
HUMAN RESOURCE MANAGEMENT IN THE CENTRAL BANK OF THE REPUBLIC OF CHINA (TAIWAN)

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1. Introduction/ Objectives

With the transformation in global and business environment, human resources activities have changed from “Personnel Management” to “Human Resource Management”, and subsequently to “Strategic Human Resource Management”. Human Resources have to act more proactively to deal with management. HR roles are transitioning from operational, administrative, functionally oriented, and reactive to becoming more strategic, consultative, business oriented, and proactive.

Inadequate Human Resource Management will damage the productivity of the organisation. Appropriate Human Resource Management will help the organisation perform well. Hence, HR managers cannot afford to ignore this topic.

Ulrich (1998) said that Human Resource professionals must be both credible and active. They need to be trusted, respected, admired, listened to but, above all, have a point of view and take apposition.

Managers know that transforming HR into a strategic partner is an important future topic, which requires HR strategy to be developed systematically by analysing the business strategy, the external environment, and the HR needs of the organisation. As HR’s performance improves, the culture and values of the organisation need to better support the organisational objectives. However, most HR departments do not possess the skills necessary to transform themselves, primarily because HR employees are accustomed to focusing on traditional HR processes and lack business experience. HR should organise its functions between those that are strategic and those that are administrative. Only then can HR focus better on the core issues. HR managers must understand the business strategy, how it was derived and its key objectives so that they can tailor the HR strategy for it.

HR professionals built staffing, compensation, training, and other programmes and policies that focused on employees and kept the organisation

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legally compliant. HR professionals have worked to become business partners and to align their work with business strategies. HR professionals have been coached to spend time with general managers and with their counterparts in sales, marketing, and manufacturing to ensure that HR work helps deliver business results.

The adage that “people are most important asset” has been a recurrent theme in many businesses and organisations through history, which is also true for a central bank. A central bank’s effectiveness crucially depends on its credibility. It also requires the ability to respond with sound and well thought out policies as and when the need arises. This in turn, largely depends on the quality – considerable skills, expertise, experience and sound judgment – of its staff. Therefore, managing human resources effectively is a critical element in maintaining an effective and credible central bank.

The Central Bank has an important role in implementing monetary policy and maintaining financial stability. The decisions that Central Bank’s employees make will influence the living situation in the country. Therefore, the human resources are the most important assets in the Central Bank.

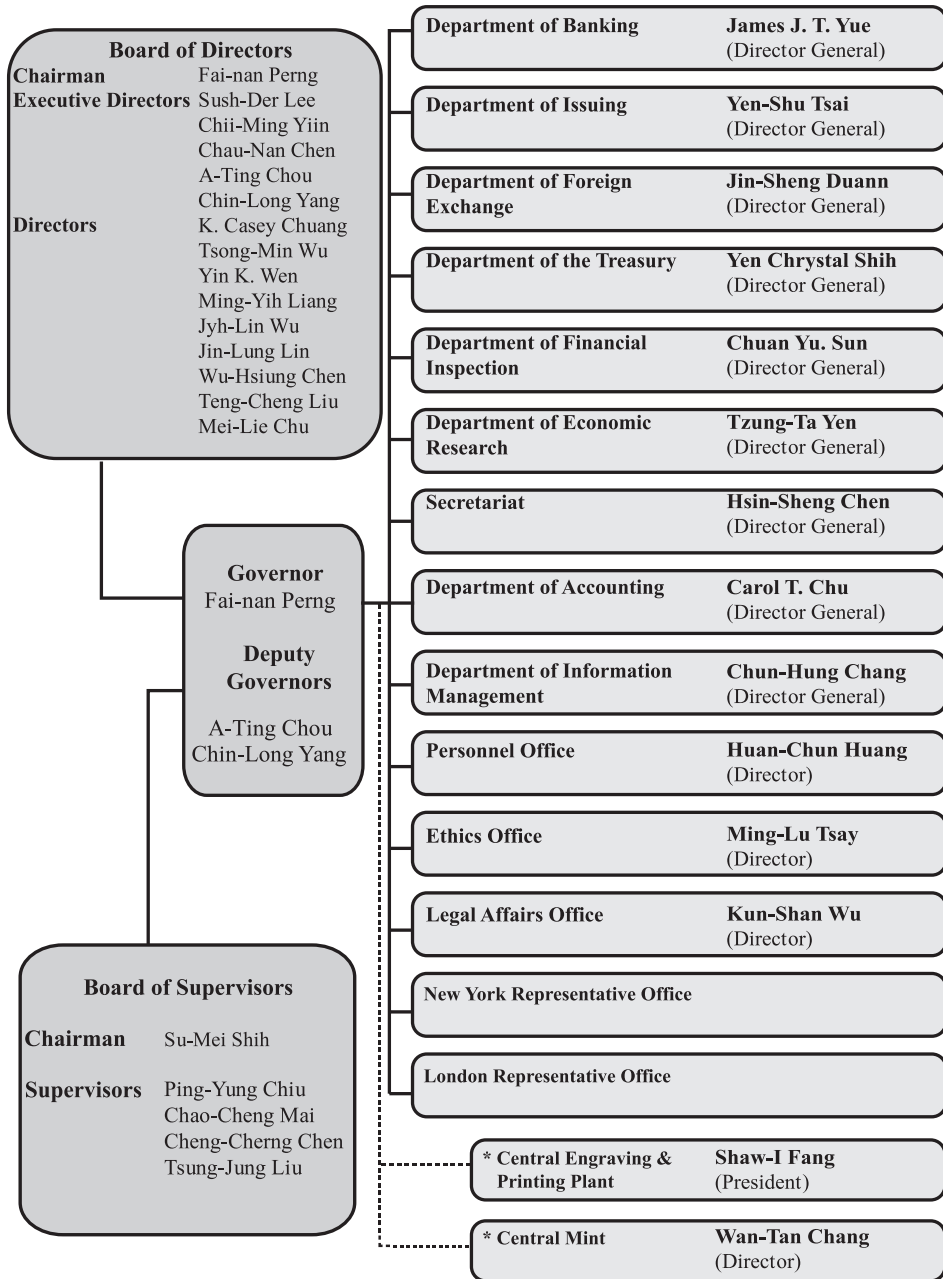
In this study, we hope we can share our experiences in Human Resource Management with other Central Bank/Monetary Authorities. Each central bank in the SEACEN region has its own unique character and it is difficult to garner the same experiences in each country. We hope that each of the participating central bank can share its experiences especially with regard to practices in Strategic Human Resource Management. The review of literature on human resources will also assist in rethinking related policy areas. However, there are also significant risks in the human resources area, and those risks need to be carefully managed.

