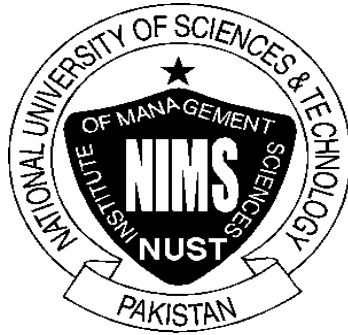


NUST Institute of Management Sciences



Study of Alignment of HR Practices with Business Strategy at Mobilink & Warid

Submitted to:

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Dedicated to my Mother
Mrs. Rakhshandah Wahid
1945-2000
(May Allah rest her soul in peace)

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Executive Summary

This research proposes to examine the role of the HR Department in the mobile service industry in the telecommunication sector of Pakistan. The objectives of this proposed research are as follows:

- Assess how well human resource management is linked to the organization's mission accomplishment;
- Explore the role played by the HR department in the organization's strategic planning;
- Determine how the HR managers work with line managers to carry out organization's strategic goals and objectives;
- Identify best practices aligning HRM with the organization's strategic goals and objectives.

For the purpose of this research, the following organizations were analyzed:

- Mobilink
- Warid

The research showed that Mobilink's HR Department is partially aligned with the organizational mission and strategy. It contributes like any other department in strategy formulation and implementation. Despite all this, Mobilink has to adhere to the directives from its parent company, Orascom which proves to be a hindrance in strategic alignment of HR with the organizational mission and objectives. To improve the situation, Mobilink is recommended to find a way around the parent company constraint and improve all of its existing HR practices with a major emphasis on compensation and training and development.

Whereas, Warid's HR Department still has at least a step to go further to ensure an integrative linkage in strategy formulation. Most HR practices that are now well established at Warid are strategically aligned to the organizational mission and objectives, but those stemming from the Performance Appraisal and Compensation side still require strategic congruence. Thus to ensure strategic congruence, Warid is recommended to improve its performance appraisal form and its compensation practices to foster the right culture and behavior in its employees.

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CHAPTER 1: INTRODUCTION

Research Question

Role of the HR Department: Support Function or Strategic Partner?

This research proposes to examine the role of the HR Department in the mobile service industry in the telecommunication sector of Pakistan. The objectives of this proposed research are as follows:

Objectives

- Assess how well human resource management is linked to the organization's mission accomplishment;
- Explore the role played by the HR department in the organization's strategic planning;
- Determine how the HR managers work with line managers to carry out organization's strategic goals and objectives;
- Identify best practices aligning HRM with the organization's strategic goals and objectives.

The main aim of this research is to highlight how the HR departments of different organizations are adapting to the strategic and the environmental changes that are taking place and then suggest the practices best suited for the respective strategies and environmental changes.

Research Techniques

The following Organizations were examined for the purpose of the proposed research:

1. Mobilink
2. Warid

Primary Sources

The Research was carried out through direct interviews and surveys conducted at the above mentioned organizations. Survey questionnaires were developed for both the line managers and the HR managers to assess how the role of the HR department is linked to the strategy implementation undertaken by the line management.

Secondary Sources

Secondary sources utilized for this research are listed below:

- Research Articles and Papers
- Newspaper Articles
- Organizational Websites
- Other internet resources

Significance of Research

Few HR leaders can articulate how their HR organization contributes to delivering corporate strategy- through the alignment and prioritization of HR initiatives with business drivers. As a result, the HR strategy and corresponding initiatives are often perceived as siloed and out of touch with business needs. Additionally the demand for

people information is exploding and few organizations in Pakistan are prepared to respond, further compromising HR's "seat at the table".¹

In the recent past, research has shown that 40% of strategic business partners identified competition as a major driver of change, followed by technology 27%, consumer behavior and economic conditions 14% each and, last but not the least, globalization as major forces of change that are going to impact on business dynamics of Pakistan.²

Based on the drivers identified above, following likely differences expected by business in the near future were identified: competitive and cost pressures 14%; acquisition & mergers 13%, whereas a similar percentage identified new markets/ geographies/ products/customers and retaining key talent.³

The telecom sector in Pakistan is a living proof of the above mentioned research. This is true specifically for the mobile service industry. Since the deregulation of the mobile service sector by the government, this industry has been faced with intense competitive pressures, cost pressures, differentiated products and most importantly with the issue of retaining key talent.

Telecommunication Sector

At present, PTCL is the sole dominant player within Pakistan's telecommunication market with a share of about 98% of telecommunication stock market capitalization. Its overall share in the telecommunication industry in terms of financial size stands at around 79%, with the mobile industry following at 13%, Internet Service Providers at 4%, and Payphone companies at 3%.

