

# A STUDY OF PERCEPTION AND CHALLENGES FACED BY HRM FUNCTION IN PAKISTAN

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## ABSTRACT

*HRM can play a game changing role for developing countries as it has ability to develop employees and making organizations more competitive. Despite such a significant value it can create, there is limited research as well as understanding about HRM in developing countries. The current study is exploratory in nature and carried out with the objective to assess the current status of HRM in Pakistan. By utilizing semi-structured interviews, data was collected from sixty HR Personnel working in various organizations. Key findings of the study are that perception towards HRM function is mostly negative by different stakeholders while main challenges faced by HRM includes nepotism, corruption, employee discrimination, untrained line managers, lack of talented staff, and poor reward system. To overcome such negative perception and challenges faced by HRM function in Pakistan, HR should assume more responsibility towards strategic business partnering.*

**Keywords:** Pakistan, HRM, Perception, Challenges, Developing countries, Outcomes

## INTRODUCTION

The role of HRM is vital to develop employees and enable organizations to compete more successfully in competitive global markets. HRM is relatively a new field in Pakistan but it has grown substantially during the last decade (Qayum, 2011). Many businesses in Pakistan have restructured their Personnel divisions as Human Resource Divisions which signals that HRM evolves from traditional Personnel management (Siddiqui, 1997). Universities across the Pakistan are offering Masters, MPhil and Ph.D degrees in HRM and there is also considerable level of HRM related academic research going on. Despite such growth, HRM is not fully developed in Pakistan for example a study by Khiliji (1999) empirically studied HRM in Pakistan and found that HRM in Pakistan is at infancy stage and suffering from inconsistency between the HRM practices. The current study is conducted with a view to identify the current status of HRM in Pakistani organizations. For this purpose, it is focusing on two aspects namely perception towards HRM function and challenges faced by the HRM function in Pakistan.

### *Pakistan's Brief Profile:*

According to the World Bank Country Partnership Strategy Progress Report (2013) Pakistan is facing significant political, economic, and constitutional challenges. The country is also experiencing militancy, sectarian violence, and natural disasters such as

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floods (World Bank, 2013). The reports also commented on poor Human Development record as country is lagging behind from other similar nations in terms of resource allocation for education (Currently 2% of GDP), enrollment in education, infant mortality rates, and gender disparities.

Despite poor political, economic, and social indicators, Pakistan is showing signs of improvement. The peaceful transfer of power from one political party to another after May 2013 general election shows that country is restoring towards democracy and its political system is stabilizing. Similarly, according to Labor Force Survey of 2012-2013 by Federal Bureau of Statistics shows that the literacy rate is improving as literacy rate for the population above ten years of age in the country is 59.8% based on 71% for Male and 48% for female. The brief discussion about Pakistan shows that business environment in Pakistan is filled with challenges as well as some opportunities.

*Aims and Objectives:*

The study aims to explore the current status of HRM in Pakistan while more specifically the objectives of the study is to identify the perception towards the HRM function and key challenges faced by HRM function in Pakistan.

*Significance:*

Most of the HRM related research is conducted in Western context while there is scarcity of HRM related research in developing countries. The literature on HRM in Pakistan is also very limited and demand greater attention from researchers. The study is expected to bridge the literature gap and further enhance our understanding of HRM in Pakistan.

## LITERATURE REVIEW

The following section discusses key theories and previous researches which are relevant for the current study.

*Perception towards HRM Function:*

The new HRM function assumes more responsibility for human resource development and more active role in strategic management of organization as compare to its predecessor role of Personnel management (Francis & Keegan, 2006). According to some experts, such changes in the role performed by HRM function are not fitting well with the employee-welfare role of HRM (Francis & Keegan, 2006; Kochan, 2004). It can be argued that the perception towards HRM function can be affected by the role HR plays and stakeholder's interests it serves, for example if HR serves the interests of employees then it can develop a positive employee perception towards HRM. On the other hand, a positive top management's perception towards HRM can be nurtured providing HRM plays 'business partner role' successfully. Difference in perception towards HRM by different stakeholders is observed for example a study conducted by Boselie & Paauwe (2005) in European companies found that HR managers had a more positive perception of the HR function and HR department as compare to the other employees and managers. To the best of authors' knowledge, so far no specific study is conducted in Pakistan which focuses on identifying perception towards HRM function.