2. General Profile of Human Resource Management

The Central Bank is the sole monetary policy-making and policy-executing entity in the Republic of China (Taiwan). Its organisation structure is shown in the Chart 1. The decision-making body is made up of three components - the Board of Directors, the Board of Supervisors, and the Governor and Deputy Governors.

Chart 1

Organization and Management of the Central Bank of the Republic of China (Taiwan)



Note: * Affiliate of the Bank.

As of Aug 1, 2008

2.1 The Board of Directors

The Board of Directors is the highest decision making body of the Bank. It consists of eleven to fifteen directors nominated by the Executive Yuan (Cabinet) and appointed by the President. Five to seven directors of the Board are designated as executive directors. According to the Central Bank of China Act, the Governor of the Central Bank, the Minister of Finance and the Minister of Economic Affairs are ex officio directors and executive directors. Directors, except for ex officio directors, are appointed for five-year terms and can be reappointed upon the expiration of their terms. The Board meets four times a year. Currently, the Board consists of fifteen members, of whom six are concurrently executive directors.

2.2 The Board of Supervisors

The Board of Supervisors is authorised to examine the Bank's assets and liabilities and to audit its accounts. It consists of five to seven supervisors, and all of whom are nominated by the Executive Yuan and appointed by the President. There are five supervisors at present. The Director General of the Directorate-General of Budget, Accounting and Statistics of the Executive Yuan is an ex officio supervisor. Except for the ex officio one, supervisors are appointed for three-year terms and may be reappointed upon the expiration of their terms.

The Bank has nine departments, namely the Department of Banking, Issuing, Foreign Exchange, Treasury, Financial Inspection, Economic Research, Secretariat, Accounting, and Information Management. In addition, there are 3 supporting offices, namely the Office of Personnel, Ethics, and Legal Affairs. The Bank has two overseas representative offices in New York and London. In addition, the Central Engraving & Printing Plant and the Central Mint are also affiliated with the Bank.