¹ HRM Best Practices Benchmark Survey, Pakistan 2001-02

² Ibid

³ Ibid

The mobile industry led the sector in terms of financial growth, growing at the rate of 47%. Overall, the telecommunication sector exhibited a favorable growth rate of around 9%.⁴

No sector of the country's economy has witnessed greater demonstrable growth in recent years than the telecommunication sector. Till 1999, around 2 out of 100 people in the country owned a telephone connection. At present, tele-density stands at 10.2%, showing a phenomenal rise of over 340% in six years. More than 15.4 million people in the country have fixed telephone connection as well as cell phones.⁵

The Pakistan Telecommunication Authority (PTA) was established in 1997 under the Pakistan Telecommunication (Reorganization) Act 1996, with the brief to regulate the establishment, operation and maintenance of telecommunications systems and the provision of telecommunication services.

PTA extended number of incentives for the growth of sector which include drastic cut in royalty for different services and introduction of CPP regime for mobile sector which boosted the growth of the sector. However, still the penetration of cellular mobile and tele-density in terms of fixed line in Pakistan is quite low when compared to the similar economies. During the year 2004, PTA extended following incentives to reduce input cost of operators and further growth of the telecom sector in Pakistan:

Cellular Mobile⁶

PTA provided several incentives for the growth of cellular mobile in Pakistan including the reduction in royalty and introduction of calling party pays regime in year 2001. During the year 2004 under cellular mobile policy annual royalty was further reduced from 1.5% to 0.5% of annual gross revenue minus inter operators' payments for new entrants. The same will be applicable for the existing operators when they will renew their licenses.

⁴ <http://www.pta.gov.pk/investment/telecom-scenarion.htm>

⁵ Pakistan Business and Industrial Review, Dawn, Dated Sep. 19, 2005

⁶ Industry Analysis Report 2004

Card Payphone⁷

Card Payphone services are important means of providing handy fixed line services to general public. It is also an important source of self employment throughout the country. Keeping in view its importance, PTA provided incentives to this sector in terms of reduction in royalty and license fees over the years. Initially PTA was charging annual royalty at 4% annual gross revenue and annual renewal fee at 25% of initial license fees. In the year 2002 PTA reduced its annual fees to only 2% of the annual gross revenue and abolished the annual royalty. In the year 2004 PTA further reduced the annual license fees from 2% to 1.5% of annual gross revenue which would give further impetus to the growth of the sector.

Other Services⁸

During the year 2004, PTA also reduced annual license fee and royalty on other services like Electronic Information Service (EIS), E-Mail services, Data Communication Network Services (DCNS), Non-Voice Communication Network Services (NVCNS), Voice Mail and Burglar Alarm Services etc. PTA abolished the annual royalty on these services with effect from license issuance date which was previously charged at 4% of annual gross revenue or 50% of initial license fee. Annual license fee/renewal fee was also been reduced during the year.

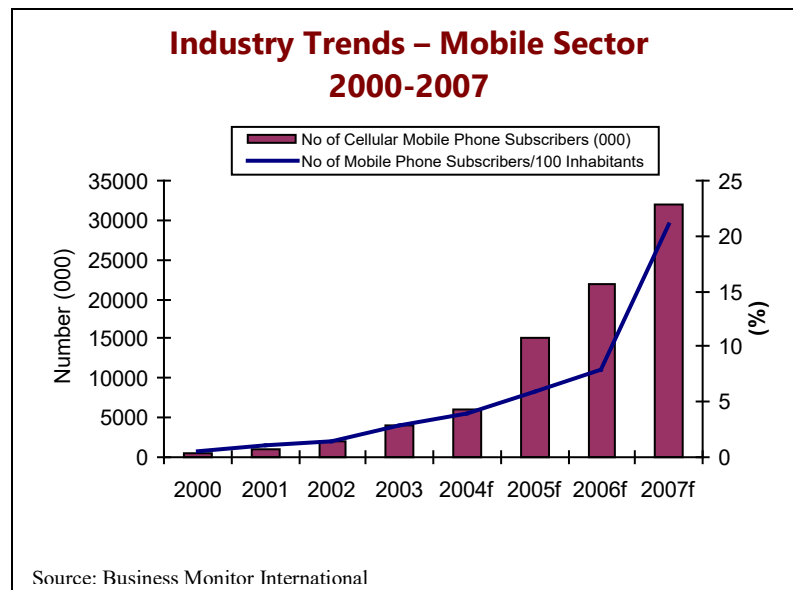
Following the end of monopoly structure in basic telephony and introduction of more competition in cellular market of Pakistan, it is expected that both of sectors will grow considerably in the next few years. A number of WLL, LL and LDI operators will start to roll out their networks shortly. A leading firm “Business Monitor International” has forecasted that Access Lines in Service (ALIS) in Pakistan will surpass the 10 million mark in year 2007 which are only over 4.6 million in the year 2004. It is expected that Fixed Line tele-density will reach to 7.1% in the year 2007 which is only 2.9% in the

⁷ Ibid

⁸ Ibid

year 2004. Competition in the sector will help to reduce tariffs and improve the affordability for common man.

