



GLOBAL JOURNAL OF MANAGEMENT AND BUSINESS RESEARCH
Volume 12 Issue 7 Version 1.0 April 2012
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals Inc. (USA)
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

Human Resource Management Practices in Private Sector Organisations in Pakistan: Study of Cultural Influences

By Riaz Ahmed Mangi, Dr. Ashique Ali Jhatial Sayed Asif Ali Shah,
& Dr. Ikhtiar Ali Ghumro

Shah Abdul Latif University

Abstract - This study presents findings of in-depth interviews from 'core-informants' from private sector organisations in Pakistan. Study identified that the impact of national cultural factors such as collectivism and high power distance have a strong influence on human resource management (HRM) practices and retaining competitive advantage at work. This study also revealed that sifarish (i.e. connection), sycophancy and nepotism are critical factors in HRM functioning. Typically organisations are hierarchically structured with unquestionable authority vested in either management or proprietor. The current investigation also found out that managerial support for sifarish or connection-based recruitment, selection and promotions practices are some of the main factors affecting to the development of HRM systems in private business sectors. Training and development practices are given little importance with absence of linkage between performance appraisal reward and promotions. The important implications for policy makers and heads of private organisations are discussed in the last section.

Keywords : HRM, competitive advantage, national culture, private sector organisations, Pakistan.

GJMBR-A Classification : FOR Code: 150305 JEL Code: O15, L32



Strictly as per the compliance and regulations of:



© 2012. Riaz Ahmed Mangi, Dr. Ashique Ali Jhatial Sayed Asif Ali Shah, & Dr. Ikhtiar Ali Ghumro. This is a research/review paper, distributed under the terms of the Creative Commons Attribution-Noncommercial 3.0 Unported License (<http://creativecommons.org/licenses/by-nc/3.0/>), permitting all non-commercial use, distribution, and reproduction in any medium, provided the original work is properly cited.

Human Resource Management Practices in Private Sector Organisations in Pakistan: Study of Cultural Influences

Riaz Ahmed Mangi^a, Dr. Ashique Ali Jhatial^o Sayed Asif Ali Shah^a, & Dr. Ikhtiar Ali Ghumro^a

Abstract - This study presents findings of in-depth interviews from 'core-informants' from private sector organisations in Pakistan. Study identified that the impact of national cultural factors such as collectivism and high power distance have a strong influence on human resource management (HRM) practices and retaining competitive advantage at work. This study also revealed that sifarish (i.e. connection), sycophancy and nepotism are critical factors in HRM functioning. Typically organisations are hierarchically structured with unquestionable authority vested in either management or proprietor. The current investigation also found out that managerial support for sifarish or connection-based recruitment, selection and promotions practices are some of the main factors affecting to the development of HRM systems in private business sectors. Training and development practices are given little importance with absence of linkage between performance appraisal reward and promotions. The important implications for policy makers and heads of private organisations are discussed in the last section.

Keywords : HRM, competitive advantage, national culture, private sector organisations, Pakistan.

1. INTRODUCTION

The article contributes to ongoing debate of understanding HRM and national culture in Asian developing countries in the field of international human resource management (IHRM). Recent research has shown keen interest in understanding people-management perspectives in Asian countries (Budhwar & Debrah, 2009; Zhu et al. 2007). Some studies emphasized the need to examine historical, religious, cultural and ethnic perspectives on people-management in cross national contexts (Adler, 1983; Stehle & Erwee, 2007; Styhre, 2002). However, the literature on the current state of HRM in private sector organisations in Pakistan is limited and cross-cultural research has also ignored the area under investigation (Ayca, et al. 2000; Khilji, 2003). Table 1 presents brief summary of the literature on HRM published in context of Pakistan. Consequently, this study investigated the impact of cultural factors on HRM in private sector in Pakistan through employing in-depth interviews. According to the Asian Development Bank (ADB) private sector is the biggest contributor to country's GDP and is also the

biggest provider of employment opportunities to the nation. The private sector in Pakistan grew rapidly during 1990s privatization, deregulation and liberalisation programmes. The former military regime of President Pervez Musharraf also continued the pace and focussed major structural, governance, and economic reforms to encourage the private sector to become the growth engine in the economy (ADB report, 2008). Currently, over 77 percent of the commercial banking sector, all of the textile and telecommunications sectors, and significant parts of the cement, sugar, automobile, and fertilizer sectors are privately owned. The private sector also contributes to power generation and electricity distribution (Bajoria, 2009).

