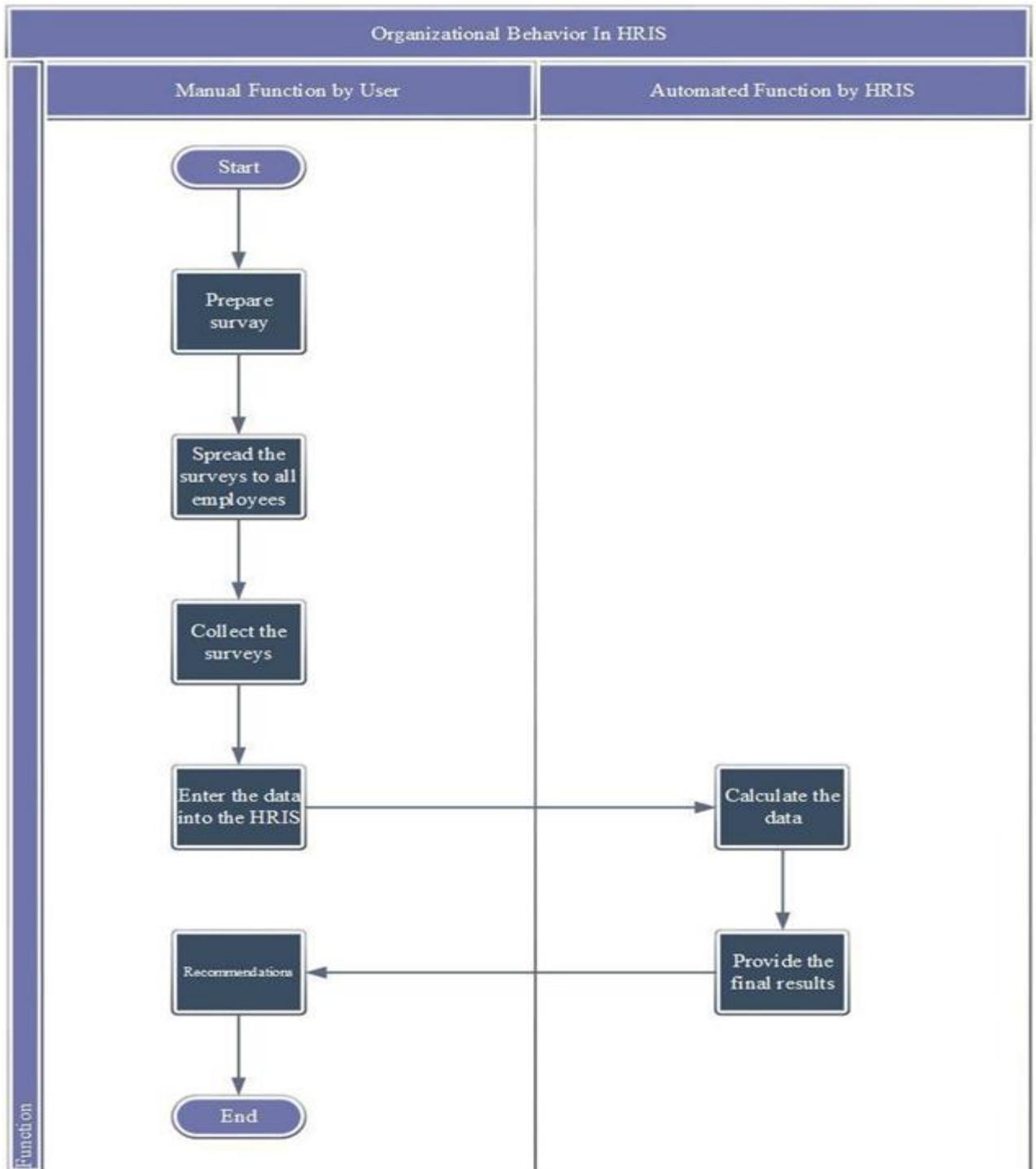


Figure 3.7. Organizational Behavior in Human Resources Information System

- Employees do not benefit from the output of Human Resources Information System

There is no interaction between Human Resources Information System and employee, even if the employee needs to see his historical data (training date, performance results, old compensation and benefits...).

- Employees do not take feedback from Human Resources Information System.

Providing feed-back of Human Resources Information System is only to Human Resources departments, and employees do not know any information from Human Resources Information System.

