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Modernisation and Cultural and Historical Influences on Management Practices: Empirical Evidence from Pakistan

Ashique Ali Jhatial¹, Nelarine Cornelius² and James Wallace³

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Abstract

Scholars have called for a better understanding of public sector management from non-Western perspectives (e.g., Hood and Peters, 2004). Indeed, Budhwar and Debrah (2009) have long called for the need to theorise historical, religious, socio-cultural and ethnic influences on employment management and their consequences for society. This study investigates the impact of modernisation policies on management practices in Pakistan. An empirical study was undertaken, based on semi-structured interviews with key informants in public, private, privatised (former government-owned companies) and multinational organisations. Our findings support our proposals that colonial and postcolonial practices and occupational elites, established during the period of British colonial rule, impact management policies and practices, albeit differentially, across sectors, with the influence strongest in the public sector. The implications of the findings for employment management and modernisation in Pakistan, are discussed.

Key words: Managerialism, modernisation, employment practices, society, colonialism, post-colonialism, Pakistan.

Introduction

Many developing countries pursue state intervention to ensure national development, enhanced employment management, and economic self-reliance (Clarke, 1994: 417; Martin, 1993: 16-18). However, this approach has attracted criticism from a variety of stakeholders ranging from society through to international institutions e.g. IMF and World Bank. The latter in particular make reference to bureaucratic inefficiencies, managerial elitism who

¹ Professor, Institute of Commerce, University of Sindh Jamshoro, Pakistan.

*Correspondence author email: ajhatial@hotmail.com

² Professor, Queen Mary, University of London, UK.

³ Senior Lecturer, School of Management, University of Bradford, Emm Lane, West Yorkshire, BD9 4JL, UK.

control work and employment. Further, it has been argued that there has been a tendency to pursue the panacea of market-driven remedies (Clarke, 1994: 399; Esman, 1991: 458; Fuhr, 1994: 104). The World Bank, the IMF, the IFC, and the Asian Development Bank criticised bureaucracy, inefficiency, high expenditure, lack of adequate service efficiency and over-employment of public sector and played a crucial role in influencing top policy-makers in developing countries, including Pakistan, to undertake market-centred reforms, especially privatisation (Haque, 1999, 2000; Pitelis and Clarke, 1993; Sarkar, 1991). There are a growing number of studies that emphasise the need to examine historical, colonial bureaucratic, postcolonial elitism, religious, socio-cultural and ethnic influences on employment management in developing countries (Budhwar and Debrah, 2009; Sparrow, 2009; Tayeb, 1995; Zhu, Warner and Rowley, 2007; Stehle and Erwee, 2007; Verma et al., 1995; Khilji, 2003; Waseem, 1997). Many developing countries across Asia and Africa continue to live with the legacies of colonial activities including Pakistan (Arora, 2011: 51; Haque, 1997: 432; Soul, 1974; Schaffer, 1978).

Pakistani society experienced several episodes of civil-military rules. Since 1970s till now incumbent governments introduced different interventions in the name of improving socioeconomic conditions of people. ZA Bhutto-first elected civilian premier, introduced nationalization in 1970s which was reversed to denationalization in 1980s by military regime of Gen. Zia. During 1990s, various civilian governments introduced privatization and liberalization of public sector due to its intense bureaucratic culture, inefficiency and over-employment. In post-9/11 climate, military regime of Gen. Musharaf added flavour of transformation of public institutions. There has been four decades of dichotomous interventions e.g. nationalisation, privatisation, de-regularisation and transformation of public sector allowing private sector and multinationals in the country to bring about competitiveness, service efficiency, managerialism and modernisation in public sector. Since

then, there has been limited research evidence on success and failure of the diverse efforts. As a result, this study raises an important research question: how far public sector in Pakistan attained modernisation and managerialism after decades of policy shifts.

Bureaucratic elitism in developed and developing countries

The studies of Bourdieu (1974, 1984), Kadushin (1995), Giddens and Stanworth (1978), Stanworth and Giddens (1974a, 1974b), Hartmann (1995), Maclean (1995, 2002, 2008), Maclean et al. (2006, 2007), Suleiman (1974, 1978), Mills (1956), Morin (2000) and Oh et al. (2004) highlight the presence of power elites in France, Germany and the United Kingdom and elsewhere in Europe. These studies identify the pervasiveness of socio-business elites in public and private business sectors. For example, Maclean (1995, 2002, 2008) traced the educational and business ties of power elites who benefited during the French privatisation process of state organisations. This phenomenon has been largely missing in the management discourse of developing countries. This is especially noticeable given that a large body of postcolonial literature draws attention to the fact that during colonialism, local managerial elites were established especially in Africa and Asia which prevail to this day. Khilji (2002, 2003) and Authors (2014) reported colonial-postcolonial bureaucratic elitism with extensive influence in public sector in the Pakistan.