*Challenges faced by HRM:*

Ulrich (1997) identified key challenges faced by modern organizations including Globalization, responsiveness to customers, increasing revenue and decreasing costs, building organizational capability, making change and transformation, implementing technology, and attracting and developing human capital. Moreover, challenges such as favoritism, loss of talent, maintaining employee commitment, and unskilled leadership are the major challenge faced by global HR managers (Reilly, 2012). Challenges in developing countries are different from developed countries as most Developing countries have very poor economic and political situation (Prah, 2004; Jaeger et al., 1995). Economic situation in developing countries is the result of poor utilization of resources and ineffective management which results in high unemployment, low real wages, poor working conditions, and demotivated and demoralized staff (Das, 1998; Jaeger et al., 1995). Political situation in developing countries is also highly volatile and unstable which creates environmental uncertainty and complexity for business managers (Kanungo & Jaeger, 1990; Kiggundu, 1989).

Management in developing countries is also affected by colonial legacy and theory X style of management (Jaeger & Kanungo, 1990; McGregor, 1960). Top down management, heavy bureaucracy, inefficiencies, discriminatory internal policies, employee alienation, and lack of management skills are the key features of post-colonial management in developing countries (Jackson, 2004). Hilderbrand & Grindle (1997) studied the HRM in developing countries and highlighted features such as inappropriate recruitment procedures, low salary levels, lack of effective performance standards, inability to fire people, too few rewards for good performance, seniority based promotions with little emphasis on performance, lack of reward for hard-work and initiative, and demoralizing management by supervisors. Similarly, Okpara & Wynn (2008) stated that in most transition economies of Africa, HR Managers face challenges including benefit costs of health care, Aids, lack of ethics, nepotism, tribalism, and bribery and corruption. The above discussion shows that challenges faced by HR Managers as well as HR function in developing countries are enormous and requires significant attention.

## METHODOLOGY

The following section provides review of sampling strategy, data collection, and data analysis for the current study.

*Sample:*

According to Flick (2002) sampling decision should be made keeping in view the research question as well as the structure and contents of the sample. Based on the nature of the study and research objectives, it was decided to collect data from HR personnel including HR Managers, HR Assistant and so on. Convenient sampling was used to collect data from HR personnel who were contacted through a community page of social networking website and later agreed to give interviews. The process continued until the sample reached to sixty. After initial acceptance, interviewees have been contacted in order to set schedule for interview. The profile of the interviewees is given in the table 1.

Table1: Demographic Characteristics of Respondents

	Frequency	Percentage (%)
<b>GENDER</b>		
Male	43	71.66%
Female	17	28.33%
<b>AGE GROUP</b>		
20-30 Years	8	13.33%
30.1-40 Years	34	56.66%
40.1-50 Years	10	16.66%
Above 50 Years	8	13.33%
<b>ROLE/STATUS</b>		
HR/Personnel Director	1	1.66%
HR/Personnel Manager	45	75%
HR/Personnel Assistant	12	20%
Others	2	3.33%
<b>ORGANIZATIONAL OWNERSHIP</b>		
Public Sector	13	21.66%
Private Sector	47	78.33%
<b>NATURE OF ORGANIZATIONS</b>		
Manufacturing	24	40%
Services	36	60%
<b>HR RELATED WORK EXPERIENCE</b>		
0-4 Years	8	13.33%
4.1-8 Years	48	80%
8.1-12 Years	2	3.33%
Above 12 Years	2	3.33%

#### INTERVIEW METHOD:

Semi structured interviews were conducted from HR personnel. HR personnel are selected as respondents because they are mainly responsible for design, implementation, and evaluation of HRM policies and practice and often they have the most relevant HR related information. On average, an interview took between 30 to 45 minutes. All interviews were recorded and additionally short notes were taken during the interviews.