Similarly, a HRIS allows employees to exchange information with greater ease and without the need for paper through the provision of a single location for announcements, external web links, and company policies. This location is designed to be centralized and accessed easily from anywhere within the company, which also serves to reduce redundancy within the organization.

For example, when employees wish to complete frequently recurring activities such as requests for time off or electronic pay stubs and changes in W-4 forms—such procedures can be taken care of in an automated fashion without the need for human supervision or intervention. As a result, less paperwork occurs and approvals, when designed, may be appropriated more efficiently and in less time.

When a company invests in an affordable HRIS, it suddenly becomes capable of handling its workforce by looking at two of the primary components: that of payroll and that of HR. Beyond these software solutions, companies also invest in HRIS modules that help them put the full productivity of their workforce to use, including the varied experiences, talents, and skills of all staff within the enterprise. It is important to choose the right HRIS. A company that takes the time to invest in a HRIS that fits their goals, objectives, mission, and values, is a company that is investing in its future and in its success. It will be necessary to customize any HRIS to the unique needs of a company so the system will remain flexible and relevant throughout the life of the company or enterprise.

Summary for the third chapter.

“The significance of employing information technology in banking system” is third part. According to this part, all problems and deficiencies were investigated and suggestions were given.

The purpose of the HRIS is to provide service, in the form of accurate and timely information, to the “clients” of the system. As there are a variety of potential users of HR information, it may be used for strategic, tactical, and operational decision making (e.g., to plan for needed employees in a merger); to avoid litigation (e.g., to identify discrimination problems in hiring); to evaluate programs, policies, or practices (e.g., to evaluate the effectiveness of a training program); and/or to support daily operations (e.g., to help managers monitor time and attendance of their employees). The main goals of E- HRM are as follows:

E-HRM is seen as offering the potential to improve services (e.g. e-recruiting, e-selection, pension management, e-benefit, e-compensation, storage of employee data) to Human Resource Department clients (both employees and management).

CONCLUSION.

The success of banks largely depends on the intellectual development of the employees. Along with intellectual development of the knowledge worker, technical infrastructures of the bank must be ensured to enhance the effectiveness of the employee and the bank.

"The new generation, educated, free from all vestiges of the past young people today is the decisive driving force for democratization, liberalization, update, and sure progress of the country," said the First President of Uzbekistan Islam Karimov, speaking at an international conference "Preparing an educated and intellectually advanced generation as an essential condition for sustainable development and modernization of the country", held in Tashkent.³²

In 2017 the banking system was further strengthened by increasing level of capitalization and expansion of investment activity of banks. The total capital of banking system increased in comparison with 2015 year by 23.3% and reached 7.8 trillion soums. Over the last 5 years this figure increased by 2.4 times. The capital adequacy ratio of the banking system is almost 24%, which is 3 times higher than generally accepted international standards, and its liquidity – 2 times higher than the highest indicator estimates.

The outcomes achieved in 2017 sustained high rates of economic growth that created a solid basis for further income growth, improving living standards and quality of Uzbek people's life.

the President of the Republic of Uzbekistan Shavkat Mirziyoyev defined as an important priority for 2017 the unconditional continuation of the systemic democratic reforms and modernization of the country, Fulfillment of tasks aimed at further strengthening macroeconomic stability and maintaining high growth rates of the economy, including balance The state budget at all levels, the stability of the national currency and the level of prices in the domestic market, the implementation of profound structural transformations in the economy, primarily

³² En.trend.az

in industry and agriculture, outstripping the development and protection of the interests of private property, entrepreneurship and small business.³³

Generally, the banking profession in Uzbekistan is recognized with standardized salary scale, higher social status and dignity. As can be found from the study, human resources in banks were enjoying comparatively better facilities under the rules of banking industry. Employees of the bank getting good number of bonus and compensation, including salary grade, leave facilities, housing facilities, gratuities, provident funds, and losses of accident or death of employees etc. The employees in private bank are more satisfied with salary scale, job position, promotion scheme, working environment but very worried about working hours and work pressure. Most of the employees are less satisfied with HRM policies and practice, job analysis, IT facilities, job evaluation and performance measurement technique. Human resources have been centrally managed by all surveyed bank. Bank should decentralize their HR activities in all branches and develop strong HR policies. Authority and responsibility should be properly distributed to all HR managers. Bank should give some significant power and role to HR director in order to empower the HR departments.