At the same time, the infrastructural constraints, corruption, weak intellectual property rights, civil-military and landed and a feudal systems and discriminatory employment practices are some of the major cultural bottlenecks preventing a more effective and vibrant private sector in the country. Moreover, a transparent and merit-based HRM systems unbiased to any ethnic and religious has not evolved across the government and private sector in the country. Although successive governments have attracted foreign direct investment from \$559 million in 2003 to over \$8 billion in 2007, decreasing to just over \$5 billion in 2008 following political turmoil in the country. However, increased violence in recent years has made the private sector more reluctant to invest. Growing militant violence and resulting instability have been major concerns for both domestic and international investors (Bajoria, 2009). The current volatile environment has roots deep in the colonial and postcolonial history of the country. Pakistan-a quasi-religion state emerged in 1947 from the womb of British Raj and later joined alliance with United States during Cold War era and currently its relationship with US in post-9/11 profoundly informed its national culture and management practices. The extant literature especially on the development of HRM in the country suggests it has been passing through an evolutionary phase Khilji (2003) and Jamil (2005). The review of literature suggests that cultural factors such as collectivism, high power distance, hierarchical authority, sifarish (i.e. connection), cronyism and corruption play crucial role in HRM across business sectors in the country (Islam 2004; Ismail, 1999; Khilji 2003). Moreover,

Author a : Assistant Professor, Department of Commerce. Shah Abdul Latif University, Khairpur. Sindh, Pakistan.

Author o : Institute of Commerce, University of Sindh, Jamshoro.

former military regime earned lot of attention from US and international donors as General Musharaf promised to bring about moderation and transformation of society and enterprises (Behuria, 2009; Cohen & Chollet, 2007). As a frontline state in the so-called 'global war on terror', private sector in Pakistan has both unique opportunities and threats to its business community, at home and abroad. Given this situation, it is surprising that little empirical research has been undertaken that investigates HRM practices in this environment. Thus, the research problem to be investigated in this study is: What are the important cultural factors influencing HRM functioning in private (local) sector organisations in Pakistan?

II. LITERATURE REVIEW

Human resource management can be conceptualized as a response by management to the interplay of internal and external forces. Human factor at work is considered to be directly controlled by managers than other resources. The competitive advantage of the small company, in turn, is determined by human resource management of the company.

a) *Competitive advantage*

Competitive advantage for a business is to have a relatively greater strength regarding the important factor such as human than its competitors. Strengths may be considered in terms of visionary and capable leadership, trained and skilled, dedicated employees and flexible organizational policies. Knowledge of the company's capabilities and of the causes of the

competitive forces will highlight the areas where the company should confront competition and where it should avoid it (Porter, 1979). Porter proposed the value chain as the major tool for identifying potential sources of value enhancement. Human resource management is a support activity that occurs throughout all primary activities, such as operations, logistics, marketing and sales and services (Porter, 1985). Having competence is not enough. The company must create superior competence in order to attain a sustainable competitive advantage (Kotler, 1991).

Human Resource Management: According to diagnostic approach (Milkovich and Boudreau, 1994), HRM can be divided in a process of four phases: (a) assessing the external conditions for HRM, (b) setting objectives, (c) choosing a course of activities to achieve the objectives, such as external staffing and selection, employee development and training, compensation, internal staffing and employee/labour relations, (d) Evaluating results. According to Wright, McMahan and McWilliams (1994) the source of sustained competitive advantage lies in the human resources themselves, not the practices used to attract, utilize and retain them. Human resource (HR) practices aid in developing human resources as a source of sustained competitive advantage through creating and developing a high-quality human capital pool. HR practices moderate the relationship between the human capital pool and sustained competitive advantage such that the capital pool results in sustained competitive advantage only when matched with appropriate HR practices that elicit productive employee behaviour.

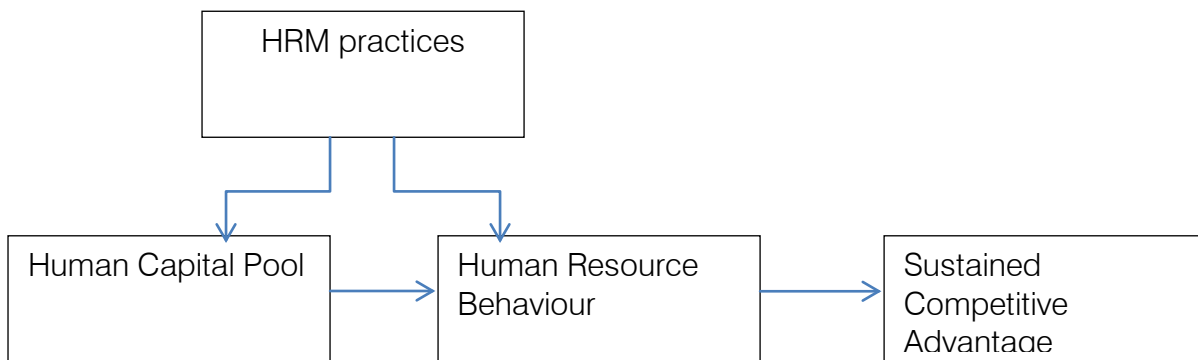


Figure 1 : A Model of Human Resources as a Source of Sustained Competitive Advantage (Wright et al., 1994)

Wright, McMahan and Williams emphasize that in dynamic environments, firms with higher levels of human capital resources possess a greater ability to respond to environmental changes through sensing the need for change, developing strategies to meet the change and quickly and efficiently implementing these strategies. It is recognised (Boxall 1994; Schneider & Barsoux, 1997; Tayeb, 1995, 2001; Khilji 2003) that HRM practices are evolving at different rates, in cross-national work settings especially in developing countries. Thus,