Colonial and postcolonial influences in developing countries

In Pakistan, the public sector has long suffered from sluggish performance in service delivery, rampant corruption, inefficiency, and above all overstaffing (e.g., Islam, 2004). Further, the public sector in Pakistan has evolved under the permanent dominance of civil-military bureaucracy and feudal elite class which draws down in British colonial traditions along with fusion of cultural, religious and American influences (Khilji, 2003). The Mughal dynasty introduced culture of courtiers. Under the British Raj, an elite class in civil and military services alongside landed feudal class was developed and maintained by awarding them agricultural land to secure their loyalty (Siddiqa, 2007; Yong, 2005): this is how the British Raj ensured cooperation (Kazi, 2003; Siddiqui, 2003). Pakistan, a previously colonized nation, inherited legal and administrative frameworks from the British Raj, which reproduced streams of socio-political elites as 'neocolonialists' which encouraged high power distance, collectivism, hierarchy and coercive leadership style particularly in relation to employment and human resource practices such as recruitment, selection, transfer, promotions, appraisal and generous retirement packages (AUTHORS, 2014). Recruitment policies such as the regional (implicitly ethnic) quota system, established under the British Raj, continue to guide HRM systems in the civil service and all federal government organisations (Kennedy, 1984; Waseem, 1997). Nationalisation programmes of the 1970s served as a catalyst for the continued expansion of the regional quota system. As a consequence, nationalised industries, formerly in the private sector, became subject to the terms and conditions of federal employment so that recruitment to autonomous and semiautonomous corporations came under the quota system (Kennedy, 1984).

Pakistani society is oriented to collectivism, high on power distance, is hierarchical, and masculinity is strong (Aycan et al., 2000). A review of the extant literature suggests that formerly colonized Asian and African societies have similar colonial, postcolonial civil-

military bureaucracies, religious, cultural and ethnic forces that play an important role in the management of public sector. For example, according to Gardiner (1996) postcolonial societies such as Nigeria, Ghana and Kenya have a key place for religious and traditional beliefs intermingled with colonial administrative practices in organisational settings. Tayeb (1997) also maintains the view that countries with a predominantly Muslim population incorporate Islamic elements into their HRM functions in Asia, the Middle East and West Africa and especially so during the postcolonial era. Budhwar and Debrah (2001) suggest that developing countries in Asia such as India, Sri Lanka, Nepal, Thailand, and China have influences from Hinduism, Buddhism, and Confucianism well blended with their colonial inheritance, and these are reflected in their HRM policies and practices. Cross-cultural management research supports the view that local traditions, religion, political, constitutional and legal frameworks all influence from service delivery to employment management in public sector in developing countries (Adler, 1983; Thompson and Luthans, 1990; O'Reilly and Caldwell, 1985; Khilji, 2003; Newman and Nollen, 1996).

Modernisation of the public sector in developed and developing economies

In order to reduce bureaucracy, enhance service delivery and lessen the financial burdens on government, three decades ago a reform movement began across OECD countries to bring about radical changes in all sectors, but especially public administration. The reform movement was based on a form of managerialism applied to public sector organisations, now encapsulated in the concept of new public management (NPM), with its roots in public choice theory (Aucoin, 1990: 115; Dunsire, 1995: 21, 29; Lueder, 1996: 93; Reichard, 1996: 245). Similarly, Van de Wal et al., (2006) draws on the original work of Pollitt and Bouckaert (2004) and Thomas and Davies (2005) in their account of NPM as an ideological position which asserts and promotes the need for a more 'business like' approach to public

administration, with a focus on downsizing, managerialism, decentralisation, de-bureaucratisation and privatisation. Academics considered NPM as a paradigm shift in public management (Aucoin, 1995: 3; Borins, 1994: 2; Kamensky, 1996: 250; OECD, 1995: 8, 25; Osborne and Gaebler, 1993: 321). The strong early adopter of NPM was the United Kingdom during the Conservative government administration of Prime Minister Margaret Thatcher in 1980s, swiftly followed by North America.

Later, New Zealand the reform movement and emerged as ‘success story for other OECD countries (OECD, 1995). New Zealand’s coherent and consistent approach in NPM reform implementation benchmarked as model for other countries (Pallot, 1998; Boston et al., 1996; OECD, 1999a). During the financial crises the 1980s, Australia, New Zealand, Norway and Sweden adopted NPM, viewed by some as a panacea for addressing economic pressures (Olson et al., 1998). Following the adoption of NPM in developed world, an increasing number of developing countries introduced reform programme as a mechanism for both reducing costs, improving efficiency and reducing the commitments of the state.