Chart 2

**Manpower Structure of The Central Bank of the Republic of China (Taiwan)
- by Gender**

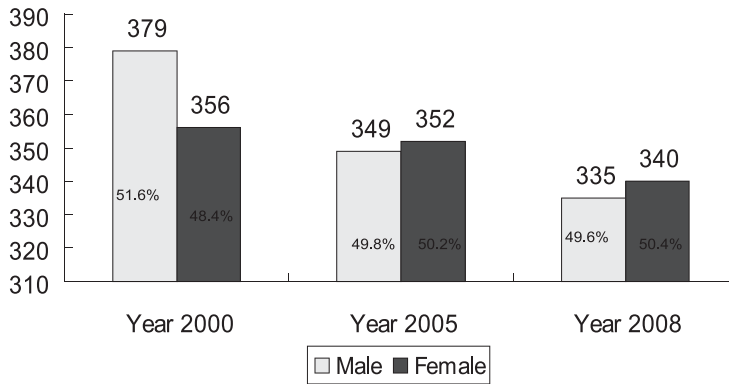


Chart 3

**Manpower Structure of Central Bank of the Republic of China (Taiwan)
- by age**

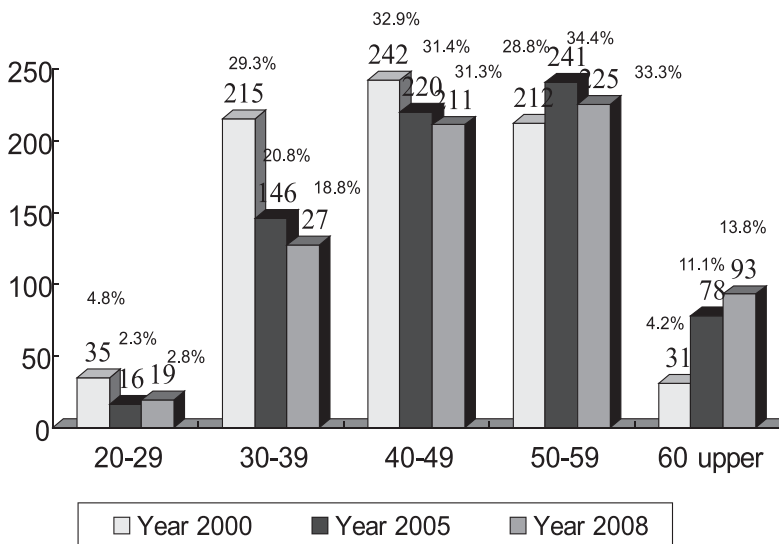
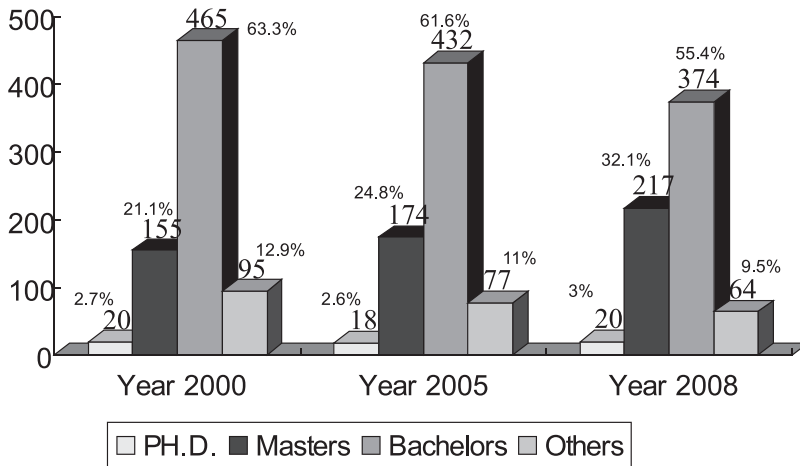


Chart 4

**Manpower Structure of the Central Bank of the Republic of China (Taiwan)
- by educational background**



2.3 The Personnel Office

The manpower structure of Central Bank of the Republic of China (Taiwan) (CBC) is shown in the above charts. There are 675 employees in the Bank (not including the security guards and non-professional workers). The proportion of male (379) to female (356) is about fifty to fifty. With regard to educational background, 55% of the employees have a bachelor degree, 32% have a master’s degree, while 3% have a doctorate. The compulsory retirement age in CBC is 65 years old while the average age of employees is 48 years old. 13% of the employees are aged above 60, 33% between 50 and 59, 31% between 40 and 49, almost 19% between 30 and 39, while the rest of 3% are under 30.

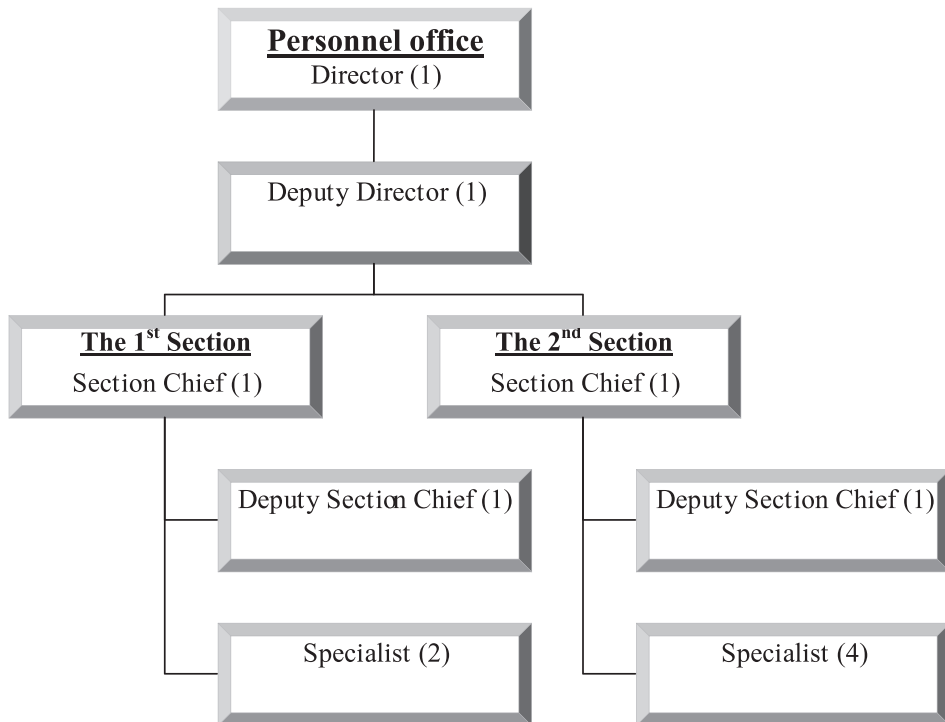
In these above three charts, we find that the number of employees is decreasing in recent years because of staff downsizing and temporary transfer policies. The staff downsizing and temporary transfer policies are for managing staff size. The Bank has not be able to recruit new employees for the last few years which partly explains the increase in the average age of the employees. Some employees have continued further studies for higher degrees and the ratio of employees who have master’s degrees are increasing.

The Personnel Office is responsible for HRM in the CBC. There are 11 staff in the Personnel Office, including one Director, one Deputy Director, 3 in the 1st Section, and 6 in the 2nd Section.

The 1st Section is responsible for the recruitment, promotion and rotation, organisational structure, attendance verification, retirement, and the management of personnel offices of 2 affiliated plants.