Eastern HRM policies and practices (predominantly from the US) are being adopted in developing countries, albeit, modified to accommodate cultural sensitivities due to local socioeconomic, political and religious factors (Schneider & Barsoux, 1997; Tayeb, 2001). Boxall (1994) maintained that the nature of the HRM function has changed from being reactive, prescriptive and administrative, to being proactive, descriptive and executive in Western and developed economies. Nevertheless, this change in the HRM function is not

necessarily recognized in the developing world. Advanced western economies consider HRM as strategic and affording competitive advantage, whereas, developing and agrarian nations are more likely to view HRM as an agency for fulfilling routine administrative activities, particularly in Pakistan's government and private sector organisations (Khilji, 2003, Khilji & Wang 2006; Jamil, 2005; Storey, 1995; Bjorkman, 2004). Moreover, recent literature supports the view that cultural factors are more important in the success of HRM in developing countries (Budhwar & Debrah, 2001, 2009; Khilji 2003; Khilji & Wang 2007). For example, Myloni et al. (2004) reported that HRM practices in Greece reflect elements of national culture to a great extent. Namazie & Tayeb (2006) also believe that both national factors and organisational strategies influence the way HRM is evolving in Iran. Al-Hamadi, Budhwar & Shipton (2007) found that national culture has influenced HRM practices in Oman, and Mellahi (2007) identified that political, environment and legal frameworks affect HRM systems in Saudi Arabia. Furthermore, Sparrow & Wu (1997) found that cultural variables influence HRM policies and practices in Taiwan.

subject under investigation. However, her view on how British colonial employment policies inherited in postcolonial Pakistan and also the role of colonial legacy-civil-military and landed elites has been unclear. In addition, the non-meritocratic behavioural traits of sycophancy and flattery towards superiors have evolved (Hussain 1999; Islam 2004) and these persist in government, private sector enterprises and MNCs in Pakistan. These factors coupled with nepotism negatively impact merit-based HRM policies and practices. In such a culture, success is predominantly linked to sifarish, (guanxi i.e. connection), sycophancy, intrigue, duplicity and unquestioning obedience to authority (Khilji 2003; Islam 2004). Government and most of the private sector still maintain colonial structured hierarchies, bureaucratic management systems and have high power distance with large communication gap between management and employees (Kazi, 2003; Khilji 2003; Islam 2004). Figure 2 presents framework of powerfulness and powerlessness proposed by Khilji (2003) portrays the 'vicious' circle of HRM systems in Pakistani organisations.

b) Relevance of HRM-cultural research with Pakistan

Although Khilji (2002, 2003, 2004) has contributed some of exciting studies relevant to the

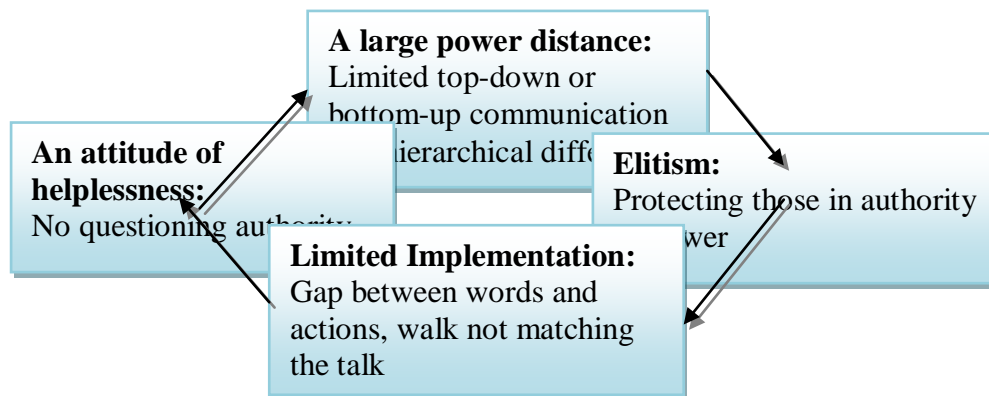


Figure 2 : A vicious circle of HRM (Khilji, 2003)

The network of power relationships in Pakistani society that is reflected in organisational settings has roots in the colonial legacy of the civil-military and landed elite. After independence, in 1947, the momentum of transformation was checked by hegemonic particular ethnic groups in the civil-military services. This adversely affected the fabric of society and resulted in tribal, clannish, linguistic and regional (ethno-national) affiliations that influenced the governance and management of the country and enterprises in Pakistan (Alavi 1990; Siddiqua 2007; Yong 2005). Additionally, successive military regimes in Pakistan, supported by the United States, encouraged cronyism, 'yes-man', subservience and obedience (Siddiqui 2005). It further strengthened the civil-military

elite bureaucratic and hierarchical administrative style, in organisational settings. Organisational justice, affirmative action policies, merit-based recruitment and selection, promotion, appraisal, training seem alien concepts in many Pakistani organisations (Hussain 1999; Ismail 1999; Kazi 2003; Khilji 2003; Islam 2004). Given these characteristics to the Pakistani context, it is perhaps surprising that very little empirical research has been done which addresses the distinctive development of HRM practices in this environment. Consequently, this study attempts to address the research gap with following key research question: what are the important factors of national culture that influence the development of HRM in private sector organisations?