Mobile sector will also grow considerably with the entry of two new cellular operators and expansion of networks by existing operators. It is expected that cellular subscriber base would reach to 33 million in the year 2007 and cellular penetration would reach to 21% in the same year.



Mobile Service Industry & the Changing Environment

Cellular mobile services in Pakistan were commenced in 1990s when two cellular mobile telephone licenses were awarded to Paktel and Pak Com (Instaphone) for provision of cellular mobile telephony in Pakistan. Mobilink was allowed in the market as the first GSM operator in 1994. Up until year 2000, these three firms catered to a tiny market size of less than 300,000 users. A fourth operator – Ufone, a subsidiary of the incumbent land-line monopoly PTCL, started its cellular services in 2000. The same year, a major change was introduced in the market by implementing “Calling Party Pays” tariff structure and the sector has witnessed explosive growth ever since. At this stage, the industry progressed with four cellular players in the market, two with GSM and two with DAMPS

technology. Cellular subscribers though grew over the years however, due to partial competition; cellular companies could not meet the growing demand in Pakistan.

Keeping in view the above factors, government of Pakistan decided to move away from monopoly situation in basic telephone and introduce more competition in the cellular market of Pakistan. The year 2003-2004 is considered as a historical year in the history of telecommunication in Pakistan. The telecom deregulation which started in early 2004 in Pakistan has revolutionized the whole industry. Significant landmarks were achieved and the local telecom scenario changed completely.⁹

In January 2004, first ever Mobile-Phone Policy¹⁰ was announced to lay grounds for granting additional licensing and enhancing competition in the mobile phone industry in Pakistan. The PTA made necessary arrangements to award two Cellular mobile phone licenses through open bidding and outcry method.

Out of 33 parties who had submitted their EOIs, 16 were multinational and 17 from Pakistan. Eleven companies were declared eligible to participate in the bidding process. On April 15, 2004 two licenses worth \$291 million each were awarded through open bidding auction in Islamabad. Al-Warid from UAE and Telenor from Norway were awarded licenses to enter into the market and start the Cell services in Pakistan.

Induction of the two new operators ignited a price war among the operators, who were already in the market. Launch of service by Telenor and Warid, fuelled this fire to a maximum in the market.¹¹

Today all telecom services in Pakistan are open to competition whereby incumbent monopolies are now competing with telecom giants of the world working in Pakistan. Telecom services consumers increased, as forecasted, by many folds due to price reduction under competition and price regulation of SMP operators by the Authority.