The 2nd Section is responsible for training and development, performance evaluation, incentives and discipline, remunerations and benefits, insurance, staff wellbeing, and personnel information management.

Chart 5
The Organisational Chart of the Personnel Office



3. Linkage between Strategic Plan of Central Bank and HRM

3.1 CBC's Operational Objectives and Core Functions

According to the Central Bank of the Republic of China (Taiwan) Act, the Bank's operational objectives include promoting financial stability, ensuring sound banking operations, maintaining the stable internal and external value of the currency and, within the scope of the above three objectives, fostering economic development.

In order to achieve its operational objectives, the CBC conducts the following operations:

3.1.1 Monetary Management

The Bank uses various policy instruments, including open market operations, discounts and temporary accommodations, required reserve ratios, re-deposits of financial institutions etc., to regulate financial conditions and to achieve monetary policy objectives.

3.1.2 Foreign Exchange Management

To date, residents can freely hold and use foreign exchange export proceeds and also make foreign exchange import payments without restrictions. Only certain regulations imposed on remittances related to capital account transactions are retained for the purpose of financial stability.

The NT dollar exchange rate is determined by market forces, which is in line with the policy of exchange rate liberalisation. Only when the foreign exchange market is disrupted by seasonal or irregular factors will the Bank step in.

3.1.3 Clearing and Settlement Services

The Bank is the major operator of the payments system in Taiwan, providing services for payments among banks. Payments, including those associated with central bank accommodation, interbank loans, bill and bond transactions, are settled via the Central Bank of China Interbank Funds Transfer System (CIFS). The Bank is also responsible for promoting the efficiency and security of the payments system, as well as supervising clearing houses regarding check clearing and settlements among the banks involved.

3.1.4 Currency Issuance

In July 1961, the Bank resumed its operations in Taiwan and regained its right to issue currency. The Bank is responsible for designing, planning, producing bank notes and coins, and destroying old notes which are no longer fit to use. The Bank of Taiwan, a state owned commercial bank, is authorised to distribute notes and coins and sort out returned notes.

3.1.5 Treasury Agency Functions

As the fiscal agency, the Bank handles receipts and disbursements of funds and properties for the central government and its agencies. The Bank also handles the issuance, redemption and interest payment of central government securities.

Settlements of funds and securities arising from the above operations are facilitated by the CBC-Wire, which is the main system integrating the CIFS and the Central Government Securities Settlement System.

With the introduction of the book-entry central government bond system in September 1997, the issuance, transfer, redemption and interest payment of the bonds are in the form of accounting entries on computer records. Since then, the bonds are no longer issued tangibly. The book-entry Treasury bills system was also introduced in October 2001.

3.1.6 Bank Examination

Based on the Central Bank of the Republic of China (Taiwan) Act, the Bank also has the responsibility for examining the operations of all financial institutions under the operational objectives of promoting financial stability and guiding sound banking operations.

With regard to financial institution examination, emphasis is placed on the following: understanding the consistency of their operations with respect to monetary policy, assessing their compliance with relevant regulations, reviewing their operational procedures, evaluating their systems of internal controls and the efficiency of their operations, and reviewing current regulations.

3.1.7 Statistics and Research

The Bank compiles data on financial statistics, flow of funds, and balance of payments, and publishes these statistics in the Monthly Financial Statistics, Annual Flow of Funds, and Quarterly Balance of Payments. The Bank's Annual Report and Quarterly Review are also published. The Bank's publications are disseminated to domestic and international institutions.

The Bank's research covers a wide range of economic and financial subjects, such as financial market conditions, monetary aggregates reserve money, movements of interest rates and NT dollar exchange rates, balance of payments, flow of funds, as well as production activities, investments, and prices. The Bank also conducts studies on economic and financial conditions of major countries as well as impacts arising from innovations in global financial markets.

3.1.8 Participation in International Organisations

The Republic of China (Taiwan) is currently a full member of the Asian Development Bank (ADB), the Central American Bank for Economic Integration (CABEI), and the South East Asian Central Banks (SEACEN) Research and

Training Centre. The Bank attends the annual meetings, provides training courses, and hosts conferences for strengthening financial cooperation and relations with other member countries. In addition, the Bank also plays an active role in other international financial organisations such as the Inter-American Development Bank (IDB), the European Bank for Reconstruction and Development (EBRD), and the Bank for International Settlements (BIS).

3.2 CBC HRM's Core Functions

To instill an excellent administrative culture, the Executive Yuan (Cabinet) has approved three core values for civil servants. The three core values are innovation, enterprise, and professionalism. All the public employees are to perform according to these core values. The Executive Yuan has set up the strategic objectives for HRM in public institutions which include the following: Establishment of Rationalised Personnel Measures; Training Civil Service Manpower; Instilling Leadership; Moulding Honest, Competent, and Fair Public Service Ethics; Enhance Administrative Performance and Service Quality; Boost Morale and Potential of Civil Servant.

As the Bank is a government institution, the HRM adheres to the personnel system of the government. The Central Personnel Administration is responsible for the overall personnel administration of all the ministries and agencies under the Executive Yuan.