The President of Uzbekistan had underscored that at the present country has all necessary resources and opportunities for more rapid development of the sector, with a view of growing up professional workforce capacity trained by foreign universities operating in in Tashkent such as South Korean Inha University and education institutions of Uzbekistan.³⁴

This dissertation on the theme of “Increasing the effectiveness of personnel management in banks by employing information communication technologies” (as a sample of JSC “Aloqabank”) contains of introduction, 3 chapters, conclusion and the list of literature.

³³ The report of President of Republic of Uzbekistan Sh. M. Mirziyayev at the Cabinet Council of Ministers devoted to results of social and economic development in 2016 and the major priority directions of the economic program for 2017 year

³⁴ The report of First President of Republic of Uzbekistan I. A. Karimov at the Cabinet Council of Ministers devoted to results of social and economic development in 2015 and the major priority directions of the economic program for 2016 year.

The first part is devoted to explanation of theoretical bases of managing in banking sector. The importance and evaluating process of Human Resources Management in commercial banks and its role in organizational outcome. Furthermore, there were introduced the main principles and objectives of human resource management.

The second part presents practical analysis and there were viewed the personnel policy in modern conditions in JSC “Aloqabank”. In this part we studied and implemented the present condition of personnel management and classification of employees. Besides, problems and issues relating to the human resource field are analyzed.

The third part is a continuation of the analysis along with IT tools. The part is dedicated to the effective ways of increasing personnel management productivity and the main strategies of enhancing employee performance were explained. Moreover, necessary suggestions concerning to improve employee involvement and commitment are given:

- ✓ to satisfy the organization's strategic objectives, human resources need to consider what kind of workforce will be needed in the future. Workforce forecasting is a major component of human resource planning, and involves analyzing its current workforce and comparing it to future requirements to discover what gaps and surpluses exist.

- ✓ to improve the effectiveness in designing and implementation of human resource planning programs, commercial banks should employ competency based management approach to support the integration of human resources planning with business planning by allowing organizations to assess the current human resource capacity based on their competencies against the capacity needed to achieve the vision, mission and business goals of the organization. The banks human resource management should finally undertake an evaluation of HRP programs through the use of computerized human resource planning processes, evaluation and monitoring systems that collects and reports updated data on progress toward

achievement of human resource planning objectives and if human resource planning programs are in line with the banks overall strategy.

On the basis of the findings of the study the following recommendations are made for better HRM practice in the JSC “Aloqabank”:

- provision should be created to employ professional staffs having graduate and/or postgraduate degrees in information technology at it department of banks. Educational qualifications, experiences, skills, competencies, and ict-literacy of the potential candidates are given emphasis in the selection and recruitment process of employees.

- the salary package and administrative status of private banks are truly attractive. But in public banks salary restructuring is needed to motivate employees.

- to develop human resources, the bank should undertake different hrd programmes including continuing education and training, it-orientation, career development, etc. banks have good number of bright employees and it should create opportunities for employee’s higher studies with fellowship/scholarship at home and abroad.

- banks should organize seminars, workshops, conferences, different short courses, and training programmes on financial matters, current issues, software up gradation on regular basis that would definitely help to develop knowledgeable manpower, create awareness and change mental attitudes among the professionals.

- all banks and supporting bodies should allocate sufficient budget and sends competent employees to international conferences and seminars to prepare them for the competitive knowledge market of 21st century.

- the banks should apply standard techniques for employees“ job evaluation, performance measurement and audit as a routine work. On the basis of the result, their duties and responsibilities should be redesigned and restructured. Because it will reduce the repetitive work and reduce monotonous environment.

- banks have a separate human resources departments. But it is essential to empower the department or divisions for handling different issues in hrm in banks.

THE LIST OF USED LITERATURE

The law, order and decisions of the Republic of Uzbekistan

1. Law of the Republic of Uzbekistan "About banks and bank activity."
2. Law of the Republic of Uzbekistan "About the Electronic government". November 18, 2015.
3. Resolution of the President of the Republic of Uzbekistan dated February 4, 2015 № PP-2293 "On the organization of the Ministry for Development of Information Technologies and Communications of the Republic of Uzbekistan"
4. Decision of Cabinet of Ministers of the Republic of Uzbekistan "On approval program for the development and Adding to the Legislative Chamber of the Oliy Majlis a draft law in 2016". February 17, 2016.