It has been suggested that developing countries adopt a ‘pick and mix’ policy when adopting NPM reform depending on their circumstances at national level (Cheung, 2005: 260). The common NPM elements adopted by developing countries include privatisation, downsizing, corporatisation and managerialism and converting the civil service into free-standing agencies or enterprises, whether within the civil service or outside it altogether. It has been argued that privatisation and retrenchment of public sector organisations reduced national expenditure while corporatisation and managerialism allowed competitive salary packages, performance focus and performance improvements, the opportunity to hire better qualified staff, to offer bonuses in return for meeting revenue targets and operating on a self-financing

basis (Chand and Moene, 1999). Several African nations including Ghana, Kenya, Malawi, Tanzania, Uganda, Bolivia and Rwanda adopted NPM programmes, and adoption can be found in South Asia and Latin America also (Islam, 1993; Mallon, 1994; Christiansen, 1998: 286).

Modern Pakistan: a challenging socio-political environment

Pakistan's estimated population in 2019 is 203.2 million making it the world's sixth most-populous country, behind Brazil and ahead of Bangladesh (United Nations, 2019). Dramatic social changes have led to rapid urbanization and the emergence of megacities. During past two decades nation has experienced a historical lead as the second most urbanized nation in South Asia with big city dwellers making up 36 percent of its population and about 50 percent of Pakistanis now reside in towns (Burke, 2008). In post-9/11 climate social and economic indicators have worsened more and political instability and security issues are ever present.

In present day Pakistan, the general public remains divided on the basis of religion, ethnicity and language (Kennedy, 1993, 2003).

After independence in 1947, the momentum of nationhood, built upon the aspirations of equality and fraternity, could have flourished and sustained if the dominance of civil-military and landed elites have not thrived. However a combination of elitism, tribal, clannish, linguistic, ethno-national and regional affiliations have resurfaced in the postcolonial politics of Pakistan after the heady days of resisting the Raj and securing independence. These factors seemed conspicuous in the breakaway of East Pakistan (now Bangladesh) in 1970-71 which continue to potentially haunt the national cohesion in present Pakistan. Additionally, successive military regimes of 1958, 1969, 1979, and 1998 had a limited constituency, and

this has perpetuated the 'strong man' approach to management. Indeed, it has been suggested that long periods of military rule and its direct or indirect influence on governance and management have weakened the existing institutions and management practices in Pakistan (Abbasi, 2008; Behuria, 2009; Cohen, 2004).

According to Khilji (2003) and Kazi (2003), colonial artefacts have intermingled with local culture. These colonial artefacts appear to have strong influences on organisational culture. Organisational justice, affirmative action policies, merit-based recruitment and selection, promotion, appraisal and training remain largely alien concepts in Pakistani organisations (Hussain, 1999; Islam, 2004; Ismail, 1999).

In brief, colonial doctrines such as the 'quota system' and 'martial race' policies continue to operate, but in practice, rather than enabling greater access to opportunity, promote single-ethnic dominance for those who are largely from the Punjab, with a civil-military background (Abbasi, 2011; Cohen, 1989; Kennedy, 1984; Waseem, 1997; Yong, 2005). A civil-military oligarchy has long history of public sector management. This maintains the colonial legal-administrative frameworks, promotes particular-ethnic group's governmentality which ultimately results in occupational segregation: an ethical dilemma in the 'fair play' of HRM (Jackson, 2002). Yong (2005) describes the 'doctrine of the martial race' in the recruitment of military personnel into senior positions across all sectors that affords their structural superiority and favors the promotion of particular ethnic-groups. This results in a hegemonic civil-military elite class, which occupies key positions in a wide range of organisations (Kennedy, 1993, 2003; Abbasi, 2008). It has been argued that the public sector is still based on colonial and hierarchical lines that inculcate partisan and bureaucratic authority (Cohen, 1989). This reinforces ethnic segmentation and social injustice; an ethical dilemma and tension that frustrated East Pakistan in 1970 (now Bangladesh) and continues to cause

tensions with other provinces and federally administered regions. Importantly, the United States' support for military regimes in Pakistan during the Cold War era and, more recently, its relationship with Pakistan in the post-9/11 period, had potentially far-reaching implications for its public sector management. Especially in the post-9/11 era, Pakistan received funds from international donors on the promise of good governance, modernisation and transformation of its public sector (Behuria, 2009; Wilke, 2006). As a result, successive military regimes have embarked on privatisation and de-bureaucratisation of the public sector, alongside deregulation and liberalisation strategies of the commercial sector in order to encourage domestic and international investors. It is unclear to what extent a more prolonged period of civilian government and modernisation agendas have effected these norms.