#### DATA ANALYSIS:

According to Miles & Huberman (1994), qualitative data analysis involves three steps including data reduction, data display, and the drawing of conclusion. The data collected through semi structured interviews were revisited in order to make sense of it. Key themes in the data were identified, noted down, and translated simultaneously. The key themes were revised several times in order to arrive on conclusion.

#### FINDINGS

This section presents the findings of current study. As the interviews were conducted in Urdu; therefore, direct quotes are translated and reproduced here in English. Maximum efforts are taken to avoid loss of meaning in translation.

*Findings on Perception towards HRM Function in Pakistani Organizations:*

The interviews findings indicated that the perception towards HRM function by different stakeholders is mostly negative. Table 2 presents the qualitative evidence on perception towards HRM function.

Table 2: Qualitative Evidence on Perception towards HRM Function in Pakistani Organizations

Qualitative Evidence	Indication
<i>"We (HRM Personnel) have to struggle to get attention from top management. It is also difficult to convince them especially when cost is involved"</i>	Little attention from top management
<i>"HR in Pakistan is not taking a very strategic role. Mostly the responsibility of HR is to hire, fire, maintain records, and push workers for more productivity. Therefore, so far HR has not created a very positive image among the employees"</i>	Negative perception by employees
<i>"Changes such as clock-in clock-out, new leave policy, etc. is implemented through HR Managers. These changes are brought with the aim to bring tighter control over workers"</i>	Role of HRM in Change Management
<i>"I decided to transfer an employee to another office because of skills gap he had. Trade union stopped me"</i>	Trade unions as a barrier for HR
<i>"Whenever we want to take any initiative, we are being blocked. We feel stressed because of trade union. Promotions, transfers, investigations, and explanations are all affected because of trade unions. In their presence, workers virtually have free hand to do whatever they want. Trade union protects them and view HR as an enemy. We are helpless"</i>	Negative perception by trade unions towards HR

The results indicates that owners and top managers view HRM function as a mechanism to control employees, consider it as clerical function, and gives secondary importance to it. Furthermore, employees perceive HR department negatively as employees feel fear when they receive any communication from HR department. Since, mostly HRM Department is involved in bringing changes or implementing initiatives on behalf of management; therefore, HRM department is subject to employee's negative opinion as changes or initiatives brought by management are rarely welcomed by the employees at different levels.

Overall, results show that HRM has not developed a very positive perception or image and therefore, most stakeholders do not view HRM very positively or give much importance to it.

*Findings on Challenges Faced by HR Personnel in Pakistan:*

The interview data indicates that HRM function in Pakistan is not enjoying very smooth operations as it is facing severe challenges. Table 3 presents the qualitative evidence on challenges faced by HRM function in Pakistan.

Table 3: Qualitative Evidence on Challenges faced by HRM Function in Pakistani Organizations