The lectures and works of the leaders of state

5. I. A. Karimov Highly qualified specialists - factor for progress. T.: "O'zbekiston", 1995
6. Decree of the President of the Republic of Uzbekistan dated September 18, 2013 №P-4131.
7. The report of the First President of Republic of Uzbekistan I. A. Karimov at the Cabinet Council of Ministers devoted to results of social and economic development in 2015 and the major priority directions of the economic program for 2016 year. January 25, 2016.
8. The report of President of Republic of Uzbekistan Sh. M. Mirziyayev at the Cabinet Council of Ministers devoted to results of social and economic development in 2016 and the major priority directions of the economic program for 2017 year.

Main literature

9. Appelbaum S.H., Roy M. & Gilliland T. (2011). Globalization of performance appraisals: theory and applications. *Management Decision*, 49(4), 570-585.
10. Babbie, E. (2008). *The basics of social research* (4th ed.). Belmont: Thomson Wadsworth. Baltes, B. B., Dickson, M. W., Sherman, M. P., Bauer, C. C., & LaGanke, J. S. (2002). Computer-mediated communication and group decision making: A meta-analysis. *Organizational Behavior and Human Decision Process*, 87, 156–179.
11. Bell, J. (2007). E-learning: your flexible development friend? *Development and Learning in Organizations*, 21(6), 7-9.
12. Biesalski, E. *Knowledge Management and e-Human Resource Management, Workshop: Lehren - Lernen - Wissen - Adaptivität*, Karlsruhe, 2003. Retrieved 2011-05-06 from <http://www.kde.cs.uni-kassel.de/ws/LLWA03/fgwm/schedule.html>
13. Callen, J. L, Fader, C. and Krinsky, I. (2000). Just-in-time: a cross sectional plant analysis. *International Journal of Production Economics*, 63 (3), 277-301.
14. Callen, J. L., Morel, M. and Fader, C. (2005). Productivity measurement and the relationship between plant performance and JIT intensity. *Contemporary Accounting Research*, 22 (2), 271-309.
15. Oiry, E. (2009). Electronic human resource management: organizational responses to role conflicts created by e-learning. *International Journal of Training and Development*, 12, 111-123.
16. Paauwe, J., Farndale, E., & Williams, R. (2005). Web-Based Organizing in Traditional Brick- and- Mortar Companies: The Impact on HR. In T. Torres-Coronas & M. Arias-Oliva (Eds.), *e-Human Resources Management: Managing Knowledge People* (p.31-67).
17. Parry, E., Tyson, S. (2010). Desired goals and actual outcomes of e-HRM. *Human Resources Management Journal*.
18. Parry, E., Wilson, H. (2009). Factors influencing the adoption of online recruitment. *Personnel Review*, 38(6), 655-673. G. R. Ferris, W. A.

- Hochwarter, M. R. Buckley, G. H. Cook, D. D. Frink, "Human resources management: some new directions", *Journal of Management*, vol.25, no.3, pp.385-415, 1999.
19. Stolt, R. (2010). *Differences and Similarities Between Domestic and International HRM*. Norderstedt, Germany.
 20. Stone, D. L., Stone-Romero, E. F., & Lukaszewski, K. M. (2006). Factors affecting the acceptance and effectiveness of electronic human resource systems. *Human Resources Management Review*, 16(2), 229-244.
 21. Stone, D. L., & Lukaszewski, K. M. (2009). An expanded model of the factors affecting the acceptance and effectiveness of electronic human resource management systems. *Human Resources Management Review*, 19, 134-143.
 22. Strohmeier, S., (2007). Research in e-HRM: Review and implications. *Human Resources Management Review*, 17, 19-37.
 - Wood, S. J. and Wall, T. D. (2002). Human resource management and business performance. In P. B. Warr (ed.), *Psychology at Work*. Harmondsworth: Penguin.
 23. Wall, T. D. and Wood, S. J. (2005). Romance of human resource management and business performance, and the case for big science. *Human Relations*, 58 (5), 429-462.
 24. Annual report of JSC "Aloqabank" for 2016
 25. Annual report of JSC "Aloqabank" for 2017

Web-sites:

1. aloqabank.uz
2. www.smallbusiness.chron.com
3. www.ictnews.uz
4. www.lex.uz
5. www.gov.uz
6. www.news.uzreport.uz