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## Employee Commitment – Investor in People Model

By Kazi Afaq Ahmed & Prof. (Meritorious) Dr. Abuzar Wajidi

*University of Karachi, Pakistan*

**Abstract** - The performance of the organization is directly impacted by level of Employees Commitment". The "Employ-ee Commitment" – Investors in People (IIP) Model was selected as the reference sample for this study. The IIP model emerged in UK and is being successfully implemented in the western countries. Lot of prior research has been carried out across the world on IIP however no research work is done to test the validity of this model in developing countries like Pakistan. As per IIP, the employee commitment is dependent variable of four independent variables i.e employee con-tribution recognition, support people development, equality of opportunities and encourages performance improvement. This study was based on the hypothesis that" IIP said employee commitment variables are secondary and tertiary motivators and are not workable in Pakistan unless primary needs of the employees are fulfilled". The research study conducted in group of sample organizations comprising of multinational and local private organizations has confirmed the above hypo-thesis. The research findings concludes that "Fair and Equitable Compensation & Benefits", Decent Work Environ-ment, and People Development are key elements for firing up Employee Commitment", in developing countries like Pakistan. The research findings and recommendations will help local entrepreneurs to improve productivity; quality of output and retaining highly motivated and charged workforce committed to improve organizational performance.

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# Employee Commitment – Investor in People Model

Kazi Afaq Ahmed <sup>α</sup> & Prof. (Meritorious) Dr. Abuzar Wajidi <sup>σ</sup>

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## I. INTRODUCTION

### a) Problem Statement

The emerging challenges on the local entrepreneurs due to fast pace of globalization are demanding the delivery of high quality goods at most competitive rates. The rate of employee productivity in Pakistan is relatively lower than other developed countries. The quality of services rendered by the employees is also not up to mark and satisfactory. The low paid labor is the competitive advantage for the Pakistani organizations over other global competitors however its benefits could not be fully materialized due to low employee commitment and moral and their lack of focus on productivity and quality of output.

The HR Management systems are present to some extent in multinational and large private sector strategic organizations. The private sector local orga-

nizations those constitute the major part of the economy do not have the formal and structured HR system to work on employee productivity improvement programs and constantly monitor the employee commitment that is one of the critical factor in organizational productivity.

The employees' right of association and labor unions are taken as threat and accordingly has become the source of conflict and divide between the employees and the management. These strain relations have negatively impacted on the "Employee Commitment" leading to low productivity. It has become very important to focus on creating the awareness among the employers and developing the tools for enhancing the Employee Commitment", if want to address the problem of productivity in the organization.

### b) Background of the Study

Pakistan is a country of 187 million population representing the population growth rate of 2.03%. The labor force constitutes 57 million and 3.4 million people are without jobs. The unemployment rate is increasing in the country and in 2011-12 the unemployment has increased to 8.8%. The employment in formal sector constitutes 26%. The state bank of Pakistan has reported high inflationary trend that is constantly pushing the people below the poverty line. The employees live with scarcity of resources to fulfill their primary needs as per their social class. The employee commitment for their job and the organization is very low because they have the feeling that their rightful benefits are not provided and are being exploited. The low employee commitment and moral adversely affects the productivity and quality of output as a result the entire organizational performance is compromised. There was a need to conduct the research study of the primary motivators in the organization that can increase the "Employee Commitment" being the starting point for success of any HR system in Pakistan.

### c) Significance of the Study

In 1991 ministry of education in UK has undertaken a research study that has concluded that the organizations where Human Resources HR best practices were implemented, the productivity had increased upto 40%. Currently the Investor in People is the UK's leading business improvement tool for people management. 30 percent of the workforce is employed either by organizations that are recognized as Investors in People employers or organizations working towards achieving recognition status.

**Author α** : *General Manager Administration and Legal Green Star Social Marketing, Pakistan. E-mail : afaqkazi@greenstar.org.pk*

**Author σ** : *Dean, Faculty of Management and Administrative Sciences, University of Karachi. E-mail : abuzar\_wajidi@hotmail.com*

This study results and recommendations will provide a roadmap to the entrepreneurs operating in developing countries like Pakistan, to improve the productivity and quality of output in the organization by firing up employee commitment. The study results will help the HR professionals to challenge the Paradigm that the money spent on employee compensation and benefit is an expense, to the new paradigm that each penny spent on employees in terms of better compensation and benefits, providing them decent work environment and people development is an investment. The pay back of all such investments is fast and multiple.