Qualitative Evidence	Indication
<i>“As recruitment and selection process starts, we start receiving phone calls from different sources. Mostly it is very stressful situation as when you select one candidate, it means annoying other candidates and their respective supporters”</i>	Nepotism and use of references to influence hiring process
<i>“Government jobs are very desirable in Pakistan, and huge number of people applies for government job. The ratio of applicants to vacancy is one to thousands. Sometimes the vacant position is already filled and the whole selection process is just to fulfill the formality”</i>	
<i>“Truth is that most government jobs are sold based on the grade (rank). People pay money and get the job. When they come to work, their attitude is to earn that money back. Therefore, they look for bribery and other sources of corruption”</i>	Using money to get the job/ corruption in hiring process
<i>“Top managers are more interested in financial management and marketing while HRM is considered as a support function”</i>	Low attention from top management as a challenge
<i>“Line managers are a big challenge. HR role in Pakistan is increasing at headquarter in terms of policy making but decreasing at a business unit level where line managers are assuming responsibility for HR related activities. This is a big challenge. They easily manipulate things”</i>	Problems related to line manager
<i>“There are plenty of graduates in the market but finding someone who got right mix of qualification , experience, and personal characteristics is often difficult”</i>	Lack of skills
<i>“Despite having degrees such as Masters or MBA, it is difficult for candidates to write an office letter properly. Sometimes candidates don’t have basic knowledge about their own areas of expertise”</i>	
<i>“I am earning five times of what an ordinary worker is earning and still I find it difficult to live a normal lifestyle. You can imagine that how hard it will be for ordinary labor to manage in such a small salary”</i>	Inadequate salaries for employees at different levels
<i>“Concepts such as performance related pay is mostly limited to sales role”</i>	Limited performance related pay
<i>“Appraisal is a formal tool for managing employee performance however for some practical reasons such as turnover, line managers, and organizational politics appraisals are not very successful in Pakistan. Therefore, we rely on informal method of managing employee performance”</i>	Problems related to appraisal

Results indicate that a major challenge faced by HRM is nepotism. During recruitment process, prospective applicants try their contacts to influence the selection process. The referee includes organizational insiders such as managers or other powerful persons and outsiders such as military personnel, politicians, judiciary, and bureaucrats. Selection

process in public sector organization in Pakistan is not only bureaucratic but also involves corruption. In private sector organizations, some efforts are made to avoid nepotism and favoritism.

Discrimination is also a major problem and some discrimination is inevitable in Pakistani organizations. Employees are often recruited and promoted based on their language, accent, ethnic origin, religious orientation, political affiliation, and geographical area they belong. Interestingly, few respondents also believe that there is some discrimination towards male candidates. Low attention from top management toward labor related issues is another challenge. Low attention means difficulty in convincing top management about issues such as getting budgets for employee training and development, health and safety related issues, and providing a better reward system. Line managers or general supervisors also pose a challenge for HRM as mostly line managers are responsible for implementing the HRM related policies and practices who often handle HRM practices poorly. The situation can be result of lack of management and leadership skills, and lower understanding of organizational psychology at supervisory level as commonly found in many developing countries (Jackson, 2004).

Another challenge is non-availability of talented and skilled staff as often people with qualification do not possess the right mix of skills and experience. Poor reward system and low salaries are also a challenge faced by HRM in Pakistan. Country is experiencing high inflation which is resulting in reduction in real wages. The situation is causing difficulties for individuals, HRM, and Organizations as it is hard for everyone to catch-up with such a high inflation rate. Moreover, pay increase is mostly based on seniority while performance related pay is difficult to implement due to the resistance from employees at different levels.

Performance management and appraisals is considered a difficult function for HR Managers around the world. Common problems associated with appraisals were also found in Pakistani organizations as according to the interview respondents, line managers often use appraisal for personal benefit. Moreover, Line managers consider appraisals as unnecessary paperwork and many employees are given average rating regardless of their performance.

Overall, the result shows that challenges faced by Pakistani HR Personnel and HR department are quite significant and are internal as well as external in nature. Therefore, to become successful, HR needs to address these challenges adequately.

## DISCUSSION

The objective of this study was to explore the perception towards HRM function and identification of challenges faced by HRM. Semi-structured interviews were conducted with HR personnel belonging to diverse organizations. The findings on perception towards HRM function reveal that different stakeholders including owners, top managers, functional managers, and employees view HRM function negatively and overall, there is little attention given to the HR function. Low attention given to HRM function is a situation which is commonly found in most developing countries (Budhwar & Deborah, 2001; Hilderbrand & Grindle, 1997).