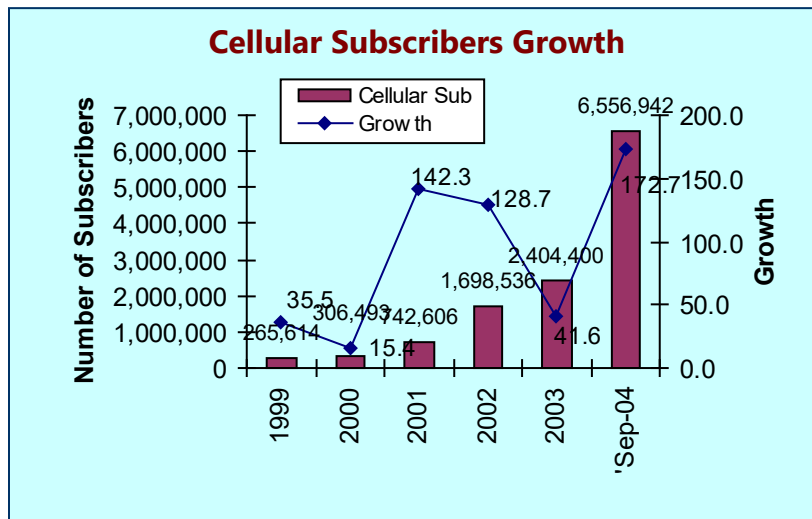
⁹ Industry Analysis Report 2004

¹⁰ See Annexure for details

¹¹ www.dawn.com

Growth in the Mobile Service Sector

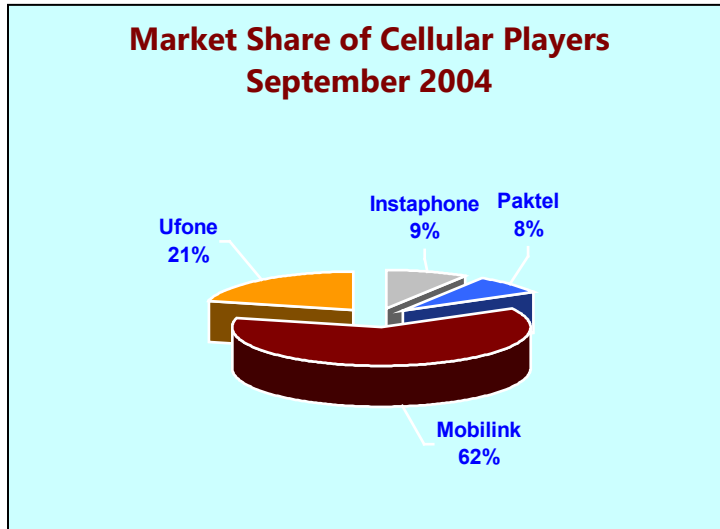
Pakistan telecom sector though grew but its rate of growth remained slow over the years. Now the competition has been introduced in the telecom sector which has shown positive impact on the growth of the sector in short span of time. It is also expected that sector will grow further when new operators will roll out their network in the current year. A brief account of the growth in telecom sector is given below.



Fruits of the competition in the telecom sector introduced by PTA have been passing on to the consumer in just few months in terms of reduction in tariffs and extension in coverage.

At the end of year 2003 the mobile subscribers were almost 2.4 million which has increased to 6.5 millions till the end of September 2004. In the year 2003-04 sector grew by 173%. This unprecedented growth can be attributed to series of events that have taken place during the year. This includes award of license to the two new mobile companies and their commencement of operations, thus creating competitive environment for existing operators. These operators have started acquiring market share as much as possible by bringing down the prices of new connections to zero. Similarly, PTA's initiative to reduce activation tax on new mobile connection have played an important

role in increasing the subscriber base as the benefit was completely transferred to the consumers.¹²



The figure¹³ above depicts the market share of four existing mobile operators in Pakistan mobile market before deregulation. Mobilink being the market leader owned about 62% market share in terms of cellular subscribers. Ufone the competitor of Mobilink in GSM had a share of about 21% in total subscribers of the mobiles in Pakistan. Instaphone and Paktel had market share of about 17%. Recently, Paktel has started GSM service and it is expected it would be able to add more customers in future. The market share pie shown above is most definitely expected to change face very quickly. It is also expected that a healthy competition among four existing and the two new entrants, Warid and Telenor would encourage growth by many folds for years to come.

¹² Industry Analysis Report 2004

¹³ Ibid

Market Players

Paktel

Paktel was founded in 1990 as a joint venture between Cable & Wireless and Hassan Associates (Pvt.) Ltd. However, recently Cable & Wireless sold its share to Millicom International, thus combining the ownership of Paktel and Instaphone under the same foreign principal, Cable and Wireless.

Paktel covers all the principal cities of Pakistan and at one time enjoyed the largest market share in Pakistan's cellular market. However, the company was unable to retain its market share due to Mobilink's entrance into the market with state-of-the-art GSM technology. Also, another factor that eroded Paktel's market share was its late entry in the pre-paid services segment. The company recently launched its pre-paid services through the Instaphone network, but under its own brand name. Last year Paktel shifted its network from D-AMPS technology to GSM Technology. In current situation it has 630,000 subscribers which is 9% of total mobile customers.¹⁴

Instaphone

Pakcom (Brand name: Instaphone), was incorporated in 1991 as a joint venture between Arfeen International and Millicom International Cellular S.A. It offers countrywide coverage and operates in all provinces of Pakistan. Instaphone operates on an AMPS network and the company is in the process of transforming its Analog network to a Digital one and will shortly launch its D-AMPS network. Instaphone also offers pre-paid services through its "Insta-One" phone card. The company has installed Digital Radio Base Stations (DRBS) nationwide. Through these DRBS, Instaphone offers its customers with communication services, fax data transmission, short message service, combined with greater voice clarity and improved coverage. In current situation it has 910,000 subscribers which is 13% of total mobile customers.