#### d) *Scope of Study*

The research study will primarily focus on the organizations operating in Pakistan that will include Multinational private, large size top of the line Public sector organizations, government and private sector organizations. The study will be limited to; Employee Commitment” – IIP Model, research studies conducted to date relevant to the topic and HR practices prevalent in Pakistan with particular reference to Pakistan.

The scope of the research study for the purpose of developing the Human Resources Model for Pakistan includes but not limited to the study of the sample organizations as case study, study of the western model of HR, literature review, comparative analysis and cross matching of the results to conclude the research findings using various research techniques.

#### e) *Objective of the Study*

The underlining objective of this research study was to develop a strong “Case for Action” to convince the local entrepreneurs that the investment on enhancing employee commitment is not an Expense”, rather an investment.

The said HR frame work will be a breakthrough in Pakistan Human Resources management discipline and will be a competitive advantage for the entrepreneurs and professional adopting this model to improve the productivity of their employees and improve the organizational performance and facilitate as follows:

- Facilitate the local entrepreneurs and the professional Managers to understand the correct definition of “Employee Commitment”.
- Help the Pakistani entrepreneurs to understand the link between Employee Commitment and organizational productivity.

#### i. *Hypothesis*

IIP Model - The commitment of the employees will improve if the organization is following four key motivators are present in the organization

The organization is committed to supporting the development of its people.

People are encouraged to improve their own and other people’s performance.

People believe their contribution to the organization is recognized.

The organization is committed to ensuring equality of opportunity in the development of its People.

“Said secondary and tertiary motivators are no more valid and workable without unless the primary needs are fulfilled”, in Pakistan”.

#### ii. *Research Question*

Q. 1 What are socio-economic conditions of Pakistan and how these are different then the developed countries like U. K.

Q. 2. What is prevalent compensation and benefits practices in Pakistan? And what is its impact on employee commitment?

Q. 3. What are employees preferences and perception about factors impacting employee commitment?

Q. 4. How the enhanced employee commitment can increase the productivity and quality of the organization?

## II. **METHODOLOGY**

Research work involves in-depth study of employee commitment - IIP Model, to fully understand the theoretical framework, previous research work done to evaluate the merit and critics of the model and its success and failure in the native country and at global level. The study further involves in-depth investigation into the Employee Commitment influencing indicators workable/prevalent in the group of organizations operating in Pakistan.

In view of the practical nature of the study involving people interaction, study of live work examples the most appropriate method of the research chosen, to answer the research questions and testing of the hypothesis, the case study method as described by Yin. (1993) was used. The case study method has been demonstrated as appropriate in testing the western Employee Commitment –IIP Model because researchers must enter into the domain of the firm and study it in depth in order to understand the complexities of the situation (Taylor & Olsen, 2006).

The use of face-to-face interviews has been proved effective in studying the Model, interviewing allows researchers to probe and use questions to get a valid response. Other researchers (mostly unpublished dissertations) have used the case study method in investigating the HR best practices.

Yen in (1993) suggested the use of multiple cases be viewed as multiple experiments and not multiple respondents to a survey. The consensus for numbers of cases falls between two and four as the minimum and ten and fifteen as the maximum (Perry, 1998).

Besides said case study method the exploratory/explanatory/descriptive/applied research techniques were used in the case study of sample

organizations. Like many other research studies it is also a combination of various type of researches, in the beginning it starts as an exploratory and then transforms into descriptive also having some characteristics of explanatory research. The utility and the application make it an applied research as well.

Data Collection tools used in this method were following structured questionnaire made for getting the standardized information by survey method i. e. the questionnaire were sent to the 25 companies for their responses and 15 responded. The other questionnaires were developed to conduct face to face interviews. The third technique used was observation and experiencing the actual work examples.