Public management: its impact on employment and society in Pakistan

In the context of developing countries, the case of Pakistan is distinctive, in part due to its strategic position in the sub-continent. Established as quasi-religious state in 1947, Pakistan inherited a number of British colonial legacies such as those vested in its legal frameworks and administrative structures. Indeed, it was argued by Hughes (1997) that Pakistan's civil service was in transition from its colonial roots, and that there was a need to 'reinvent its constituent civil service' (p.321). All of these have informed its national character and in turn, public management in the country (Alavi, 1972; Khilji, 2002). Of note is the view that the civil service in particular, has become increasingly less influential, albeit that sound advice and decisions have been made by it often fell on the deaf ears of government and that weakened civil service has weakened the effectiveness of the public sector more broadly (Niaz, 2011). Evidence of political interference in appointments and prized placements both centrally and in the provinces has further hampered development and modernisation

aspirations (Ashraf, 2017; Collins, Omar and Hurst, 2000; Cyan and Pasha, 2017). The inefficiencies of government and the public sector more broadly are most noticeable in the handling of crises such as the 2010 floods. The weakness of actions taken drew much criticism and, it has been argued, have led to political unrest (Fair, 2011). Large volumes of red tape remains an important factor in public sector life (Yousaf, Zafar and Ellahi, 2014).

The nationalisation programmes of the 1970s by the civilian government of Z.A. Bhutto government (after fall of East Pakistan) served as a catalyst for the continued expansion of the public sector. As a consequence, nationalised industries, formerly in the private sector, became subject to the terms and conditions of federal employment so that recruitment to autonomous and semiautonomous corporations came under the quota system (Kennedy, 1984). This measure was intended to eliminate poverty in the country, promised in the government's party's manifesto. However, critics viewed this policy as 'clipping the wings' of the so-called twenty-two families' control over entrepreneurship (Talbot, 1998) rather than a substantial move to improve public sector management.

Privatisation of public sector organisations

The history of privatisation in Pakistan is traced back to 1977, when new military regime of General Zia (installed after the fall of the Bhutto government) introduced the policies of denationalisation, disinvestment and decentralization to restore the confidence of private investors. Thus the regime reversed the nationalisation policy (Bukhari, 1998; Burki, 2007). The literature suggests that this helped to restore confidence in and strengthen the private sector. However, in spite of these efforts, the public sector in Pakistan has long established reputation for inefficiency, poor service delivery, malpractice, overstaffing corruption cronyism, sifarish and malfeasance remained, reflected in annual deficits in the national

budget. For example, in 1990 the cumulative loss of the public sector enterprises was Rs127.8 billion that increased to Rs 220 billion in 2009, in spite of denationalisation and privatisation of many public sector organisations (Patti and Hardy, 2005; Sabir, 2010).

Consequently, there have been repeated, conscious efforts to modernise the public sector. In order to avoid incurring losses and boost public sector efficiency, the government of Pakistan embarked on a fresh round of privatisation, deregulation and liberalization in the early 1990s. The Ministry of Privatisation (MOP) successfully privatised two state-owned organisations, United Bank Ltd, Habib Bank Ltd and subsequently Pakistan International Airlines (PIA), the Pakistan State Oil (PSO), the Pakistan Steel and other large public sector enterprises. Given this political and historical context, it is perhaps surprising that very little empirical research has been done which addresses the distinctive development of public management in this environment. At the same time for commercial organisations, market deregulation paved the way for multinational corporations (MNCs) and the private sector to grow. As a result of the successful experience with privatisation, in Pakistan today, over 77% of the commercial banking sector, 100% of the textile and telecommunications sector, and a significant part of the cement, sugar, automobile and fertilizer sector are in the private sector (Kemal, 2002; Khan, 2003). It has also been argued that privatised organisations have made excellent progress in terms of efficiency, productivity and performance (ADB Report, 2008; Sabir, 2010). There is also evidence also that private organisations are more willing and able to adopt modern practices (Riaz, 2016). However, issues remain about the degree to which modernisation has struggled to take root in the public sector.

The military in public life

The most recent former military (Musharraf) regime earned international funding and support that were predicated on the promise of transformation of public sector, especially good governance, efficient service delivery, curbing corruption, cronyism and malpractice. However, many long standing practices were continued, indeed reinforced, with hundreds of top level management positions allocated to serving and ex-military officers (Abbasi, 2008). Paradoxically increasingly the United States influence in Pakistani society, entrepreneurship and academic institutions are deep rooted. Hussain and Hussain (1993) and Khilji's (2003) work suggest that the United States' significant cultural, academic and corporate influences in Pakistan continues under the current civilian government. However, although the public sector was one of the 'targets' for modernisation and international financial support for Pakistan, doubts remain about the extent to which this has occurred.

In this study, we investigate the latest phase of modernisation of the public sector in Pakistan. Additionally, we research privatised, former public sector organisations, and private sector organisations to compare and contrast with mainstream public sector organisations. We consider further what elements of colonial rule endure, along with other cultural influences that may mitigate against modernisation. Further we have selected one formal practice, human resource management, as a means of capturing formal employment practices and their interaction with colonial and national cultural factors. HRM was chosen as we draw on Budhwar and Sparrow's (2002) idea of a *meta-logic* or factors that operate at the national level, setting the overall climate for HRM practices in organisations and the politico-cultural environment they operate in. The idea of a meta-logic resonates well with our interest in enduring influences, as well as other cultural elements.