III. RESEARCH METHOD

Denzin and Lincoln (2000) suggest that cultural research is historical, self-reflective, critical and interdisciplinary therefore it should take into account religion, politics, economic dynamism and every day discourses. According to Denzin and Lincoln qualitative methodology has more flexible research design to examine social world than other methodological designs. This study, therefore, chose qualitative research design in preference to quantitative design to probe the research question at length. In light of the literature review and research question interview

schedule was designed. Participants were extensively probed about the cultural difficulties they encountered in the functioning of HRM. In the end of interview, every participant was asked to rate on the cultural variables and their impact on HRM policy and practice. All interviews were conducted face to face and taped with prior consent of respondents. The length of interviews ranges between 50 to 90 minutes on average at the discretion of respondents. The longest interview with general manager HRM continued for 120 minutes and the shortest interview with Sr. HR business partner lasted for 25 minutes. All interviews were transcribed, coded and analysed (Kvale, 2007).

Table 1 : Relevant literature published on HRM and national culture in context of Pakistan.

Author(s)	Year	Method	Findings/comment
Aycan et al.	2000	Questionnaire	Authors found paternalism, high power distance and collectivism to be major factors impacting on HRM functioning in Pakistan.
Khilji	2002	Interviews	Elements of national culture such as dependence, limited autonomy, dominance of social circles, and the colonial civil-military and landed elite culture tend to exert influences on HRM systems.
Khilji	2003	Interviews	Parent companies influence HRM functioning of subsidiary MNCs in Pakistan, however, local culture also plays important role in the policies and practices of HRM.
Khilji	2004	Interviews + Questionnaire	Following a decade of deregulation, liberalisation, privatisation in Pakistan and increasing competitiveness of firms enhanced the need for modern HRM systems. However, national cultural values systems still remain deep-rooted in management practices.
Islam	2004	Secondary data	Pakistani society has relatively high collectivist orientation; a high propensity towards uncertainty avoidance, high power distance and masculinity largely account for many traditions and practices including strict adherence to hierarchy, centralization, corruption, nepotism and gender differentiation in administrative roles.
Khilji and Wang	2006	Interviews + Questionnaire	Authors found that many organisations imitate HRM in the hopes of improving organisational performance but this did not work. HRM departments and managers are required to be trained and committed and supportive to develop HRM systems by focusing upon actual 'implementation' within their organisations. Implemented HRM is substantially different from intended HRM.
Khilji and Wang	2007	Questionnaire	Authors reveal HRM satisfaction is negatively related to turnover. Employee age and organisational performance are also found to moderate this relationship significantly.
Bashir and Khattak	2008	Questionnaire	The authors found that performance of public sector employees is affected by compensation and promotion practices. However performance evaluation practices have an insignificant impact on perceived employee performance.
Bukhari	2008	Questionnaire	Findings suggest that altruism, conscientiousness and civic virtue have positive relationship with organisational citizenship behaviour (OCB).
Shahzad et al.	2008	Questionnaire	The findings of this study indicate that performance evaluations practices are not significantly correlated with perceived employee performance. Further, authors suggested that Pakistani organisations need to revise compensation practices and define clear career paths to enhance the performance of employees.
Afzal et al.	2009	Questionnaire	Relationship conflict is considered dangerous in Pakistani organisations as a result top hierarchy of management strives to get rid of relationship conflict rather than finding its resolution. Some organisations seem serious in their efforts to establish procedures to redress grievances and other organisations deem it unnecessary.



Afzal et al.	2009	Questionnaire	Relationship conflict is considered dangerous in Pakistani organisations as a result top hierarchy of management strives to get rid of relationship conflict rather than finding its resolution. Some organisations seem serious in their efforts to establish procedures to redress grievances and other organisations deem it unnecessary.
--------------	------	---------------	--

IV. DATA ANALYSIS

a) Demographic information

In-depth interviews were conducted with twenty four 'core-informants' from nine private sector organisations. A careful attention was paid to have sample (interviewees) from different age groups, educational background, career track, ethnic groups

and from different levels of management including union activists. Private sector companies in the sample included from oil industry, banking, manufacturing and information and communication technology. The respondents managerial levels were consisted of top-level, middle-level and first line (e.g., supervisory level or immediate boss) from all organisations.