### III. DATA PROCESSING AND ANALYSIS

The data collected in the form of various questionnaires was transferred on various templates prepared on excel for tabulation purposes and to calculate and workout the findings as per defined framework. Besides excel other graphic programs were used to present the form in simple and understandable form.

#### a) Previous Work

Lyndsay Swinton in her article “How to Increase Your Work and Life Satisfaction: Put Abraham Maslow Theory into Practice” described a relationship between Maslow’s hierarchy of needs with Herbergz theory. Maslow’s theory state a persons needs hierarchy with basic needs at base followed by security needs, social needs, esteem needs and self actualization needs. She is of the opinion that up to esteem needs level employee motivation or satisfaction can be maintained by factors which Herbergz called hygiene factors. This includes salary, benefits, job security, company policy etc while to deal with people at self actualization level factors known as motivators would be needed. This includes employee achievement, employee recognition, and employee growth. By keeping in mind this relationship among two basic theories of management organization may find it easy to establish that unless the baseline needs are fulfilled the other needs will no more work and have any impact on employee commitment.

Thomas E. Catanzaro (2001) in his article Compensation & Motivation described the effects of compensation over employee motivation. He stated that compensation has a profound effect over employee motivation. He also discussed several factors of compensation which include both intrinsic and extrinsic factors and their possible effects over motivation in detail. In Hong Kong, base salary, merit pay, year-end bonus, annual leave, mortgage loan, and profit sharing were the most important factors to retain and motivate employees. In China, base salary, merit pay, year-end bonus, housing provision, cash allowance, overtime allowance, and individual bonus were the most important factors to retain and motivate employees.

(Chiu, 2002; Luk, 2002; Tang, 2002) Reward and recognition programs can positively affect motivation, performance and interest within an organization. While a little more problematic, team-based incentives, if designed appropriately, can also encourage and support a range of positive outcomes.

(Milne, 2007) Promotion and wages positively influence employees' work motivation. A comparison of the relative strengths of the effects reveals that fair promotion was a more powerful motivator than wage level and wage increase.

(Takahashi, 2006) Explores past and present attitudes of employees concerning work-related motivational factors. Understanding the factors that employees consider motivating lends insight to the rewards to which they more positively respond. It compares the results of four motivation surveys conducted in 1946, 1980, 1986 and 1992. The comparisons revealed that employees’ motivational preferences vary over time. In addition, the results of the 1992 survey indicate that the factors that motivate today’s workers are more extrinsic than they used to be. Although employees differ on how they rank these factors, they overwhelmingly selected “good wages” as the top motivator. A good wage is an extrinsic reward with intrinsic potency.

On the surface “good wages” seem to be purely extrinsic. Yet, at a deeper level, monetary rewards communicate what the company values and affect employees’ emotional and familial wellbeing. (Wiley, 1997).

Ahmed Jamal Tahir in his research work done on national Bank of Pakistan has concluded that Compensation management has a direct relationship with employee motivation and performance. Extrinsic benefit plans plays a delight role in perception of an employee towards its organization and its work. And these factors play the role of satisfiers. Instruments of intrinsic factors have a profound impact upon an employee’s loyalty and an organization’s turn over. Intrinsic factors play the role of motivators. They feel important and consider their performance as organization performance and image of organization's as their own image.

Hillage and Moralee (1996) suggested early within the lifespan of IIP that the standard can lead to benefits of increased employee commitment, increased productivity, and a better quality of service. The factors that can increase the employee commitment as per IIP philosophy are the contribution recognition, supporting the people development, encouraging the employee performance improvement and providing equal opportunities for development. The IIP model describes the secondary motivators ignoring the primary motivators presuming that these are all already fulfilled that is one of the most critical shortcoming of the IIP model that make this model non workable in developing countries

like Pakistan where the primary needs of the employees are not fulfilled.

The said previous research work, Maslow's Need Hierarchy theory and the factors that Herzberg called hygiene factors have validated the hypothesis that the secondary and tertiary motivators will not work unless primary needs are fulfilled that in case of Pakistan is fair and equitable compensation and benefits, decent work environment and people development in order of hierarchy, that provide the employees basic support to make them survive and feed their family.

