

Role of human
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ROLE OF HUMAN RESOURCE MANAGEMENT IN ORGANIZATIONAL

PRODUCTIVITY IN CONTEXT OF PAKISTAN ? EXECUTIVE SUMMARY

Despite some negative perceptions among the international, including European, public, Pakistan has shown remarkable political and economic developments since the late 1990s when the country was on the verge of bankruptcy.

With a rapidly growing population of about 150 million, Pakistan is a major country, recognised by the international community, and is one of the most important actors in the Islamic world. Though still having a negative image in global environment its HR is the silver lining in its current crisis where budding new organizations are coming to the realization of the value of Human Resource Management and hence adopting modern approach to HRM. The recent improvements in the economy and the business environment have been recognised by international rating agencies such as Moody's and Standard and Poor's (country risk upgrade at the end of 2003). Provided the positive trend is maintained, Pakistan presents numerous and significant opportunities for investments aiming both at using Pakistan as an export base and at tapping an emerging market with a rapidly growing middle class.

Human Resource (HR) management The design of formal systems in an organization to ensure the effective and efficient use of human talent to accomplish the organizational goals.

" HR should be defined not by what it does, but by what it delivers. DAVID ULRICH As human resources have become viewed as more critical to organizational success, many organizations have realized that it is the people in an organization that can provide a competitive advantage. 2

Throughout the book it will be emphasized that the people as human

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resources contribute to and affect the competitive success of the organization. Human Resource (HR) management deals with the design of formal systems in an organization to ensure the effective and efficient use of human talent to accomplish organizational goals.

In an organization, the management of human resources means that they must be recruited, compensated, trained, and developed. HR Management Challenges The environment faced by HR management in a developing country like Pakistan is a challenging one; changes are occurring rapidly across a wide range of issues but in order to understand the current challenges being face by organizations within Pakistan one need to understand the various characteristics of the Human Resource available within the country. Social environment and Governing Labor Laws within Pakistan Social infrastructure Although health indicators in Pakistan have been improving, the situation is still serious in many regions of the country. Unhygienic living conditions, lack of appropriate outreach of health facilities, scarcity of potable water and malnutrition, particularly among children, contribute to a poor health status.

Pakistan has one of the highest child mortality rates in Asia (110 out of 1000 under 5 years) and a low life expectancy (63 years). In 2001-2002, 49% of the households did not have access to a reasonable system of sanitation system. Both public and private spending on health is low with expenditures totalling 0. % of GNP in 2002. However, poverty alleviation initiatives recently launched by the Government have brought about an increase in Government spending on areas which include health and sanitation. Apart

from this, improvement has also been brought about through increasing health facilities and launching of a number of health programmes.

These programmes address various health problems such as Malaria, AIDS, or malnutrition as well as immunisation in order to reduce child mortality.

Social security As in many developing countries, poverty (affecting one third of the population) is one of the main social problems. Social security schemes, first introduced in the 1960s, have not been very successful, due to lack of financial means. Traditionally, family and kin provide a social security net. Nevertheless, there are some formal social security schemes provided through the Zakat and Ushr Ordinance.

Under this system, the poor receive support. In FY 2002, 1.7 million people benefited from the Zakat Programme. Also various other programmes have been launched to support the Government drive on supporting the poor, through poverty alleviation programmes.

There are various state run programmes providing retirement benefits, such as the Employees Old Age Benefits programme, which is available for workers in private sector establishments with a minimum of 10 employees. However, private sector pension funds are rarely put into practice except by large firms. Generally, participation in retirement benefit schemes is low. Under the EOBI programme, for example, only 1.

6 million employees (out of an estimated 10 million eligible) were insured at the end of 2000. There is also a pension scheme for civil servants who have worked at least 25 years for the Government. **Education** Despite notable

improvements, literacy rates are still low. According to the last census in 1998, the literacy rate was 43.

9% with marked differences between the urban (63. 1%) and the rural (33. 6%) population. There is also a remarkable gender difference; only 32% of Pakistani women are able to read and write whereas this ratio amounts to 54. 8% for Pakistani men. Presently (2003), the overall literacy rate has increased to 51.