¹⁴ <http://strategis.ic.gc.ca/epic/internet/inimr-ri.nsf/en/gr-78030e.html>

Mobilink

Mobilink entered the Pakistan market in 1994 as a joint venture between Saif Telecom and Motorola. The company was the first to offer a GSM network. Recently, the majority share (approximately 89 percent) of Mobilink was acquired by Orascom, an Egyptian company. In view of the anticipated major growth in the cellular sector, Mobilink plans to invest US\$100 million in the short term with a strong possibility of further investment of US\$400 million during the next five years. The company is also in the process of increasing its cell sites from the present 264 sites to 400 sites and launching of on-line banking facility through its network. Mobilink offers a 100 percent digital network covering some 52 towns and cities. Mobilink offers international roaming facility in UAE, Hong Kong, Singapore, United Kingdom, and the United States. It has 4,550,000 subscribers which is 63% of total mobile customers.¹⁵

Ufone

Ufone launched on January 29, 2001 is a fully-owned, but independent subsidiary of the Pakistan Telecommunication Company Limited (PTCL). The company operates out of a GSM 900 network, offering services in 14 leading cities. Ufone had initially expected to capture 60,000 customers during its first year of service, but now it is targeting customer base of 200,000. It may be noted that Ufone's initial network has a capacity of 85,000 subscribers and is expected to grow to support as many as 500,000 subscribers within the next 5 years. It has 1,050,000 subscribers which is 15% of total mobile customers.¹⁶

Telenor

Telenor acquired the license for providing GSM services in Pakistan in April 2004, and launched its services commercially in Islamabad, Rawalpindi and Karachi on March 15, 2005. On March 23, 2005 Telenor started its services in Lahore, Faisalabad and Hyderabad. Telenor is expected to expand its network in other cities of Pakistan in the

¹⁵ Strategies, 2005

¹⁶ <http://strategis.ic.gc.ca/epic/internet/inimr-ri.nsf/en/gr-78030e.html>

near future. The license terms stipulate that by year 4, Telenor will cover 70% of Pakistan's 297 administrative Tehsil headquarters.

Telenor has owner shares in mobile operations in 11 countries across Europe and Asia in addition to the license in Pakistan. The family of mobile operations benefit from economy of scale and sharing of knowledge and best practice initiatives across all the companies.¹⁷

Warid

Warid Telecom backed by the Abu Dhabi consortium is one of the leading Telecom operators in Pakistan. The company started its operations in May 2005 with a work force of 1300 plus employees and 15 different divisions ranging from sales to customer services, technical and several support functions. It is the latest entry in this sector. In the first phase of operations, the company looks to cover only key major cities with a GSM network.¹⁸

¹⁷ <http://www.telenor.com/pakistan/>

¹⁸ <http://www.waridtel.com>

CHAPTER 2: LITERATURE REVIEW

Strategic HRM: Aligning with the Mission

Human resources alignment means integrating decisions about people with decisions about the results an organization is trying to obtain. By integrating human resources management (HRM) into the organization planning process, emphasizing human resources (HR) activities that support broad organization mission goals, and building a strong relationship between HR and management, organizations are able to ensure that the management of human resources contributes to mission accomplishment and that managers are held accountable for their HRM decisions.

Research indicates that organizations that successfully align human resources management with organization mission accomplishment do so by integrating HRM into the organization planning process, emphasizing HR activities that support mission goals, and building strong HR/management relationships.

The researchers have recognized that it is not just financial and technological capital that provide companies with the competitive edge, but people, or human capital. Without attracting and retaining the right people, in the right jobs, with the right skills and training, an organization cannot succeed. Therefore, people have been recognized as companies' most important asset. Not only do human resources provide the competitive edge, but several recent studies have confirmed that the quality and innovation of HR practices impact business results. These studies were able to draw a correlation between increased quality of HR practices and increased business success. Among other benefits,

HR alignment with mission accomplishment increases HR's ability to anticipate its customers' needs, increases the organization's ability to implement strategic business goals, and provides decision-makers with critical resource allocation information.