#### IV. FINDINGS

##### a) Economic Conditions

###### i. Un-Employment & Poverty

Pakistan Economic Survey 2011-12, study reveals that the economic conditions of Pakistan are entirely different than the western developed countries. Pakistan is a country of 187 million populations representing the population growth rate of 2.03%. The labor force constitutes 57 million and 3.4 million people are without jobs. The unemployment rate is increasing in the country and in 2011-12 the unemployment has increased to 8.8%. The employment in formal sector constitutes 26%. The state bank of Pakistan has reported high inflationary trend that is constantly pushing the people below the poverty line. The minimum wage per month is not more than 90 US\$.

###### ii. Un-Met Primary Needs

Poverty and high rate of un-employment has zeroed the bargaining power of the employees and the wages paid to the employees are not sufficient to cater their primary needs and people live on or below the

poverty line. The social welfare and state services for education, housing, medical etc are not sufficient and do not meet the minimum acceptable standards and people have to spent on these essential services from their wages that further worsen the situation and push a wide range of people below the poverty line.

###### iii. Widening gap between the rich and poor

An inappropriate and inequitable taxation system, weak state controls on prices etc, and dominance of the feudal and capitalist class, the rich is becoming richer and poor become poorer specially the employees (salaried class) working with various organization who have limited resources. Highest rate of tax collection is by the salaried class and the political/feudal elites and associates are exempted.

###### iv. Merit of the Social system

The rate of charity in Islamic society is relatively very high as compared to other developing countries. The joint family system and sharing of resources by the family are the strength of the local society that compensates the unmet needs of the employees and poverty indicators are relatively not visible.

The above mentioned economic indicators support the hypothesis that the secondary and tertiary motivators will not work in Pakistan unless primary needs of the employees are fulfilled. The employee commitment is derived by the satisfaction of the inner self of the person, the fulfillment of primary needs of the employees is the starting point towards satisfaction of the inner self leading towards employee commitment; unless basic needs are met, the employees will not value and respond to secondary and tertiary motivators.

Pakistan-Economic Indicators

Pakistan-Economic Indicators	
Population Size	187 million
Per capital Income	1372 US\$
Growth Rate 2010-11	2.03%
Per Capital income Growth rate 2011-12	2.30%
Labor force-2011-12	57 millions
Employed	53 million
Employed in Formal Sector	74%
Employed in Informal Sector	26%
Unemployed	3.4 millions
Unemployment rate	8.80%

Table No-1

##### b) Prevalent Compensation & Benefits Practices

Overall low rate of compliance of standard Compensation and Benefit practices:

The research study results conducted to test the validity of the said hypothesis reveals that the overall

compensation management score of 15 organizations including multinationals, local and public sector companies is at 54% that is significantly low. However the multinational companies are at 64% as compared to local private organizations that stand at only 33%.

Comparative analysis between Multinational and Local Private Organizations:

i. *Compensation and Benefits*

a. *Multinationals*

A comparative analysis of the multinational companies and local private sector organizations shows that the multinationals are relatively far better in their compensation management practices as compared with local private organizations. MNCs have relatively better employee salaries and benefits structure that includes, provident fund, gratuity, annual performance bonus, medical, leave encashment and transport etc. To maintain the internal and external equity in the salary and compensation practices and scale, the salary surveys are regularly conducted and the group of benchmark companies is selected based on the similar category and the industry. The uniform and structured system of annual increments, upgrade and promotion is followed and employees are rewarded based on performance.

b. *Local Private*

The compensation management practices and scale of payment is below the standards and stands at 33% against 64% in multinationals. The most of the private organization compensation and benefit structure is close to the essential mandatory requirement only such as by law the organizations can have either provident fund or gratuity, private organizations stick to one only while in MNCs both gratuity and provident fund are being maintained. Salaries are normally set as per demand and supply forces and organizational priorities; no structured approach in setting the compensation and benefit system is followed. Neither salary matrixes are made, nor salary limits are defined, internal and external equity in salary and compensations is not given due importance the salary survey of benchmark companies are not carried out to rationalize the salary structure. The salaries are increased where there is retention issues while for other categories where surplus manpower is available the salaries and compensation are kept at bear minimum. The increments, upgrade and promotions are not generalized and followed as mandatory annual practice rather people who are needed are rewarded with better increments while others are ignored. There is no appropriate grading system and employee benefit plan that includes company medical coverage, retirement benefits, annual bonuses etc. These results validate our above mentioned findings that most of the people are not adequately compensated for their services and are compelled to accept the wage structure that is significantly low, and their primary needs are not fulfilled.