According to the Organic Regulations of the Departments and Offices of the CBC, the Personnel Office shall be charged with the following duties:

1. Proposals for the Bank's organisational composition and manpower planning.
2. Drafting the Bank's personnel rules and regulations as well as planning and improving the Bank's personnel matters.
3. Proposals for the recruitment, remuneration, appointment and dismissal, and promotion and transfer of the Bank's employees.
4. Planning and implementation of training, advanced studies, and business trips of the Bank's employees.
5. Matters pertaining to proposals for performance rating, attendance verification and incentives and discipline for the Bank's employees.
6. Proposals for the remuneration, benefits, insurance and guarantee for the Bank's employees.
7. Reviewing the retirement, indemnity and severance of the Bank's employees.
8. Reviewing, recording, managing and analysing the Bank's personnel data.

9. Matters pertaining to the Bank's employees' overseas travel and issuance of various types of certifications.
10. Matters pertaining to the assessment, examination, and recommendations with regard to personnel management of security police officers and technical workers of the Bank.
11. Management of personnel offices and the associated personnel officials at the Bank's subsidiary institutions.
12. Other matters pertaining to personnel management business.

To sum up, the major functions of the HRM in CBC are recruitment, promotion, rotation, training, and performance evaluation, remuneration, and staff wellbeing.

These are discussed briefly as follows:

3.2.1 Recruitment

There are three ways of recruitment in CBC viz, the National Examination by Nominating from other public institutions, and by Selection. Most employees of CBC are recruited by National Examinations held by the Examination Yuan. This is also the most popular way of recruitment in the government. Sometimes, recruitment is by nominating qualified people from other public institutions. The persons and public institutions involved should all agree on this kind of nominating recruitment for it to be effective. The third kind is by selection for professional work. The Bank can recruit specialists for professional areas such as foreign exchange and economic research. This type of recruitment is open to qualified people from the public.

3.2.2 Promotion

There are normal promotions and special promotions in the Bank. The normal promotion refers to the annual promotion where seniority is an important factor. On the other hand, key factors for special promotions are ability and potential of the staff.

In the CBC, there is a minimum threshold of years of working experience before a staff can be considered of promotion to a higher rank. The minimum years of working experience does not mean that every employee who has the minimum requirement can be promoted. Besides the working tenure, criteria for promotions also include performance, evaluation grades, and qualifications. While seniority is an important factor for the annual promotion exercise, staff with good potential and performance can be promoted rapidly via the special promotions route.

3.2.3 *Rotation*

Each year, the CBC conducts job rotations between the various Departments, under the responsibility of the Personnel Office. Employees who wish to be rotated to another Department can submit a written request to the Personnel Office. Each Department Director also reserves the privilege to plan work assignments of his staff in his/her Department. Sometimes for business needs, the CBC will arrange for financial specialists to be assigned to the overseas representative offices in either New York or London. Job rotation is regarded as a kind of training in the CBC to expose employees with the different aspects and areas of central banking functions.

3.2.4 *Training*

The Training Committee of CBC is mission-oriented. Its objective is to enhance the employee's training and development. The Deputy Governor is Chief of the Committee while the Deputy Directors General of 9 Departments and the Directors of 3 Offices are Committee members. The Director of the Personnel Office is the Executive Secretary. The Committee provides a discussion forum for training issues such as development plans, training plans, and other issues.

The training programmes of the CBC include professional training (banking related knowledge and skills), management training, IT training, foreign language training, and others. As there is no centralised body within the CBC to execute training programmes, most of the programmes are outsourced to the TABF (Taiwan Academy of Banking and Finance) while the CSDI (the Training Centre for Government Officials) is responsible for certain programmes such as management training and vision setting.

3.2.5 *Performance Evaluation*

CBC conducts evaluations on job performance annually. The evaluation areas include job performance (50%), integrity and conduct (20%), knowledge (15%), and ability (15%). When an employee has served over a year, he/she will be given an annual performance evaluation. The evaluation is categorised into four grades of A, B, C, and D and is conducted at the end of every April and August respectively. The annual performance evaluation would take these evaluation results into account.

3.2.6 *Remuneration*

The CBC practices a single remuneration system with bonuses that include the evaluation bonus and performance bonus. The evaluation bonus will be awarded to the employee according to the evaluation rating received. If the

employee is given an A grade, he or she will be promoted one grade up and rewarded a bonus of 1-month's salary. If the employee is evaluated as a B grade, he or she will be promoted one grade and given a bonus of half a month's salary. If the evaluation results is a C grade, there will be no promotion and no reward. A grade D will lead to dismissal of the employee. Performance bonuses are given to employees according to their job performances which are divided into 2 parts of unit performance and personal performance.

3.2.7 Staff Wellbeing

The wellbeing of employees is important to the organisation. Physical and mental health care are included as basic benefits for each employee. CBC sponsors health examinations for the employees who are over the age of 40 once every 2-years. Counselors for mental wellbeing are available when required and sports facilities are provided as well.

In order to achieve the Bank's operational objectives, the HR staff endeavours to develop competency-based HR by recruiting the right person at the right place, training (developing) the talented people, and managing them with the proper HR policies. By implementing the HR core functions of recruitment, promotion, rotation, training, and performance evaluation, the Personnel Office hopes to help the Bank in achieving the operational objectives.

4. Challenges, Issues, and Risks

4.1 Challenges

Regardless of the industry, size or location, organisations today face critical challenges (Ulrich, 1998; The Boston Consulting Group, 2008) which include the following:

4.1.1 Globalisation

Globalisation has made the world a global village. With the rapid expansion of global markets, managers have to think globally and act locally. Globalisation requires that organisations increase their ability to learn and collaborate and to manage diversity, complexity, and ambiguity. One of the main HR challenges in managing globalisation is making sure that the right people are in place at the right locations. Globalisation affects HR issues that range from managing talent to managing change and cultural transformation. Managers are starting to understand that managing talent is now a global issue, and managing globalisation has a strong talent component.