Method

In-depth semi-structured interviews were conducted with thirty core-informants from public sector, private sector and multinational organisations. The interviews focused on historical and cultural influences on modernisation, managerialism, employment policies and practices. Denzin and Lincoln (2000) suggest that cultural research is historical, self-reflective, critical and interdisciplinary should take into account religion, politics, economic dynamism and every day discourses. The interview schedule was designed in light of these sensibilities, the extant literature and research questions. The content of the schedule focused on culture and HRM practices. Participants were asked about positive signs of modernisation and the difficulties they encountered. Participants also shared their experiences about the implications of colonial and postcolonial employment policies on current state of HRM. Careful attention was paid to build a research sample (interviewees) from different age groups, educational backgrounds, career tracks, different levels of management, including volunteer union activists. All interviews were conducted face to face in English and recorded with prior consent of participants which helped us in transcription, coding and analysis.

Data analysis procedure

The technique of grounded theory (Glaser and Strauss, 1968) was used for interviews analysis. The transcribed text was examined according to themes and each of the themes was highlighted. Firstly, the highlighted first-order themes were coded and the codes were compared for similarities and differences. In case of occurrence of similarities in the text, the first-order codes were grouped into second-order themes (Strauss and Corbin, 1998). Secondly, the second-order themes were coded text was analyzed and classified into the clusters of activities forming the conceptual categories of the model by following the coding principles of grounded theory. Finally, the first and second order themes from the first interview were used to structure comparisons with transcribed data. When a new first- or

second-order theme was identified, all previous transcriptions were reviewed for evidence that might have been overlooked. This exercise continued for each of the informant's interview.

Results and discussion

Demographic information

Table 1 presents demographic information of sample interviewees and related business sectors. Ten interviewees participated from each sector. All participants had first class university degree. Only two female managers participated (there appeared limited presence female managers in senior positions in government sector organisations) and twenty eight were male participants from all business sectors.

Insert Table 1 here

Respondents' rankings on cultural and HRM variables

During the interviews, respondents were also asked to express their current feelings and experiences by considering the relative importance of cultural factors and HRM elements in their organisations.

Insert Table 2 here

The findings presented in Table 2 suggest that HRM functioning varies across business sectors in Pakistan. Eighty per cent of respondents in government organisations agreed on having collectivist-oriented HRM policies and practices as compared to sixty six per cent of private sector respondents against fifty percent in privatised organisations. On the contrary, sixty per cent of respondents in MNCs expressed HRM policies and practices as individualist. MNCs appear to be individualistic with low power distance and management-employees

share trusting relationship. This is because MNCs import Western HRM practices and overseas headquarters' influence policies and practices as well. Participants' ratings of hierarchy or authority in government organisations seem high, as 90 per cent agreed that they have hierarchical structures and decision-making in their organisations as compared to 60 per cent of those working in private sector organisations also believed their organisational structure and decision making are hierarchical with very limited role of employees and HRM department. Almost all respondents in government and private sector agreed on prevalence of high power distance. 30 per cent showed trust between supervisor-subordinate relationships, whereas 66 percent participants in private sector perceive that their leaders are trusting. On the contrary, the participants in privatised organisations rated moderately on power distance and trust between supervisor-subordinate with moderate centralized decision making. These findings indicate that privatised organisations have been passing through transformation phase.

In terms of whether *sifarish* exists in recruitment and selection practices in government organisations; 80 per cent of respondents agreed whereas 66 percent of the respondents in private sector expressed that they believe that their organisations recruitment and selection practices were nepotistic, sifarish or connection-based whereas, only 25 percent of the participants from privatised sector rated. On the contrary, 40 per cent participants in MNCs believed that nepotism or a sifarish culture is prevalent recruitment and selection practices in their organisation which is significantly different than other business sectors, this again possible because of headquarters influence to have merit-based HRM. Respondents were also asked to rate whether training and development was considered as investment or expenditure in government sector organisations. Almost all respondents agreed that training and development has been treated as expenditure, 66 percent respondents expressed it as

expenditure in private sector and 75 percent respondents in privatised agreed that training and development has been considered as an investment. Whereas, a clear majority of 80 per cent of the MNCs respondents' felt that training and development is treated as an investment. Performance appraisal and promotions also received a similar rating. 80 per cent of respondents agreed over the existence of nepotistic policies in promotions and that performance appraisal has nothing to do with promotions in government organisations. The feelings in private sector are similar. The MNCs appear to have merit-based performance appraisal and promotion policies (70 per cent interviewees agreed). Similarly the reward and recognition programmes in government and private sector are seniority-based whereas privatized sector seem tilted towards MNCs' reward systems only recognize individual merit. These findings suggest that privatized sector organisations have achieved significant progress in terms of HRM functioning and recognize merit fundamental to the success of the organisations.