Multinational private Vs local private

Multinational private Vs local private			
	MNC	Private	overall
Compensation Management	67.50	36	58
timely salary disbursement	62	40	57
Employee welfare	52.5	22	48
sub total	61	33	54

c) *Variables impacting employee commitment*

To verify the finding during the study process a sample of 50, 25 and 10 respondent from staff, middle management and senior management respectively in each multinational, private and government group of organizations and the close ended question was asked that “what are their preferences in the job in order of priority on the following variables impacting on Employee Commitment.

- i. Fair and equitable compensation & Benefits
- ii. Decent working conditions
- iii. Development of people
- iv. IIP employee commitment indicators
  - Encourage performance improvement
  - Contribution recognition
  - Equal opportunities for development
  - Support people development

The respondents feedback recorded in the below table “C” depicts that; at staff level the respondents in the multinational and private have rated the compensation and benefit as their top priority. Another interesting findings shows that the intensity level of favorable responses for compensation has shown an incremental trend moving from multinational to private that shows that in multinational organizations the primary needs of the employees are relatively met (better compensation) so the employees give more importance to the people development and the working conditions as compared to the private and government organizations. The same trend is noticed at the middle management level and all middle management employees has rated the compensation as their preference in all three categories of organization however the intensity of preference was relatively less. At senior management level also the same trend was noticed that confirms the hypothesis that in Pakistan the top priority of the employees remains the better compensation and benefits.

The 2<sup>nd</sup> important preference at staff level was the working conditions, however its level of preference in multinational organizations was relatively less as compared to private sector organizations because in multinationals the working conditions are good and that remain no more motivating factor as compared to the private organizations where the working conditions are

questionable. The middle and senior level managers also value the decent working condition as their 2<sup>nd</sup> preferred preference. In multinational the responses are lesser as compared to private sector organizations because the respondent working in the multinational organizations already enjoy and are used to the good working conditions so the working conditions no more remain as the preferred preference however in private sector the employee value too much to the decent and professional working conditions because the private sector organization are not compliant with the professional standards at work place and employee are frustrated on this when they compare these kind of organizations with the multinationals.

The third preference noticed in order of priority was people development at staff level and also at middle and senior level was the people development. The people working in multinationals and also in private organizations were keen towards people development

as their preferred choice. As compared to staff the middle and senior level employees were keener towards their development needs and rated this as their 2<sup>nd</sup> preference.

The other indicators as mentioned in the IIP model could not get any significant importance by the respondents and have proved that these indicators are no more applicable in our society as independent motivating factors however these could work as accelerating agent if the other basic motivators like compensation and decent working environment is present.

The results can also be validated with the fact that the western model is successfully adopted in the western and economically strong and developed countries. In Pakistan and other SARC countries including India, Bangladesh, and other countries this model has no presence.

Multinational Vs Private and government

Multinational Vs Private and government									
Indicators	MNC			Private			Government		
	Staff	Middle	senior	staff	Middle	senior	staff	middle	senior
Fair and equitable compensation & benefits	30	13	5	38	16	6	43	21	7
	60	52	50	76	64	60	86	76	70
Decent working conditions	10	3	2	8	4	1	3	3	2
	20	12	20	16	16	10	6	12	20
Development of its people	5	4	2	2	5	2	2	2	1
	10	16	20	4	20	20	4	8	10
Encouraged to improve their own and other people's performance Contribution to the organization is recognized Ensuring equality of opportunity in the development of its People	5	5	1	2		1	2	1	
	10	20	10	4	0	10	4	4	0
	100	100	100	100	100	100	100	100	100

Table No. C

## V. CO-RELATIONS

Compensation & Benefits and Employee Commitment.