4.1.2 Technology

Technology has made our world smaller and faster. It has lessened administration procedures or registering processes. The challenge for managers is to make sense and good use of what technology has to offer. Technology can and will affect how and where work gets done. Technology has increased accessibility, visibility, and connectivity. The connected world is getting smaller, changing rapidly, and becoming increasingly transparent.

4.1.3 Nonstop Change

The only thing that will not “change” is “change” itself. Perhaps the greatest competitive challenge organisations face is adjusting to nonstop change. Constant change means organisations must create a healthy discomfort with the status quo, an ability to detect emerging trends quicker than the competition, an ability to make rapid decisions, and the agility to seek new ways of doing business. Organisations will need to be in a never-ending state of transformation, perpetually creating fundamental and enduring change.

Organisations seeking to improve their capabilities in managing globalisation should do the following (The Boston Consulting Group, 2008):

1. Derive the short- and long-term implications of globalisation on their corporate HR strategy, such as the requirements that must be met for the company’s various geographic and functional organisations.
2. Globalise the company’s HR profile by recruiting experienced executives in countries in which the company has identified specific needs and by ensuring that the board of directors comprises a truly global membership.
3. Invest in global talent recruiting and training by providing executives with international rotations, invest in local talent development, and establish global HR platforms.

4.2 Issues

Three challenges (globalisation, technology, and nonstop change) are forcing organisations to take “talent management” and “organisational development” more seriously. Managers are starting to understand that managing talent is now an important area of concern.

4.2.1 Talent Management

Managing talent is viewed as a critical HR issue. To develop and retain the best employees, a company has to focus on three actions that are tightly intertwined: managing talent, improving leadership development, and managing work-life

balance. Many high-talent employees eventually become leaders and therefore need to develop leadership skills while at the same time, strong leaders must be in place in order to retain, motivate, and develop talented people. In emerging markets, the best employees have many job options and it is therefore important for companies to ensure that these people find satisfaction in their current work — a goal that managing work-life balance addresses. Building capabilities in all three of these areas is crucial for companies to create people advantage. (The Boston Consulting Group, 2008).

Talent management can be defined as the challenges of recruiting and retaining highly capable employees and providing them with opportunities to perform, excel, and advance. One of the key success factors of talent management is engaging people – it is an essential step that organisations can achieve in many ways. By introducing formal rules for advancement, organisations can both minimise the risk of supervisors obstructing talented people from being promoted and facilitate career development for individuals who might otherwise escape the attention of department, division, or senior leaders. Supervisors generally know that the process for managing talent should be transparent.

4.2.2 Talent Recruitment by Selection in CBC

In CBC, recruitment is generally carried out by the National Examination, Nomination from other public institutions and by Selection. The third type of selection is usually reserved for specialised professionals. The Bank can recruit certain specialists for professional work in areas such as foreign exchange and economic research. This kind of selection (Selection Recruitment) will be opened to the public where applications can be submitted by qualified people.

Three units are responsible for Selection Recruitment: the Recruitment Committee, the Test Group, and the Personnel Office. The Recruitment Committee and Test Group are mission-oriented and are set up for each Selection Recruitment exercise. The Recruitment Committee is the Decision-maker for a Selection Recruitment round with the Deputy Governor acting as the Chief Leader of the Committee. The Test Group is also mission-oriented, the members of which will vary, depending on the test contents. For example, the test members in the first interview and the secondary interview will differ. However, the Personnel Office is responsible for integrating the process of the recruitment exercise. The Personnel Office is responsible for reviewing the qualifications and certificates while the Test Group is responsible for the preliminary interview and secondary interview and the Recruitment Committee is accountable for the decision-making. The selection outcome would finally be approved by the Governor of the Bank.

There are 2 advantages to conducting Selection Recruitment. Firstly, the decision-making body (Recruitment Committee) can align the recruitment with the business focus of the Bank and secondly, the mission-oriented Committee and Group can avoid biasness, and can carry out interviews in an objective and fair way.

However, there are 2 challenges with Selection Recruitment:

1. Firstly, there are areas which are highly confidential in CBC's functions such as foreign exchange. HR needs to implement rules and regulations on professional conduct and confidentiality especially for staff who are recruited externally via Selection Recruitment since it is difficult to gauge a person's character and behaviours in the short-term.
2. Secondly, it is difficult to attract and retain talented staff in a bureaucratic setup with constraints in multiple regulations and administration procedures. In a competitive job market, public institutions face challenges in attracting the best talents. For example, although the Bank has introduced various measures for attracting and retaining skilled people such as a fast track promotion system, bonus scheme, rotation system, and training programmes, there were still 5 resignations in the most recent years among 46 financial or economic research specialists. In a competitive market, staff who are talented have many job options and the challenge for the Bank is in attracting these talents and retaining them, especially in an organisation which is viewed as "bureaucratic" in character. CBC therefore needs to introduce flexibility in its regulations and inculcate an appealing corporate culture.