Table 2 : Details of sample interviewees

Origin	No. of comp.	No. of interviews	Core informant's position in organisation		
			Top level management	Middle level management	Supervisory level management
Oil Industry	2	6	1	2	3
Banking & Finance	3	7	2	3	2
IT and Communication	2	6	1	2	3
Manufacturing	2	5	0	2	3
N=	9	24	4	9	11

b) Major findings

The key findings emerged from the qualitative data include organizational structures seem to be bureaucratic and hierarchical with higher power distance and collectivist orientated. The element of sifarish (i.e. connection) is widely prevalent in private sector. Sycophancy, nepotism and lack of affirmative action policies are common in all organizational settings. Following section presents main findings and discussion from in-depth interviews.

c) HRM functioning in a cultural perspective

The extant literature suggests that the major factors of national culture that impinge upon functioning of HRM include collectivism, high power distance, distrusting relationships between supervisor and subordinate, bureaucratic and hierarchical organisational structures and sifarish (Khilji, 2003; Islam, 2004). The in-depth interviews with senior executives and top HR managers in private sector organisations extensively probed as to how these cultural factors hinder transparent and merit-based principles of HRM. The current empirical evidence supports the findings of earlier studies and further reveals two extremes of workplace reality. The first extreme represents the elitist and imperialist mind-set of Pakistani private sector proprietors and managers, who support hierarchical and bureaucratic organisational structures with high power

distance and consider office/organisation as their fiefdom. The second extreme relates to the fact that employees consider themselves as powerless, and ready to be very submissive and always obliging with fear for future consequences. In the words of a general manager (GM) of HRM:

'Culturally, employees (i.e. subordinates) hesitate to say 'NO' to [the] boss or do not afford to have conflict with [the] supervisor in any case. Honestly, we (i.e. bosses) do not want to listen 'NO' from our subordinates. In case of conflict, employees live under higher degree of stress and anxiety and fear for future consequences. Although, union activists pretend to represent employees' voices, on the contrary, they make deals with management and serve their personal interests. This is how employees lose their power, voice and representation.'

One newly recruited manager gave similar expressions and said:

'If an employee dares to say 'no' to [the] boss or dares to have conflict with [the] boss, he or she expects job termination, transfer to other cities, withholding of annual increment, bonus, misreporting on appraisal and creating obstacles in the way of promotion and career at the same time'.

The empirical evidence suggests that strong bureaucratic and hierarchical culture across

organisations is one of the major hurdles to development of merit-based HRM private sector. Moreover, there appeared a generation gap in the mindsets and attitudes of older employees which seem more deeply rooted in cultural customs and traditions, whereas younger employees, educated in American-style education institutions (business schools), looked more welcoming to modern and Western style HRM (Khilji, 2004). Although private sector organisations have began realizing the importance of modern and Western-oriented HRM practices, organisations lack trained HR managers (Jamil, 2005). On the contrary, the success stories of HRM practices of MNCs present role models for both government and private sector firms. Many sample organisations did not have independent HRM department to formulate HR policies and direct practices which sometimes cause frustration to key talented employees (Khilji & Wang, 2007). Some participants including a GM, a deputy general manager of HRM and GM organisational development (OD) and a retired army Major heading HRM, through hold very high position in the organisation, seemed less ready to accept change in HRM practices and feel it 'unnecessary'. More or less everyone agreed to continue with status-quo and they perceive system 'goes accordingly'. The most important element in HRM departments in Pakistani organisations is that people at the level of GM and Head of HRM do not bother to challenge the status quo and do not suggest to board of directors (BODs), Managing Directors (MDs) or Chief Executive Officers (CEOs) how the HRM function can be a strategic business partner of the organisation. The major reasons for such passive attitudes are exposed by empirical evidence that HR managers are not well trained as HR managers. HRM department is either controlled by Finance or Marketing department in most of organisations as a result HR practices are traditionally carried out with little importance. Training and development have been given less importance and considered as expenditure than investment (Khilji, 2003). All participant companies share some common features such as imperialist management style and management considers themselves as assets and employees as liabilities. Senior managers criticize young employees who are much more aware of modern and Western HRM practices. Whereas younger generation is ready to adopt new ways of doing things and believe that modern HR trends are more progressive and efficient. Young employees believe more in culture of mentoring and employee recognition.

d) *Employee involvement and participation*

Empirical evidence reveals that elitist mindsets and hierarchical organisational structure are common which barely tolerate employee unionism and affairs of the company are at the discretion of the proprietor. Management and employees have severe grievances and problems with each other and formal grievance

procedure at organisational level appeared very inactive. A senior manager in response to 'why union activism seems ineffective in your organisation', said there are several examples when union activists stripped a human resource manager, for example in 1990s that happened in United Bank of Pakistan (UBL).

He further said:

"bullying, harassing, abusing, beating and humiliating have been extremely common practices in recent decades in the government corporations in Pakistan". He further justified by saying that "on the grounds of the negative role of unions in government sector organisations, the military regime of General Musharraf banned them in 2000".