Finally, HR alignment is a vital process to advance organization accountability. By defining, maintaining, and assessing HRM goals and measures, communicating them throughout the organization, and using the information to make management decisions, organizations are able to ensure that the management of human resources contributes to mission accomplishment and that managers are held accountable for their HRM decisions in support of mission accomplishment.¹⁹

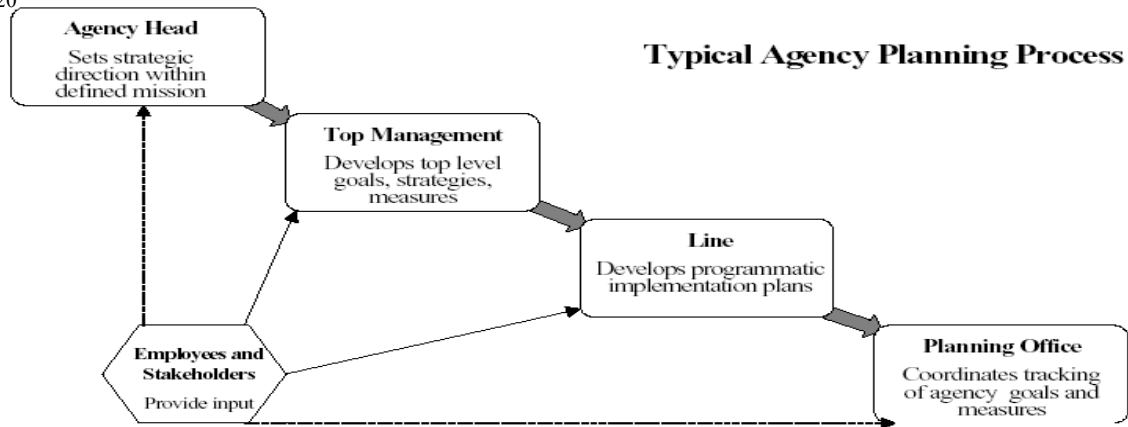
Strategic Planning

Strategic planning allows organizations to map out where they are, where they want to go, and how they plan to get there. Strategic Planning involves the following actions by various members of the organization:

- Organization Head Sets strategic direction within defined mission
- Planning Office Coordinates tracking of Organization goals and measures
- Top Management Develops top level goals, strategies, measures
- Line Manager Develops programmatic implementation plans
- Employees and Stakeholders provide input

Typical Organization Planning Process The strategic planning process varies from organization to organization. On one end of the spectrum are the organizations which have very collaborative processes involving senior management, line supervisors and employees, and stakeholders throughout the entire process. On the other end are the organizations which develop plans at the top management level with little input from the line or stakeholders or that plan functionally, having each program office submit its own goals and strategies with little to no collaboration among offices. The typical strategic planning process is a mixture of these:

¹⁹ US Office of Personnel Management



HRM Integration in Agency Strategic Plans

The management of organization human resources is an integral part of how an Organization is going to achieve its mission goals. Without people, there is no one to do the work. Therefore, integrating HRM into the organization strategic plan is the first step in aligning it with the mission. The human resources issues addressed in organization plans provide insight into what aspects of human resources management are most important to Organization management. It is clear, according to research, that diversity, recruitment, retention, employee development, and workforce quality are the major areas of interest. Although these could be looked at as process or output programs, when they are designed and implemented well, they lead to the ultimate result: the right people, with the right skills, in the right positions to carry out the organization mission.

Historically, members of the HR community have remarked on the difficulty they have had “getting to the table” with top organization management. Rather than being involved in organization planning from the beginning, HR is commonly consulted after decisions have been made in order to help implement any major changes. Considering the invaluable perspective HR has on how decisions will impact organization resources, HR professionals have been frustrated that they are not involved sooner in the planning process.

When it comes to defining actual HRM goals, strategies, and measures, the roles also vary. In general, organization wide HRM-related goals, strategies, and measures are

²⁰ Ibid

identified by the organization leader or other senior managers with HR collaboration. They decide what is most important to the organization based on the challenges the organization will face in years to come. Some use a more elaborate collaboration approach that involves organization management, HR officials, and other stakeholders. Then there are the organizations that use the functional strategic planning approach where the HR office is tasked with coming up with the goals, strategies, and measures itself. In these cases, HR generally uses some type of feedback from customers to identify what is important to the organization and should be included in the plan.

Strategic Implementation

Strategic implementation of human resources management means performing activities that support organization mission accomplishment and measuring how well those activities contribute to achieving organization strategic goals.

Strategic HRM Activities

Staffing, development, and employee relations are important HR activities that make a difference to organization goal accomplishment. However, there are other areas in which HR offices contribute to and align with mission accomplishment, such as the few described below:

Workforce Planning

In this time of budget cuts, downsizing, and an aging workforce, workforce planning becomes extremely important to increasing organizations' overall ability to achieve their missions. Although few organizations have strong workforce planning systems in place, some are beginning to take steps in this direction.

Linking Performance Management to Mission Accomplishment

When managers and employees are interviewed, they almost always cite the performance management system as a way they are held accountable for meeting organization goals. So, does this mean performance management systems are aligned with organization strategic goals? In most organizations, the answer is "not yet" -- at least not fully.