Interviews Analysis and Discussion

Key findings which emerged from the interview data include national culture as fusion of diverse colours, reflecting key influences from British colonial legacy i.e. civil-military feudal and political elites, mingled with religion and indigenous traditions, and American thinking. Organisational structures seemed to be bureaucratic and hierarchical with higher power distance and collectivist orientation. Sifarish/connection is widely prevalent in government organisations whereas private sector organisations and MNCs are less influenced by it. Sycophancy, cronyism, nepotism and lack of affirmative action policies are common in all organisational settings (Islam, 2004; Khilji, 2003). However, MNCs and privatised firms' position appeared much stronger in effecting Western HRM policies and practices with some interweaving with national culture (Khilji and Wang, 2006). There were also subtle

differences between established private sector and privatised, formerly public sector organisations participant responses. The following sections present main findings from the in-depth interviews.

Cultural Origins. According to Khilji (2003), Pakistan society reflects the influences of its Indian origin. The norms of collectivist society, extended and dependent family structure, and respect for elders, hierarchical authority, traditional roles of women and the caste system appear to be strong local values. The participants were quizzed over the relevance of cultural norms such as collectivism, hierarchical value system, and respect for authority and elders. They were asked to express their feelings and experiences as to what extent the aforementioned cultural values influenced HRM systems and organisational life. A retired army Major (male), who headed an HRM department in a private company, said that:

“We are a collectivist society and organisational policies are collectivist bonuses, salary increments, promotions, etc are announced for all and no individual get more than any other. Organisational structure is based on hierarchy and respect for authority. We, culturally, obey elders, do not question authority or say no to boss.”

Similar expressions were given by a senior civil servant (male) who headed a government organisation:

“To be honest, collectivism, paternalism, hierarchy, authority, are structured deep down in the legal system of the organisation and HRM system is sub-system of the organisation. The decisions regarding selection, promotion, increment in pay and bonus are collective and not based on individual merit. Respect for senior and authority is mandatory. I admit that family relationship and political connections are

considered very crucial in getting recruited, promoted, transferred or posted to a chosen position.”

A senior manager training and development (T&D) of a multinational company articulated much differently. Director organisational development said:

“Since we are a multinational company as a result we are bound to enforce recruitment, selection, training, career development, appraisal, promotion and reward policies of parent company. At the same time we are also taking due care of government policies of this country [Pakistan]. I can, for sure, say that my company is more likely to promote merit and individual talent. We recruit best talent of the country and compensate them according to market rates as a result we are said to be ‘employer of first choice’. In a way we are much different than public and private companies HRM policies and practices. If walk around the building, surely, you will find employees here are more sophisticated with modern values and attitudes. Although, we are multinational and enforce parent company policies, however, we are not immune to local cultural influence such as connection or sifarish-based HRM practices.”

A (female) general manager HRM of a privatised organisation observed that:

“My organisation has adopted modern and Westernized practices of HRM. We have been very careful in recruiting talented people from the market and offer them competitive salary packages along with performance bonuses, recreation holidays, equipped them with sophisticated computer and information technology. We focus work-life balance with role-clarity and decentralised authority and division of labour.”

Religion. Tayeb (1997) reported that in Muslim countries, Islamic injunctions would guide family and organisational systems which imply that Islamic values would influence HRM systems. In contrast, Khilji (2003) found that religion had a limited role in organisational life in Pakistan. The current empirical evidence supports the view of Khilji (2001), with attempts to introduce religious values into the workplace regarded as ‘muddying the waters’. For this issue of role of religion in HRM systems, the majority of interviewees view religion as ‘an individual’s private affair’. In the words of one HRM director (male) of a multinational company:

“We allocate a separate and fully furnished prayer room with plenty of time for prayers and we respect peoples’ beliefs and this is all what they want from us - and that’s it. People are very tolerant and respectful to their and others religious beliefs.”

A general manager of HRM department (male) in a government organisation: said:

“Organisational policies respect all religions and respect peoples’ beliefs by providing them with the necessary facilities they require. To me, there is a tension between the rigid Islamisation of the former General Zia regime and enlightened moderation and transformation of society concepts of General Musharaf: this has confused the nation time and again. Otherwise, I do not see any big role of religion in HRM policies and practices. We have staff members who observe Islam, Christianity, Hinduism, etc. and we provide them with holidays for their religious festivities.”

A manager in an HRM department (female) in a private organisation commented:

“Generally speaking, our company respects all religious members of staff and allows them flexible hours for prayers in due time and allows them holidays when they need. We live as a family in the organisation.”

The senior managers across business sectors were quizzed over the role of religion in organisational life and in HRM policy and practice, the majority of participants agreed to the view that they do not see any role for religion. This finding reveals that although Pakistan is a majority Muslim country, organisations and HRM policies and practices are largely free of religious influences.