There is a co-relation in "Compensation & Benefits" and "Employee Commitment". Private local organizations have relatively low level of employee commitment and multinational organizations have the high employee commitment because their com-

pensation and benefits are higher than local private organizations. This co-relation is also tested during the study by asking specific questions from the employees at various levels both in multinational and local organizations.

When the employees in the multinational organizations at staff and junior management level were asked why they value this organization 90% of the employees rated the good compensation and benefit

structure as the primary cause, professional working environment and equal opportunities for growth/-contribution recognitions/encourage performance improvement, support people development etc. respectively at 2<sup>nd</sup> and 3<sup>rd</sup> preference.

At management level on relatively senior positions 80% of the respondent followed the same pattern of preferences that is, good compensation & benefit structure, professional work environment and career growth opportunities and other motivators.

The specific question was asked at staff level that why they prefer joining (if opportunities are) multinational organizations the 95% of the employees given their preferences as good compensation and benefit structure, good working conditions and equal opportunities etc. on the same pattern.

The similar question was responded by the employees at management level, 50% of the employees rated the career growth and development as their first preference to join the multinational organization, good compensation and benefit second preference and good working conditions as third preference.

The employee satisfaction will improve with betterment of the compensation and benefit to absorb and adjust increase in their cost of living. The employees who are reasonably paid to cover their cost of living cost as per their respective organizational level and social group category they are satisfied and can focus of their jobs. The employees where their cost of living cost is not reasonably met and they remain engaged with their financial and consequent social issues, they were found booked down with their financial problems and find ways and mean to resolve these issues and their focus on the job is greatly compromised. The employees who are not sufficiently paid by the employers normally found double jobs and/or engaged in some other business activity to compensate their financial needs. It is also evident that people who are financially not satisfied are not happy and engaged into their ME ISSUES, and bring the stress form home that constantly effect their happiness and motivation.

These results also validate our hypothesis that the primary motivator to enhance employee commitment is the fair and equitable compensation and benefit structure at all levels however at staff and lower middle level that constitute 80% of the organizational population they keep it at the top while the staff at middle and top level rate it as second preference and keep their 1st preference growth and development because their primary needs are relatively fulfilled.

*a) Compensation and benefits and productivity*

- In Multinational organizations the compensation and benefits are better leading to better quality of Human Resources, more satisfied workforce, higher qualitative and quantitative output.

- In Local private organizations compensation and benefits are relatively lower, leading to low quality of human resources, low job satisfaction and low qualitative and quantitative output.

In Multinational organizations there are moderate job pressure (consistent and system driven), moderate performance expectations leading to moderate job security and low turnover.

In Local private organizations there is higher job pressure for results (due week systems), high performance expectations leading to low job security and high turnover.

In depth comparative studies and analysis in the Multinationals, Private and Government organizations reveals very interesting finding confirming the said hypothesis that the Fair and equitable compensation structure is primary motivator that increases the performance of the employee and the organization.

Please refer the below that depicts that in Multinational organizations the employees compensation and benefits are relatively higher and the annual increments are regularly done to compensate the adjustment of inflation in the country so that the employees purchasing powers is not compromised due high inflation. The employees get their profit share in the form of bonuses to fulfill their other financial needs and to give them the sense of participation in the fortune of the company with the view to motivate them for the future performance. The employee's satisfaction level with their job is high and they value their job and the organization and focus on their work as a result their output is relatively higher both in quantitative and qualitative term over other organization. Their job pressure is moderate as they work in the culture where work efficiency is part of the culture and the processes are systematic and well defined with best technological support. They want to join the job for the entire work life and are not inclined to change the job accordingly their commitment, loyalty and association with the organization is higher.