4.2.3 Organisational Development

Organisation development focuses on how an organisation embeds capability into the structure, processes, and policies and shapes how an organisation works. In recent years, the Bank has made major organisational changes and staff policies for organisational development:

1. Payment and Settlement Section: This Section which was formerly known as the Check Clearing Section was reorganised as the Payment and Settlement Section. The RTGS (Real Time Gross Settlement) System was initiated on 16 September 2002 and the CBC is the major operator of the payment system in Taiwan, providing services for payments among banks. The Bank is also responsible for promoting the efficiency and security of the payment system, as well as supervising clearing houses for check clearing and settlements among banks.

2. The downsizing in manpower for registration in the Department of the Treasury: In the Department of the Treasury, 3 sections have been combined into a single section. The General Treasury Section, Annual Expenditures Section, and Annual Revenue Section are now subsumed under a single unit known as the Treasury Management Section. The Department of the Treasury has also transferred 19 of its staff to other Departments in the Bank because of the increased usage of IT and resultant efficiency in the registration process. In addition, the Bond Insurance Section was renamed as the Government Securities Section
3. The Congressional and Press Liaison Section was set up in 2001 under the Secretariat. This Section is responsible for liaising with Parliament and the media, and communication with the public for requirements on accountability and transparency.
4. Temporary Transfer: With the establishment of the Financial Supervisory Commission (FSC) on 1 July 2004, most of the functions of the Financial Inspection Department were transferred to FSC, except for the inspections related to the operations of CBC. In order to transfer financial inspection skills, 18 staff were reassigned to the FSC, while 37 staff were temporarily seconded to the FSC for a period of 2 years. About half of the workforce in the Department of Financial Inspection of CBC was transferred to the Commission, while the other half remained at the CBC handling necessary special inspections to fulfill the Bank's responsibilities, such as monitoring foreign exchange, credit control and monetary policies. To ensure job availability at CBC for seconded staff to the FSC upon completion of their tenure, the Department of Financial Inspection did not recruit any new staff to fill the jobs vacated by the secondees and is one main reason for the increasing average age of employees.
5. Staff Downsizing Policy: In recent years, the Government has implemented a Staff Downsizing Policy to reduce redundancy of public employees. Public institutions would not be able to make new recruitments without the prior approval of the Executive Yuan (Cabinet). However, as the environment is changing rapidly, the Bank requires experts who can deal with the growing complexities of the global market and challenges in managing foreign exchange. It is becoming increasingly important to enhance risk management in the central bank. Financial engineers are considered crucial to the central bank's policy of strengthening its risk-management. With a competency-based recruitment system, the CBC has discovered that there are special needs in areas of foreign exchange and economic research. The CBC has therefore, made special appeals to the Executive Yuan for approval to recruit specialists such as financial engineers for vital functions using competency-based Selection Recruitment despite the Government Downsizing Policy.

Nonetheless, in order to contribute to the objectives of the Government's downsizing policy, the CBC will not recruit to fill vacancies left by those who resign or retire which has resulted in a decrease in total staff at the Bank. To ensure work flow and efficiency, the Bank is administering a rotation policy to reorganise staff in all the departments while also providing training to transferred staff in their new business areas and processes. To contribute to the goals of the Government's downsizing policy, the Bank has had to implement a combination of human resources management policies such as rotation, training, human resource planning, and selection recruitment.

6. The Recruitment of Financial Specialists and Engineers: Under the Downsizing Policy guidelines of the Government, the Bank cannot recruit new staff except for the financial specialists and engineers for whom qualifications are very stringent such as possessing postgraduate degrees of a Master's degree, Doctorate and work experience, etc.
7. The Information Management Office has been transformed to be the Department of Information Management in May 2008. Technology has made our world smaller and faster. Information technology development and government information security control have increased the responsibilities of the information management office in recent years.

4.3 Risks

There is awareness that HR policies should align with the Bank's operations. Although the Bank is a public institution and HRM should adhere to the laws and regulations set by the Government, HRM in the Bank should, nonetheless, be flexible to attract the best talents and motivate professionals in order to achieve the Bank's operational objectives.

As mentioned above, the CBC has implemented attractive remuneration packages for staff motivation such as fast track promotion, bonus system and training for talented staff to retain them in the Bank. However, these policies must be administered in a fair and just way to avoid complaints and grievances from employees, which brings up another HRM challenge of how to create a conducive organisational culture and climate?

As a HR Department in a public institution, there are regulations and administration procedures that must be followed but these can sometimes become constraints to achieving certain objectives of the Department. The set rules and regulations make it difficult for the Department to become a strategic partner in the Bank. While the efficiency of administering regulations is easy to evaluate, HR's involvement in the Bank's operational goals is difficult to measure. For example, it is difficult to measure how the HR professionals are transforming into strategic partners of the Bank.

The HR Department must collaborate with the line managers to administer HR policies and this brings up the issue of “how do the HR workers cooperate with the line managers and also how do banking professionals cooperate with the HR professionals? The answers to these questions would generate new relationships on cooperation and partnership between the HR workers and the line managers.

Ulrich (1997) mentions that there are four roles that HR professionals play – being the employee champion, administrative expert, change agent, and strategic partner. When HR professionals play these roles, they focus more on outcomes than on activities. Employee champions deliver competent and committed employees while administrative experts deliver efficient HR practices. Change agents deliver capacity for change in individual behaviour and organisation culture while strategic partners deliver business results.

Researchers have viewed HR roles as transitioning from operational, administrative, functionally oriented, and reactive toward more strategic, consultative, business oriented, and proactive, respectively.