Postcolonial elements in the culture. Postcolonial literature suggests that the British Raj, after the Indian Mutiny of 1857, deliberately favoured particular ethnic groups in army services, allocating them agricultural land to depoliticize them and earn their loyalty (Alavi, 1972; Siddiqa, 2007; Siddiqui, 2003; Yong, 2005). In addition, colonial systems deliberately have reproduced elite through civil, military services and feudal class. The inheritance of colonial policies such as the quota system in the civil service have had profound impact on the legal and administrative framework of postcolonial Pakistan and have, and continue, to influence HRM policies and practices in government sector organisations. A general manager HRM (male) in a large government organisation says:

“Colonial elements like the regional quota system, bureaucracy and ‘yes-boss behaviour’ are the key elements of our society and our organisations. Family relationships (e.g.sfarish) are really important and an elitist mind-set maintains the status quo and the role of those already in positions of power. Organisations and laws to govern have roots deep down in colonial system of bureaucracy. Political parties, landed elites, civil-military heavy weights and union leaders play substantial role in

the recruitment, selection, promotion, transfer of staff members. Written rules are shelved and only influential and powerful people and employees have stronger chances to get through. It often frustrates those employees who believe in personal merit and performance.”

These cultural factors appear to be major obstacles to the adaptation of modern HRM in government and private (local) organisations in Pakistan. The findings from in-depth interviews reveal that affirmative action policies, merit and organisational justice in government sector organisations are not encouraging. These findings are consistent with Khilji (2003) and Islam (2004). Another general manager organisational development (OD) (female) of a government organisation said:

“Sifarish and family relationships play important role in recruitment, selection, appraisal and promotion of employees in the government and private sector enterprises. There are two ways of getting on: strong connection or giving a ‘good offer’ (i.e. bribe) for recruitment, promotion or transfer in government organisations.”

An HRM manager of a government corporation asserted that:

“Colonial employment policies of quota system, bureaucracy, obedience to boss, collective bonus, centralized power appear to have strong influence on management practices”.

In contrast, the evidence gathered from the head of HRM department (male) in a privatised company pointed out that:

“When this current company was in public sector, its growth, efficiency, employee morale was very low and government bore losses every year and the personnel department had an extremely limited role in decision making. This company was privatised some 15 years now, and it has set new records in terms of profit, efficiency service delivery, and customer satisfaction. We have an HRM department and consider employee satisfaction and loyalty integral part of organisational progress. We have talent management programmes and employee turnover has gone down significantly. However, we strongly discourage sifarish or connection-based recruitment, promotion or appraisal.”

A similar view came from a HRM director (male) in a multinational company:

“We can’t escape from socio-political elites in Pakistan. We have to be brave enough to recognize that we have to adjust and accommodate them. If someone says merit and equality prevails in Pakistan and it is perfect like Western countries’ organisations then it would be miraculous. We receive phone calls from political high-ups and they ask us ‘yes’ or ‘no’. There is no third option. Having said all that, we are a multinational and have westernised HRM: merit and transparency in my company are much better than in government and private sector organisations.”

American influences. Khilji (2003) reported that United States’ interest in the region has grown over time. In particular, the United States has a growing interest in the region which cause influences of socio-political and institutional life in Pakistan. In the post-9/11 climate, the former military regime was bolstered with billions of US dollars and international support as a key ally in the war on terror on promises of transforming Pakistan from a unstable

democracy to an ‘enlightened and modern’ state. In an attempt to establish good governance and corruption free public sector, hundreds of military officers were appointed in civilian organisations which have far-reaching implications for management systems in addition to the setting up of the National Commission on Government Reforms (NCGR). On inquiring about the military officers’ dominance in civilian jobs and its impact on HRM systems, a retired Major (male) from Pakistan Army who heads an HRM department in a private sector organisation said:

“I know my people, I have twenty years of army experience, I effectively manage HRM, Finance and all I have. Men in uniform are more competent, disciplined and above all patriotic than any civilian, we perform and do things far better than them [civilians]. What we do, no one can.”

Another top army rank officer heading a government sector organisation, on question whether military dominance in government sector organisations halts merit-based HRM systems, responded that:

“That is not true really, military officers’ secondment is, of course, short term and does not violate any body’s right and organisational policies rather military officers are appointed to establish merit, good governance, rule of law and curb corruption.”

After being asked a follow up question, to highlight some of the major changes he made or how he established merit, good governance and transparency, he replied sharply and frowned indicating no more such probing would be welcome:

Look! National commission on government reform (NCGR) organisation has been established to bring about reforms in government sector organisations and we are here to facilitate and implement NCGR changes.”