The negative perception and low attention given to HRM function can be explained by using Ulrich framework. Ulrich (1997) identified four key roles for HRM including

administrative expert, employee champion, change agent, and strategic business partner. It seems that currently HRM in Pakistan is mostly performing the administrative role; while, other roles such as strategic business partner or employee champion role is not being performed very effectively. Therefore, it is recommended that HRM in Pakistan needs to enhance the scope of activities it performs and the breadth of stakeholder's interest it serves.

The other findings show that the key challenges faced by HRM function in Pakistan are nepotism, discrimination, low attention from top management towards HRM, line managers, lack of talented staff, poor reward system, and appraisals related issues. These challenges are similar to the challenges faced by HRM in most developing countries (Okpara & Wynn, 2008; Khiliji & Wang, 2007; Jackson, 2004; Hilderbrand & Grindle, 1997).

These challenges are rooted in the Pakistani environment for example huge unemployment, low skilled staff, and low salaries are very much related with poor economic and political situation which is common in most developing countries (Prah, 2004; Das, 1998; Jaeger et al., 1995). Because of poor political and economic situation, there is less FDI, less opportunities, and less human development; while, the lack of availability of skilled staff is due to the education system which in most developing countries is unable to substantially improve skills (Jackson, 2004; Jaeger & Kanungo, 1990; McGregor, 1960). Pakistan hardly spends 2% of its GDP on Education and overall literacy rate is hardly 57% (Ministry of Education, 2012), thus lack of availability of skilled staff is no surprise.

Nepotism and use of contacts to influence selection process is part of Pakistani culture which is very much relationship oriented. In such cultures, people perceive that without having the right contacts, it is difficult to get any work done (Hilderbrand & Grindle 1997). Discriminatory employment practices which exist in Pakistan are similar to the discriminatory practices in many other developing countries for example Apartheid in South Africa (Jackson, 2004) and tribalism in African region (Okpara & Wynn, 2008). Little attention from top management towards Human resource development is also consistent with theory X style of management commonly exist in developing countries (Budhwar & Deborah, 2001; Jaeger & Kanungo, 1990; McGregor, 1960).

#### *Implications:*

Our findings have implications for HR Personnel. First of all, it is important for HRM function in Pakistan that it should be proactively involved in activities which promote its business partnering and employee champion role. Involving in such activities will improve HR role which in return will contribute in developing a positive image for the function. Furthermore, HR Personnel should also be actively involved in lobbying and communications to inform stakeholders about how HRM is contributing in organizational success and serving the interests of different stakeholders. Doing so will enable to develop a positive perception towards HRM function and benefit will be that as the top management will take human resource related issues more seriously, HR Personnel will be able to overcome issues such as nepotism and low attention from line managers more effectively.

HR Personnel should also actively develop themselves by seeking new knowledge, improving their skills, and connecting with the latest researches in the field as such development will help them in tackling many HRM and work related challenges.

*Limitation:*

The research was conducted to identify the current status of HRM in Pakistan; however, the study was only limited to the two aspects namely perception and challenges. The limitations also stems from the methodology and sampling as the small sample size and solely relying on qualitative method for data collection made the generalization difficult. To get better results, future researcher should use a bigger sample from organizations operating in more diverse industries or sectors along with more sophisticated data collection methods.

**CONCLUSION**

Overall, it can be concluded that despite HRM is gaining its foothold in Pakistan, still the function is facing complex challenges and most organizational stakeholders have negative perception towards HRM function. It can be argued that negative perception is due to limited administrative and control oriented function performed by HRM. Therefore, in order to take full benefit, organizations as well as the top management need to give greater importance and autonomy to the HRM function. HRM function itself also needs to take care of the interests of different stakeholders and assume more responsibility towards strategic planning and execution. At national level, more proactive and dynamic role from HR promoting bodies is also required.

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