The four roles that HR professional must fulfill in order to create a business partnership with the organisation (Ulrich, 1997) include the following:

1. Management of strategic human resources requires that HR professionals be able to execute strategy and become a “strategic partner”. By being a strategic partner, HR professionals help manage human resources and align HR practices with business strategy. HR should become a partner with senior and line managers in strategy execution, helping to move planning from the conference room to the marketplace.
2. HR professionals must manage the firm’s administrative infrastructure through “administrative expertise” by designing and delivering efficient HR processes for staffing, training, and the like. It should become an expert in the way work is organised and executed, delivering administrative efficiency to ensure that costs are reduced while quality is maintained.
3. Management of employee contribution. HR professionals must strive to increase employee commitment and capability through the role of “employee champion”; they must manage employee contribution by providing resources to employees. It should become a champion for employees, vigorously representing their concerns to senior management and at the same time working to increase employee contribution; that is, employees’ commitment to the organisation and their ability to deliver results.
4. Management of transformation and change requires that the HR professional create a renewed organisation, as a change agent, by ensuring there is a capacity for change as well as managing the fundamental culture of the organisation.

In the four roles, HR professionals may manage strategic activities, provide client services, help build human capital, as well as manage company change. HR should become an agent of continuous transformation, shaping processes and a culture that together improve an organisation's capacity for change.

HR professionals must be both generalists and specialists. At the CBC, the HR role of "administrative expert" is easier to achieve, while the roles of "strategic partner", "employee champion", and "change agent" are difficult tasks to measure and achieve.

5. Policy Guidelines and Suggestions

5.1 Policy Guidelines

Line managers and HR managers must form a partnership to quickly and completely reconceive and reconfigure the function – to overhaul it from one devoted to activities to one committed to outcomes. (Ulrich, 1998). At the CBC, it has been relatively easier for HRM to assume the role of "administrative expert" rather than "strategic partner", "employee champion", and "change agent". In order to fulfill the four roles, it is recommended that the Bank's HRM take the following guidelines:

- **Becoming a strategic partner** means an entirely new role for HR for which it needs to acquire new skills and capabilities. The HR staff would require more information and learning in order to perform the kind of in-depth analysis an organisational audit involves.
- **As administrative experts**, HR professionals will need to shed their traditional image of the rule-making policy police, while still making sure that all the required routine work in organisations is done well. In order to move from their old role as administrators into the new role, HR staff will have to improve the efficiency of both their own function and the entire organisation.
- **Setting up e-HR processes** can help to increase the efficiency of HR. Within the HR function are dozens of processes that can be done better, faster, and cheaper. Finding and fixing those processes is part of the work of the new HR. Generally, the quality of HR work would improve and costs lowered by removing steps or leveraging on technology.
- **Improving efficiency** will build HR's credibility which will open the door for it to become a partner in executing strategy. HR managers can also prove their value as administrative experts by rethinking how work is done throughout the organisation. They can design and implement a system that allow the department to share administrative services.

- **Becoming an employee champion.** HR professionals must be held accountable for ensuring that employees are engaged – that they feel committed to the organisation and contribute fully. HR must now take responsibility for orienting and training line management about the importance of high employee morale and how to achieve it. The new HR should be the employees’ voice in management discussions; offer employees opportunities for personal and professional growth; and provide resources that help employees meet the demands put on them. Employees must know that HR is their voice before they will communicate their opinions to HR managers.
- **Becoming a change agent.** The new HR has as its fourth responsibility the job of building the organisation’s capacity to embrace and capitalise on change. It will make sure that change initiatives that are focused on creating high-performing teams, reducing cycle time for innovation, or implementing new technology are defined, developed and delivered in a timely way. HR’s role as a change agent is to replace resistance with resolve, planning with results, and fear of change with excitement about its possibilities.

To sum up, HR leaders can align practices to more effectively execute business strategy. HR must deliver value. HR practices must create value in the eyes of investors, customers, line managers, and employees.

5.2 Suggestions

HR cannot expand its role in an organisation without the requisite expertise. Becoming a strategic partner demands a degree of knowledge about strategy, markets, and the economy. Becoming an administrative expert demands some knowledge of reengineering, as well as the intricacies of what the line actually does. To meet the increased expectations of the organisations, HR professionals must begin to act professionally. They must focus more on the deliverables of their work and less on just getting their work done. They must articulate their role in terms of the value they create. They must create mechanisms so that business results quickly follow. They must measure their effectiveness in terms of business competitiveness rather than employee comfort and lead cultural transformation rather than consolidate, reengineer, or downsize in order to turn an organisation around.

Successful organisations are becoming more adaptable, resilient, quick to change direction and customer-centered. Within this environment, the HR professional is a strategic partner, and employee sponsor or advocate, and a change mentor. Knowing how to link change to the strategic needs of the organisation will minimise employee dissatisfaction and resistance to change.

The CBC has developed the e-HR system for human resource management and has improved administrative efficiency and quality for both the HR workers and line managers. The e-HR system is assisting HR workers to be administrative experts by the sharing of data on personnel information in the Bank. In the near future, it is hoped that a better HR system can be developed not only for data sharing but also for communication and cooperation with the line managers. The introduction of the e-HR system has been useful for increasing efficiency and the quality of HR work, and may open the door for building HR's credibility to become a strategic partner in the Bank.

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