The comparative analysis of the Multinational organizations with private sector local organizations depicts that the local private organization's salaries are relatively lower than multinational companies their other benefits are also lower. The annual increments are not regularly paid to the employees to adequately compensate the employees as a result each year their purchasing power is reduced and their stress level to manage the family is increased. The privates sector companies are not very regular in sharing their profits with the employees and in the industry the annual performance bonuses are not sufficiently and regularly paid that further aggravate their hardships. The face to face interviews with the employees about their job commitment and job satisfaction reveals poor results and the satisfaction level of the privates sector



commitment and job satisfaction reveals poor results and the satisfaction level of the privates sector employees is very low as compared to multinational organization. The lower job satisfaction is also reflected on their output and productivity and quality of output. The employees has shown their displeasure on the scenario where they are relatively paid less and the management expects more results and they have high job pressure for want of more and more productivity. The employees turnover in the private sector local organization is relatively higher and the talent drain towards the multinational organizations is higher. The fast turnover of the trained people affects the productivity and growth of the organization in long run.

The organization that pays to their employees well with good benefits they attract and retain the best talent and their staff commitment level is too high leading to higher productivity and quality of output. The organization who are not paying well those organizations like private and government sector organizations lose their best talent and accordingly their level of productivity and effectiveness of the people in their jobs is relatively less. The people with low motivation and commitment prefer government organizations due job security however the energetic and dynamic people avoid government organizations due low salaries and non productive organization.

Multinational Vs Private and Government

Multinational Vs Private and Government									
HR Indicators	MNC			Private			Government		
	Staff	Middle	senior	staff	Middle	senior	staff	Middle	senior
Cash compensation	M	H	H	L	M	H	L	L	L
Quality of Human Resources	H	H	H	L	L	M	L	L	L
Job security	M	M	L	L	L	L	H	H	H
Employee satisfaction	H	H	H	L	L	L	M	M	H
Quantitative output	H	H	H	H	H	H	L	L	L
Qualitative out put	H	H	H	L	M	M	L	L	L
Creativity and innovation	H	H	H	L	L	M	L	L	L
Job Pressures	M	M	M	H	H	H	L	L	L
Performance Expectations	M	M	M	H	H	H	L	L	L
Employee turnover	L	L	L	H	H	H	L	L	L

## VI. CONCLUSION

### a) The Employee Commitment

Investors In People Model was developed in the west in peculiar socio economic conditions of UK/ European Union and other developed nations. Developing countries like Pakistan has different socio-economic indicators and people are engaged with critical issues such as Un-employment & poverty, Unmet Primary needs, Wide gap between the rich and poor with entirely different social system. As described by Maslow's theory a person needs hierarchy with basic needs at base followed by secondary needs. Basic needs include salary, benefits, job security etc. The employee commitment IIP model completely ignores the basic needs and describes the secondary and tertiary needs (motivators) as the bases for firing up employee commitment that is not workable in developing countries like Pakistan.

Overall the compensation and benefits practices in Pakistan are below the standards. However the multinationals are relatively better in their salaries and benefits as compared with local private organizations. Multinationals maintain the internal and external equity in the salary and compensation practices and the salary surveys are regularly conducted. The local private

organizations are neither have professionally organized HR function nor their compensation and benefit practices meet the minimum standards. As a result the employees' level of job satisfaction is very low leading to high turnover, low commitment and low productivity.

The staff feedback survey conducted to explore the staff preferences on four important points i. e. compensation and benefits, decent work environment, development of people, and IIP-employee commitment indicators (encourage performance improvement, contribution recognition, equal opportunities, and support people development results shows that the staff have the 1<sup>st</sup> preference for fair and equitable compensation and benefits, 2<sup>nd</sup> preference for decent work environment, 3<sup>rd</sup> people development and 4<sup>th</sup> for IIP indicators that validates the hypothesis that primary and secondary motivators will only work when the financial needs(basic needs) of the employees are fulfilled.

The following co-relations have been explored, tested and verified during the study:

- In Multinational organizations the compensation and benefits are better leading to better quality of Human Resources, more satisfied workforce, higher qualitative and quantitative output.

- In Local private organizations compensation and benefits are relatively lower, leading to lower quality of human resources, lower job satisfaction and low qualitative and quantitative output.
- In Multinational organizations there are moderate job pressure (consistent and system driven), moderate performance expectations leading to moderate job security and low turnover.

Private local organizations have relatively low level of employee commitment and multinational organizations have the high employee commitment because their compensation and benefits are higher than local private organizations. This co-relation is also tested during the study by asking specific questions from the employees at various levels both in multinational and local organizations.