A general manager HRM (female) of a privatised company responded to the question as:

“American influences on Pakistan political culture are pervasive and profound for decades. American influence can also be seen in tertiary academic institutions like business schools and universities. I personally see this influence as a positive sign not only for education but also for the practice of HRM. New recruits that we have had in our company after privatisation are well-versed with American management philosophy and practices. They seem inclined to accept individual and merit-based performance. This is very positive and healthy trend.”

Keeping in view of the findings discussed above, table 3 presents similarities and differences regarding culture and HRM functioning.

Insert table 3 here

Our findings reveal that the public sector is gripped with the elements of high power distance e.g. centralized decision making; trust between supervisor and subordinate is low, which indicates an authoritative management style. Other elements such as lack of merit, sifarish, nepotism and obedience are prevailing equally in government and private sector organisations. In contrast, the evidence from privatised enterprises reveal its movement towards practices more established in MNCs in terms of HRM functioning and organisational environment. This reveals that privatised enterprises have been transforming and adopting Western HRM practices with merit-based HRM systems which mirror managerialism and journeying to modernisation.

Insert Figure 2 here

Conclusions

The study examined the characteristics and complexities surrounding modernisation, national culture and HRM practices in present-day Pakistan. This study identified that the organisational structure of government in particular is hierarchical and bureaucratic with high power distance, and an elitist, neo-imperialist mindset exists in higher authorities with centralised decision making offering a minimal role for the HRM department. The evidence from public sector organisations in particular are diffused with *sifarish* and nepotism. Affirmative action policies, organisational justice and merit are largely rhetoric. However, MNCs and privatised (formerly public sector) companies show much stronger signs of modernisation. MNCs in particular are more likely to implement new HRM policies and practices through parent company influences and they seem much better in practicing affirmative action policies, organisational justice and other meritocratic practices.

This study attempted to contribute to the ongoing academic debate on understanding employment management in developing countries' perspectives by examining impact of historical, religious, and cultural dimensions on managerialism and modernisation of HRM system in public and private sector organisations. The empirical evidence gathered through in-depth interviews reveals colonial employment traditions are important factors which continue to have stronger influences organisational practices in Pakistan. American influences have grown in socio-political sphere of the country. However, their impact on organisational and employment management remain weak especially in the public sector.

Importantly, MNCs, under the influences of parent companies abroad, already have strong HRM departments with an important role in decision making. However, even here, Western HRM knowledge is diffused with local culture and elitism. This sets real academic and research challenge for IHRM and cross-cultural research. As a result, this study suggests that public sector HRM practice requires greater scrutiny. Though rhetoric of modernisation in the public sector is strong, evidence would suggest many barriers to achieving this.

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Table 1 **Details of sample interviewees**

Business sector	No. of comp.	No. of interviews	Core informant's position in organisation			
			Top level management	Middle level management	Supervisory level management	Union activists
MNCs	3	10	2	3	4	1

Govt. sector	3	10	3	3	2	2
Private sector	2	6	2	2	2	0
Privatised sector	2	4	1	2	1	0
N=	10	30	8	10	9	3

Table 2 Respondents' percentage of agreement on variables of culture-HRM

Variables	Sub-variables	Government Agree (%)	Private Agree (%)	Privatised Agree (%)	MNCs Agree (%)
Cultural Orientations	Individualism	2/10 (20)	1/6 (16.6)	2/4 (50)	6/10 (60)
	Collectivism	8/10 (80)	4/6 (66.6)	2/4 (50)	4/10 (40)
	Hierarchy (centralised)	9/10 (90)	4/6 (66.6)	1/4 (25)	4/10 (40)
	Nature of leader (trusting)	3/10 (30)	5/6 (66.6)	2/4 (75)	6/10 (60)
	Power distance (High)	9/10 (90)	5/6 (83.3)	2/4 (50)	4/10 (40)
Human Resource Management practices	Recruitment and selection (Sifarish/connection)	8/10 (80)	4/6 (66.6)	1/4 (25)	4/10 (40)
	Training and development				
	Investment	1/10 (10)	2/6 (33.3)	3/4 (75)	8/10 (80)
	Expenditure	9/10 (90)	4/6 (66.6)	1/4 (25)	2/10 (20)
	Performance appraisal and promotions				
	Sifarish/connection	8/10 (80)	5/6 (83.3)	1/4 (25)	3/10 (30)
Reward and recognition	Merit	2/10 (20)	2/6 (33.3)	2/4 (50)	7/10 (70)
	Seniority	8/10 (80)	4/6 (66.6)	2/4 (50)	3/10 (30)

Table 3 Differences and similarities of HRM practices across business sectors

Variable/sector	Government	Private	Privatised	MNCs
Decision making	Highly centralised	Highly centralized	Moderately centralised	Decentralised
Management style	Highly authoritative	Highly authoritative	Highly authoritative	Moderately authoritative
Trust	Low	Moderate	High	High
Merit	Low	Moderate	High	High
Sifarish/connection	High	Moderate	Moderate	Low
Sycophancy	High	High	High	Moderate