Recently published research has identified many organizations that have started to formulate systematic approaches to aligning performance management to strategic goals. Most are starting by linking top management performance plans and contracts to organization goals and rating and rewarding executives based on achievement of those goals. Many of these organizations are planning to cascade the alignment down to the employee level.

A couple of organizations actually mandate the linkage of employee level plans to organization goals, while others are using team-based performance management approaches that include performance targets, informal team assessments, and awards that are linked to mission goals.

HR Self-Assessment

A handful of organization HR offices are actually Strategic Implementation assessing how well their programs align with organization mission accomplishment as part of recently established HR self-assessment programs. These assessment programs focus on the compliance of HR activities with law as well as how effectively HR programs are achieving their objectives in support of mission accomplishment. Because these assessment programs are fairly new or are in the process of being revamped, it is too soon to tell the success they will have in measuring HR's impact on organizational mission accomplishment.

HRM Measurement

In the end, HR can only determine its value to the organization by measuring it. Most organizations have at least defined HR output measures in organization strategic plans, annual performance plans, and/or HR strategic plans. This is an encouraging trend, but we need to look further at whether these measures are actually being tracked and used for decision making. The best measures in the world are meaningless if not used. HRM measures in the strategic and annual performance plans are usually tracked by the HR office and forwarded to the planning office for distribution and sharing of the information. However, research suggests most organizations look at available data

without really evaluating how the information can be used to enhance goal attainment. HR staffs find that measures from HR strategic plans tend to be more useful than those in the organization strategic or annual plans, at least at the functional level. HR strategic plan measures tend to focus on internal HR programs, policies, and processes, and can therefore point to deficiencies in these areas. HR officials can then use this information to make improvements to the problem areas. From an organizational perspective, however, the measures are generally not very helpful in determining achievement of HR goals because they are process rather than outcome oriented.

Few organizations have implemented elaborate systems to track HRM goals and measures. Nonetheless, there are quite a few interesting approaches some organizations are using to measure their HRM performance. Benchmarking is a systematic process of measuring an organization's products, services, and practices against those of a like organization that is a recognized leader in the studied area. Research shows that certain organizations are known to be involved in the Strategic Implementation benchmarking of HR processes within four areas: administration, risk management, employee development, and decision support. The study also helps to gauge HR alignment through decision support categories such as resource planning, organizational planning, and strategic HR planning. Most organizations are thought to see the value in the information but have not devised strategies for how to use it.

Strategic Relationships

The lynchpin that holds all of this planning and implementation together is the relationship between HR executives and staffs and organization management. In the past, there was often much contention between the two groups because of HR's role as "gatekeeper," enforcing the laws, rules, and regulations. Now, with the role of the human resources staff shifting toward achieving organizational results, HR and management need to work together to further HRM's ability to have an impact on organization decisions and achievement of goals.

Corporate HR and Top Organization Management

The relationship between corporate HR and top organization management varies greatly by organization. A few organizations have been able to develop strong working relationships with management in which HR is a full member of the organization decision-making body. Most other organization HR executives have not been so fortunate. They are generally brought into the organization decision-making process during the implementation phase rather than being consulted in the beginning on how decisions may impact organization human resources or vice versa. For some organizations, it has been a hard road “getting to the table.” For others, it has been more of a natural transition. In exploring how to elevate HR’s role to management partner, organizations where this has been achieved attribute their success to a combination of the following factors:

Reporting relationships - In organizations where there is a direct reporting relationship between the head of HR and the head of the organization, HR generally has a more visible role in organization decision-making.

Management advocates - In organizations where there is a strong HR advocate in senior management, HR enjoys more involvement in the organization decision-making.

Credibility - HR representatives who are formerly program managers tend to earn more credibility from the other managers. This type of individual knows, first hand, what the program concerns are and how HR decisions will impact the program, and can speak the same programmatic language.

Culture - In some organizations, the recognition that its people are its most important asset has traditionally been part of the culture. Thus implying, Strategic Relationships are part of the culture. Therefore, it is natural for the HR leader to have a voice in organization decisions.

Value - In all cases, HR has to bring value to the discussion in order to be considered a member of the management team. If you have little or nothing to offer, you will not keep your seat at the table.

The HR Office and Line Management

Now that we have explored the relationship between HR executives and top organization managers, we need to look at how the HR office interacts with its line managers and if there has been any movement toward a more cooperative, consultative relationship. HR's role is changing, but is HR changing with it? The latest trend advocates HR delegating, downsizing, and outsourcing so that it could start concentrating on broader organizational issues rather than transactional processes. Research suggests this is beginning to occur at the corporate level, but what about the line level?