6%. Pakistani general education comprises twelve years, of which ten years are compulsory. Higher education is provided by universities and professional universities. Presently, there are 96 universities and higher education institutions where over 100, 000 students are enrolled. The Government established a Higher Education Commission in 2002 to strengthen higher education.

The Higher Education Commission aims to increase student enrolment from 2. 6% to 5% by 2005, corresponding to doubling the number of students to 200, 000. 1% of GDP are planned to be dedicated to higher education (currently 0. 39%). The Government has taken steps to enhance the educational level by implementation of the Education Sector Reforms (ESR) and the Education for All (EFA) programmes. ESR is a comprehensive programme for increased access and improved quality at all levels of education.

The EFA programme refers to the commitment to ensure that by 2015 all children would complete primary education of good quality and that gender disparities would be eliminated. Labor law Pakistan has an extensively
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regulated system for protecting the interests of industrial workers and employees in Government controlled sectors. However, regulations are less strict for management and administration, non-manufacturing enterprises, casual workers and domestic help. Labour disputes are handled by Labour Courts. A more detailed and hands-on analysis of the labour environment for operating a business is given in section 1. 29.

Wage regulations The Minimum Wages Ordinance of 1961 as well as various others laws provide for a federal minimum wage for unskilled workers (2, 500 rupees or about USD 41 per month) which are subject to periodical review. In addition, various other payments including a minimum bonus for industrial workers, certain cost of living and support allowances, gratuity on leaving employment etc. are also available and covered by different wage regulations. **Social security** Various regulations cover the social security primarily of industrial and public sector employees. The Employees Old Age Benefit Act, the Employee Social Security Ordinance, the Workers Participation In Profits Act, or the Workmen Compensation and Liability Regulations are but a few of these. Through these acts, various contributory funding arrangements have been set up through which employers contribute towards the cost of such social requirements including retirement and pension as well as provide for payment of compensation to workmen and their dependents in case of injury, accident, disablement or death in course of employment.

Working conditions The Factories Act of 1934 as well as the Workmen Compensation Act and regulations concerning employment of children as well as disabled persons mainly provide for the framework on working <https://assignbuster.com/role-of-human-resource-management-in-organizational-productivity-in-context-of-pakistan/>

conditions. It provides for a maximum workweek of 48 hours (54 hours for seasonal factories) with rest periods during the workday and paid annual holidays. In general, foreign owned enterprises do better than most employers in fulfilling their legal obligations and dealing responsibly with unions. The constitution and national law prohibit slavery and forced labour, including forced labour by children.

In Pakistan child labour as well as bonded labour is still an issue. However, there is a conscious effort by the Government to overcome this through social reform measures. The Constitution prohibits employing children aged 14 years and under in factories, mines and hazardous occupations. No child can work overtime or at night.

Trade unions and workers' rights There are various regulations on trade unions and industrial relations through which a number of workers' rights are granted. The right of association includes the right to form trade unions. Workers are permitted to organise and to freely elect representatives to act as collective bargaining agents. The right to strike is constrained by the Government's authority to ban any strike that may cause serious hardship to the community or prejudice the national interest, as well as any strike that lasts for more than 30 days.

The unique traits of Human Resource within Pakistan give Human Resource Management certain objectives to achieve which are highlighted below

HR Management as Strategic Business Contributor One of the most important shifts in the emphasis of HR management in the past few years has been the recognition of HR as a strategic business contributor. Even organizations that

are not-for-profit, such as governmental or social service entities, must manage their human resources as being valuable and in a “businessoriented” manner. Enhancing Organizational Performance

Organizational performance can be seen in how effectively the products or services of the organization are delivered to the customers. The human resources in organizations are the ones who design, produce, and deliver those services.

Therefore, one goal of HR management is to establish activities that contribute to superior organizational performance. Only by doing so can HR professionals justify the claim that they contribute to the strategic success of the organization. INVOLVEMENT IN STRATEGIC PLANNING Integral to being a strategic partner is for HR to have “a seat at the table” when organizational strategic planning is being done. Strategically, then, human resources must be viewed in the same context as the financial, technological, and other resources that are managed in organizations. For instance, the strategic planning team at one consumer retailer was considering setting strategic goals to expand the number of stores by 25% and move geographically into new areas.