The literature review and previous studies have also validated the hypothesis that the secondary and tertiary motivators-IIP Model will not work unless the primary needs i.e fair and equitable compensation and benefits are fulfilled. This hypothesis has also being validated and endorsed by the Abraham Maslow's Need hierarchy theory and Herzberg Hygiene factors that shows need fulfillment moves from primary to secondary and tertiary. The IIP model emerged and has been successful in UK/European countries because their basic needs of the employees are fulfilled and taken care of by the state. In Pakistan most of the people are living below the poverty line and their financial needs are not fulfilled so the IIP-Model on employee commitment becomes invalid. However in multinational organizations where the employees are paid relatively better salaries these indicators may be partly valid but at relatively senior staff level.

## VII. RECOMMENDATIONS

- The fair and equitable compensation and benefits for the employees is essential and need to be rationalized in local private organizations to enhance employee commitment leading to enhanced organizational performance. The employees' salaries should gradually be raised to the level where their basic needs are fulfilled and they can sustain. Their benefits structure should provide them sense of security in case of illness, personal contingencies etc and also there should be an appropriate retirement benefits in place to acknowledge their contribution for the organization and to support them in their post retirement adjustment.
- The expenses to rationalize the employees' compensation and benefit structure should not be taken as an expense rather an investment. Hiring and retaining an employee at a compensation level which cannot fulfill their primary basic needs to sustain, is not recommended and if in place need to be rectified. Hiring the employees at the compensation scale that is not sufficient to meet

their basic needs is hiring and retaining the frustration and grievances, rather than a job focused and output driven head so not recommended.

- The organizational compensation structure should be productivity and quality driven, the employees' delivering better quality and high productivity should be adequately compensated to sustain their commitment to quality and productivity. A fair, transparent, reasonable and significant incentive plan should be in place to pass on the benefit of the enhanced productivity to the real producer. It is guaranteed that whatever incentive is paid to the employee as productivity incentive the organizational gain is increased many fold.
- The organizational administrative and monitoring systems can control the hands but not the heads. The quality and productivity beyond certain point comes from the heads (technical insight, involvement, innovation, job focus and commitment). The good compensation and incentive scheme can fulfill the primary needs of the employees and they will be more focused and committed to their job and engaged into thinking process to improve their quality and output.
- The decent work environment is essential to create an environment where the employees can mobilize their all mental and physical faculties to continuously improve the quality and output. The physical comfort and favorable congenial work environment keep people away from the non issues and, focused, involved and engaged with the job using their head (insight & innovation) to improve as a process. The work areas should be nice, clean, ventilated and professionally managed with all amenities and support services to make it live. The conscious efforts to be made to create a family culture at work place, keep employees emotionally connected and involved with their colleagues/work group, eventually with the organization.
- The third employee preference after compensation and decent work environment is people development. Organization should inculcate the culture of learning and development to keep employees engaged with using their head, insight and innovation skills. The support mechanism and exposure of the employees to new work methods, techniques, innovative ideas, mentoring and other work place activates be provided to improve their technical/management competencies, to excel in the current role and opt for the higher ranks as a process. The expenses on employee development are a best investment that is paid with many fold profits in term of employee enhanced productivity, quality of output. The continuous employee development increases the competencies of the employees in particular and the organization in

general and it keep on improving with the passage of time as a result, these competencies becomes biggest competitive advantage and help organization continuously grow and sustain.

- Pakistan has inherent problems of Un-employment & poverty, Un-met Primary needs, Wide gap between the rich, and poor with entirely different social system. The employers exploit the availability of surplus manpower and high unemployment rate by offering them least at which even the employees can not fulfill their basic needs. This is not in the interest of the organization and by saving little money they are compromising the employee commitment that could do miracles for them and increase their productivity many folds. The employers should not hire a particular employee below the standard package however make no compromise on quality. The employees should be paid above the market to attract the best talent and give decent and congenial work environment to excel. Maintain the family culture of learning and continuous development, give employees the ownership, and make systems institutionalize the changes.

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