The other extreme, i.e. employees, complain that management have been discriminatory with them and have different policies for different people. One manager complained that senior management has different policies for different people. He further said that management cannot 'do' until they are forced. Participants were probed on the mechanisms and procedures by which they invite employee involvement and participation in decision making but no such evidence was cited by any participant. In view of the above discussion it can be inferred that management is believes in bureaucratic authoritative management style and organisational structure is so hierarchical that it leaves little chance for employee involvement and participation. Therefore, it is implied that discouraged employees and union activists reciprocate by forcing and harassing management to get their work done.

e) *Culture of sifarish, sycophancy and cronyism*

The review of literature identified that the presence of sifarish (i.e. guanxi or connection), nepotism and sycophancy are major cultural threats to merit-based HRM functioning in the country (Khilji, 2003; Islam 2004; Ismail, 1999). Consequently, the present study attempts to address this cultural dimension. The present empirical evidence discovers that 'sifarish', nepotism and sycophancy have been identified as major cultural factors impairing smooth development of HRM practices in private sector organisations. In-depth interviews with a number of participants from top management to first line management and non-management employees reveal mixed response. Some respondents believe that those people who have strong connection, i.e. sifarish, or those employees who are close to management or proprietor of the business or such people who get close to management or proprietor through sycophancy get more favours in recruitment and selection, promotion, transfer, appraisal and jump career ladder quickly. Some respondents believe that merit and individual performance is more important for promotion, reward. Based on these findings it can also be inferred that affirmative action policies, organisational

justices, i.e. procedural and distributive, and merit are yet in infancy in private sector organisation in the country.

A senior manager in HRM department said:

“We can’t rule out the possibility of nepotism, cronyism and favouritism because these are cultural malaise in Pakistan and for that we have to be a little brave to adjust to cultural norms but every employee has to go through [the] proper procedure of recruitment and selection, appraisal”.

Another respondent expressed:

“The dishonest culture, sycophancy, cronyism and corruption are deep rooted in society, and our organisation is part of this society, so we can’t escape. Sifarish can come from any quarters of civil-military, landed or political person for recruitment, selection, promotion, transfer and reward. Nevertheless, we have to run the show and merit is also done so that good people are selected. But that depends again on the political era. That’s very important because political regimes have roots deep in [the] masses and people expect jobs from them so whenever there is recruitment and selection HR manager under stress”.

He current empirical evidence supports the proposition that ‘sifarish culture, (connections and contacts) plays a significant role in recruitment, selection, promotion, appraisal, reward and benefits practices in private sector like government organisations. Moreover, the empirical evidence also suggests that the ‘Seth’ i.e. proprietor or owner of the company enjoys unquestionable authority and no one could dare to argue or question him. The following section presents respondents’ ratings regarding variables of culture and HRM in private organisations.

f) Respondents’ ratings on cultural and HRM variables

During in-depth interviews respondents were also asked to express their current feelings and experiences by rating on cultural factors and HRM variables in their respective organisations. Table 3 portrays respondents’ percentage of agreement on different cultural and HRM variables across government, private and multinational organisations in Pakistan.

Table 3 : Respondents’ percentage of agreement on variables of culture-HRM

Variables	Sub-variables	Agree (%)	
Cultural Orientations	Individualism	40	
	Collectivism	60	
	Hierarchy (centralized)	60	
	Nature of leader (trusting)	60	
	Power distance (High)	60	
Human Resource Management practices	Recruitment and selection	Merit	40
		Sifarish (i.e. guanxi/connection)	60
	Training and development	Investment	50
		Expenditure	50
	Performance appraisal and promotions	Merit	40
		Sifarish	60
	Reward and recognition	Merit	40
		Seniority	60

Sixty per cent of the respondents in the private (local) sector organisations identified their organisation’s HRM policies and practices as collectivist-oriented with remainder claiming to be individualistic-oriented. 60 per cent of those working in Private sector organisations also believed their organisations structure is hierarchical. In addition, 60 per cent perceive that their leaders are trustworthy with the same percentage believing that there is a high power distance. Almost 60 percent of the respondents confirmed that they believed that their organisations recruitment, selection, promotions and reward practices were nepotistic, sifarish or connection-based. Respondents were also

asked to rate whether training and development is viewed as an investment or as expenditure. 50 per cent agreed that training and development had been treated as expenditure but management perception is changing to consider its importance as an investment. Performance appraisal and promotions appear to be stronger in the private (local) sector organisations.

V. CONCLUSIONS

Examining cultural impact on HRM practices in private sector organisations is complex and multidimensional especially in postcolonial societies such as Pakistan. Therefore, this demands more

accurate information and interpretation. As a result, this study comprehensively reviewed the extant literature which inspired to conduct in-depth interviews to answer central research questions. Results from this study identified cultural factors that influence HRM practices of private sector organisations in Pakistan. Collectivism, high power distance, sifarish, sycophancy and cronyism appear to have strong influences on HRM practices in private sector organisations. This study found that Pakistani managers have a higher tendency to be high on collectivism and power distance. Organisations are hierarchically structured, authority is unchallengeable and managers have a distrusting nature.