The HR executive provided information on workforce availability and typical pay rates for each of the areas and recommended that the plans be scaled back due to tight labor markets for hiring employees at pay rates consistent with the financial plans being considered. This illustration of HR professionals participating in strategic planning is being seen more frequently in organizations today than in the past. Conclusion Modern analysis emphasizes that human beings are not “commodities” or “resources”, but are creative

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and social beings that make class contributions beyond 'labor' to a society and to civilization. The broad term human capital has evolved to contain some of this complexity, and in micro-economics the term "firm-specific human capital" has come to represent a meaning of the term "human resources." Pakistan is a nation with a diverse economy that include textiles, chemicals, food processing, agriculture and other industries. It is the 45th or 46th largest economy in the world.

The high population growth in the past few decades has ensured that a very large number of young people are now entering the labor market. Even though it is among the seven most populous Asian nations, Pakistan has a lower population density than Bangladesh, Japan, India, and the Philippines. In the past, excessive red tape made firing from jobs, and consequently hiring, difficult. Significant progress in taxation and business reforms has ensured that many firms now are not compelled to operate in the underground economy.

Due to these factors Pakistan is an attractive place for organizations wanting to excel at their HRM skills. And even though the country faces issues like irregular government policies and insecurity yet its HR is something which makes it an ideal place for growth of an organization. References United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) <http://www.unescap.org> Website abstract: The website presents information about the UNESCAP and its projects. A few reports and surveys on the economic and social development can be downloaded.

No specific country information. Asian Development Bank (ADB) <http://www.adb.org/Pakistan/default.asp> Website abstract: The website provides a range of relevant information including economic trends, key indicators, projects and news releases.

Investment Promotion Network (IPAnet) <http://www.ipanet.net/index.cfm> Website abstract: The website provides an extensive searchable database of over 10, 000 web-based documents which include research on economies and product markets, investment-related laws and treaties to specific investment opportunities. International Trade Centre (ITC) <http://www.intracen.org/index.htm> Website abstract: The website gives detailed information on ITC's development programmes and contains a searchable country database presenting trade specific statistics. United Nations Conference on Trade and Development (UNCTAD) <http://www.unctad.org/> Website abstract: The website presents a wide range of general information about investment and trade as well as statistical data. UNCTAD's Division on Investment, Technology and Enterprise Development (DITE) publishes the World Investment Report, for which a link is provided.

United Nations Industrial Development Organisation (UNIDO) <http://www.unido.org/> Website abstract: The website provides information about UNIDO's services and programmes. Downloadable documents and reports as well as country information are also available. International Labour Office www.ilo.org/

org/childlabour Website abstract: The website provides information about the child labour issues in the world and in Pakistan. Downloadable documents and reports as well as country information are also available. The European Union <http://www.europa.eu>.

eu.int Website abstract: The website provides information about the EU services and programmes. Downloadable documents and reports as well as country information are also available. Asia Invest <http://www.europa.eu.int/comm/europeaid/asia-invest>

Website abstract: The website provides information about Asia Invest involvement with Asia. Downloadable documents and reports as well as country information are also available. The World Bank Group <http://www.worldbank.org>

Website abstract: The website presents information on projects and programmes of the World Bank as well as general country information. It also includes news items and press releases and a wide range of publications and economic and social data. International Finance Corporation (IFC) <http://www.ifc.org>

Website abstract: The website contains information about IFC projects and how to apply for IFC financing as well as press releases and publications. Foreign Investment Advisory Service (FIAS) <http://www.fias.net/index.html>

Website abstract: The website presents information on the services and projects of the FIAS and includes useful links to other providers which offer economic data and assess the investment climate of many countries.

SAARC(South Asian Association for Regional Cooperation Secretariat)

<http://www.saarc-sec.org/> Website abstract: Provide information on the development of the cooperation among the member states. Economic Cooperation Organisation <http://www.ecosecretariat.org>

Website abstract: The website presents information on the cooperation achieved among the members of the ECO, agreements measures taken to increase trade.