Broadly speaking, this study also found managerial support for sifarish or connection-based recruitment, selection and promotion practices. Training and development practices are given little importance and performance appraisal is not linked with promotions. Moreover, there is missing link between performance appraisal and training of employees across all organisations under this investigation. These findings have important implications for government policy-makers and private organisational heads in Pakistan. Senior executives and human resource managers across the board are recommended to establish merit-based recruitment and selection and focus on employees training and development. There is urgent need for HR managers to establish strong systems of performance appraisal systems linked with promotions and training of employees. This is likely to reduce employee turnover on the hand and will enhance employees' satisfaction with and commitment to their organisations. Policy makers in government and private sector organisations could use knowledge from this survey as an input for adopting HRM in organisations. Although this research endeavours to add significant contributions to the knowledge of cultural influence on HRM practices, there are limitations to this research. One of the main limitations of the study is the modest sample size of respondents. This limitation does not minimize the significance of the results or findings in this study. This is pointed out in order to direct the attention of future research identifying and aiding further improvement in this area. More attention may be paid to focus on multi-industry cross-sectional research with larger sample sizes across management and non-management populations of private sector organisations. It would be interesting to examine whether the findings could be replicated or made applicable to other sectors of business such as government and multinational organisations.

REFERENCES RÉFÉRENCES REFERENCIAS

- Abbasi, A. (2008), 'The men in uniform still ruling the roost', *The News*. Retrieved from: http://www.thenews.com.pk/top_story_detail.asp?id=9872.
- Alavi, H. (1990), 'Authoritarianism and Legitimation of State Power in Pakistan', In Subrata Kumar Mitra (ed.) *The Post-Colonial State in Asia: Dialectics of Politics and Culture*, pp. 19-71. New York: Harvester Wheatsheaf.
- Al-Hamadi, Abdul Basit, Budhwar, Pawan S. & Shipton, H. (2007), 'Management of human resources in Oman', *The International Journal of Human Resource Management*, 18:1. 100 – 113.
- Afzal, H., Khan, M.A. & Ali, I. (2009), 'Linkage between employee's performance and relationship conflict in banking scenario', *International Journal of Business and Management*, vol. 4. No.7.
- Asian Development Report (2008), Private Sector Assessment Pakistan. December, 2008.
- Aycan, Z., Kanungo, R.N., Mendonca, M., Yu, K., Deller, J., Stahl, G. & Khursid, A. (2000), 'Impact of culture on human resource management practices: A ten-country comparison'. *Applied Psychology: An International Review*, 49 (1), 192–220.
- Behuria, A. K. (2009), 'How Military Dominates the Political Space in Pakistan: A Study of Musharraf's Rule 1999-2008', *Journal of Peace Studies*, Vol. 16, Issue 1-2.
- Bajoria, J. (2009, April), Stabilizing Pakistan: Boosting its Private Sector. *Council on Foreign Relations*. http://www.cfr.org/publication/19260/stabilizing_pakistan.html
- Bjorkman, I. (2004), 'Transfer of HRM to MNC affiliates in Asia Pacific'. In P. Budhwar (Ed.) *Managing Human Resources in Asia-Pacific*. London: Routledge.
- Budhwar, P. & Yaw D. (2001), 'Rethinking comparative and cross national human resource management research', *The International Journal of Human Resource Management*. Vol. 12, 497-515.
- Budhwar, P. And Debrah, Y. (2009), 'Future research on human resource management systems in Asia', *Asia & Pacific Journal of Management*, 26:197-218.
- Bukhari, Z. (2008), 'Key antecedents of organizational citizenship behavior in the banking sector of Pakistan', *International Journal of Business and Management*, vol. 3. no. 12.
- Chatterjee, P. (1993), *The Nation and its Fragments: Colonial and Post Colonial Histories*, Princeton, N.J.: Princeton University Press.
- Cohen, C. & Chollet, D. (2007), 'When \$10 Billion Is Not Enough: Rethinking U.S. Strategy toward Pakistan', *The Washington Quarterly*, 30:2.
- Denzin, N. K. and Lincoln, Y. S. (2000), *Handbook of qualitative research*, London, Sage.
- Farouqui, A. & Schofield, J. (2002), 'Pakistan: the political economy of militarism, conflict, security and development', 2:2, 4-23.
- Hofstede, G. (1984), *Cultures consequences*:

- International differences in work-related values*, Beverly Hills, CA: Sage.
18. Hussain, I. (1999), 'Institutions of restraint: The missing element in Pakistan's Governance', *The Pakistan Development Review*, 38:4 Part I (Winter 1999) pp. 511-536.
 19. ICGR (2008), 'Internationally-Recognised Core Labour Standards in Pakistan Report for the WTO General Council Review of Trade Policies of Pakistan', (Geneva, ITUC).
 20. Islam N. (2005), 'Sifarish, Sycophants, Power and Collectivism: Administrative Culture in Pakistan', *International Review of Administrative Sciences*, Vol. 70, No. 2, pp.311-330.
 21. Ismail, H. Z. (1999), 'Impediments to Social Development in Pakistan', *The Pakistan Development Review*, 38: 4 Part II pp. 717-738.
 22. Jalal, A. (1995), '*Democracy and Authoritarianism in South Asia: A Comparative and Historical Perspective*', (Lahore, 1995), p. 82.
 23. Jamil, S. (2005), Human resource management-a fad in quandary. www.dawn.com. (accessed on January, 10, 2007).
 24. Jones, G.N. (1997), 'Pakistan: A civil service in an obsolescing imperial tradition', *Asian Journal of Public Administration*, vol. 19. No. 2 pp. 321-364.
 25. Kazi, S. (2003), 'In the name of culture', The Daily Dawn. Retrieved from: <http://www.dawn.com/weekly/dmag/archive/030629/dmag1.htm>
 26. Khilji, S.E. (2002) 'Modes of Convergence and Divergence: An Integrative View of Multinationals in Pakistan', *The International Journal of Human Resource Management*. Vol. 13 No. 2, pp. 232-53.
 27. Khilji, S.E. (2003), 'To Adapt or Not to Adapt? Exploring the Role of National Culture in HRM', *The International Journal of Cross-Cultural Management*. Vol. 3 No. 2, pp 121-44.
 28. Khilji, S. E. & Wang, X., (2006), "'Intended' and 'implemented' HRM: the missing linchpin in strategic human resource management research'. *The International Journal of Human Resource Management*, Vol.17, No. 7, pp. 1171-1189.
 29. Kotler, Philip, (1991), *Marketing Management. Analysis, Planning, Implementation & Control*, New Jersey: Prentice-Hall, Englewood Cliffs.
 30. Kvale, S. (2007), *InterViews: An Introduction to qualitative interviews*. London: Sage.
 31. Mellahi, K. (2007), 'The effect of regulations on HRM: private sector firms in Saudi Arabia'. *The International Journal of Human Resource Management*, Vol. 18:1, pp.85 – 99.
 32. Milkovich, George T. and John W. Boudreau, (1994), *Human Resource Management, 7th edition*: IRWIN.
 33. Misra, K.P. (1972), 'Intra-State Imperialism: The Case of Pakistan', *Journal of Peace Research*, 9:27.
 34. Mushtaq, M. (2009), 'Managing Ethnic Diversity and Federalism in Pakistan', *European Journal of Scientific Research*, ISSN 1450-216X Vol.33 No.2 (2009), pp.279-294.
 35. Mylloni, B., Harzing, Anne-Wil & Mirza, H. (2004) 'Human Resource Management in Greece: Have the Colours of Culture Faded away?', *International Journal of Cross Cultural Management* Vol.4:1. Pp.59-79.
 36. Namazie, P. & Tayeb, M.H. (2006) 'HRM in Iran'. In Budhwar, P. and Mellahi, K. (ed.) *Managing Human Resources in the Middle East*. London: Routledge.
 37. Porter, M. (1979), 'How Competitive Forces Shape Strategy', *Harvard Business Review*, March-April.
 38. Porter, M., (1985), *Competitive Advantage*, New York: Free Press.
 39. Rafique, N. (2004), Pakistan-US Relations Since 9/11: Chronology of Events. *Strategic Studies Quarterly*, XXIV Autumn Number 3.
 40. Samujh, R. (2005), '*Reservation Policy*. Its relevance in Modern India', Mumbai: Samrudh Bharat Publication.
 41. Schneider S C & Barsoux J-L (1997) *Managing across cultures*, London, Prentice Hall.
 42. Shahzad, K., Bashir, S. & Ramay, M. I. (2008) 'Impact of HR Practices on Perceived performance of University Teachers in Pakistan', *International Review of Business Research Papers*, Vol. 4 No.2.
 43. Siddiqua-Agha, A. (2003), Power, Perks, Prestige and Privileges: The Military's Economic Activities in Pakistan. in '*The Military as an Economic Actor: Soldiers in Business*', Palgrave Macmillan.
 44. Siddiqua, A. (2007), '*Military Inc, The politics of Military's Economy in Pakistan*', Washington: Woodrow Wilson Centre for International Scholars.
 45. Siddiqui, T. (2005), 'The rise of mediocrity in Pakistan'. www.dawn.com. Accessed on 12-07-2007.
 46. Sparrow P. and Wu P-C (1998), 'Does national culture really matter? Predicting HRM preferences of Taiwanese employees?', *Employee Relations*, vol.20. no.1, P. 26-56.
 47. Stehle, W. & Erwee, R. (2007), 'Cultural Differences Influencing German HR Policies in Asia', *Journal of Asia Business Studies* FALL 2007.
 48. Styhre, A. (2002), 'How process philosophy can contribute to strategic management', *Systems Research and Behavioural Science*, Vol. 19, Issue 6, pp.577-587.
 49. Tayeb, M. (1995), 'The Competitive Advantage of Nations: The Role of HRM and its Socio-cultural Context', *International Journal of Human Resource Management*, 6: 588-605.
 50. Tayeb, M. (1997), 'Islamic Revival in Asia and Human Resource Management', *Employee Relations*, 19(4): 352-64.

51. Tayeb, M. (2001), 'Conducting Research Across Cultures: Overcoming Drawbacks and Obstacles', *International Journal of Cross Cultural Management*, Vol.1: 1; 91-108.
52. Waseem, M. (1997), 'Affirmative Action Policies in Pakistan', *Ethnic Studies Report*, XV (2).
53. Zhu, Y., Warner, M. and Rowley, C. (2007), 'Human resource management with 'Asian' characteristics: a hybrid people-management system in East Asia', *The International Journal of Human Resource Management*, Volume 18, Issue 5, pages 745 – 768.