The problem is that delegation to managers has not taken hold very quickly, but HR offices have already been downsized. Therefore, HR is still expected to do the transactional work it did before, while also focusing on broader organizational issues, and doing all of this with an average of 20 percent less staff²¹. It is not hard to understand why organization HR offices are struggling to redefine their role to strategic partner.

HR as Consultant

Most organization managers, according to research, acknowledge that their HR office has become more consultative. Rather than telling a manager he/she can or cannot do something, HR professionals are more helpful in finding solutions to HR issues.

HR as Contributor to Mission Accomplishment

These same managers also recognize the importance of the HR office to mission accomplishment. There is so much that HR does for managers in terms of recruitment and staffing, employee development, and employee relations that managers would have difficulty doing it on their own. However, HR does have its limitations, particularly the

²¹ Government Performance Project. "The Human Factor." Government Executive, February 1999.

size of the staff in relation to the amount of work it has to do, its knowledge of the mission, and skill gaps resulting from downsizing.

HR as Strategic Partner

Few, if any, organization managers feel that their HR office is a true strategic partner. Few HR offices are included in business planning from the beginning, generally being brought in to implement a decision that has already been made. For HR to become more involved in line-level decision-making, managers would like the office to:

- have greater knowledge of the organizational mission, and

- get more involved and innovative in broad, organizational HR issues that impact most on the organization, such as recruitment and workforce and succession planning.

Human Resource Practices

Recruitment and Selection

Personnel Selection Method Evaluation²²

| Method | Reliability | Validity | Generalizability | Utility |
|---------------------------------|----------------------------------------------------------------|----------------------------------------------------------------------------------|-------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| <i>Interviews</i> | Low when unstructured and when assessing non-observable traits | Low if unstructured and non-behavioral | Low | Low, especially because of expenses |
| <i>Reference Checks</i> | Low, especially when obtained from letters | Low because of lack of range in evaluations | Low | Low, although not expensive to obtain |
| <i>Biographical Information</i> | High test-retest, especially for verifiable information | High criterion-related validity; low in content validity | Usually job specific, but have been successfully developed for many job types | High; inexpensive way to collect vast amounts of potentially relevant data |
| <i>Physical Ability Tests</i> | High | Moderate criterion related validity; high content validity for some jobs | Low; only pertain to physically demanding jobs | Moderate for some physical jobs; may prevent expensive injuries and disability |
| <i>Cognitive Ability Tests</i> | High | Moderate criterion related validity; content validation inappropriate | High; predictive for most jobs, although best for complex jobs | High; low cost and wide application across diverse jobs in companies |
| <i>Personality Inventories</i> | High | Low criterion related validity for most traits; content validation inappropriate | Low; few traits predictive for many jobs | Low, although inexpensive for jobs where specific traits are relevant |
| <i>Work Sample Tests</i> | High | High criterion and content validity | Usually job specific, but has been successfully developed for many job types | High, despite the relatively high cost to develop |
| <i>Honesty Tests</i> | Insufficient independent evidence | Insufficient independent evidence | Insufficient independent evidence | Insufficient independent evidence |

²² HRM Gaining a competitive Advantage, Noe, Hollenbeck, Grehart, Wright, Edition 3

Recruitment & Selection Strategy Considerations

An HRM best practices benchmarking survey conducted in Pakistan concluded that the majority of the organizations set their recruitment and selection strategy with the aim to hire the best talent on merit basis and to retain employees. For some of the multinational companies, corporate guidelines cascade from their respective parent organizations in order to ensure uniformity across the boundaries.

Other organizations stated the following basis for their recruitment and selection strategies:

- To get culturally fit people
- Based on Job Evaluations
- To hire only at entry level and groom them for higher positions
- Competency based recruitment ²³

²³ HRM Best practices Benchmarking Survey 2001-02

Performance Appraisal

Evaluation of Approaches to Performance Management²⁴

| Approach | Strategic Congruence | Validity | Reliability | Acceptability | Specificity |
|--------------------|--------------------------------------------|------------------------------------------------------|----------------------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| <i>Comparative</i> | Poor, unless manager takes time to link | Can be high if ratings are done carefully | Depends on rater, but usually no measure of agreement used | Moderate; easy to develop and use but resistance to normative standard | Very Low |
| <i>Attribute</i> | Usually low; requires manager to make link | Usually low; can be fine if developed carefully | Usually low; can be improved by specific definition of attributes | High; easy to develop and use | Very Low |
| <i>Behavioral</i> | Can be quite high | Usually high; minimizes contamination and deficiency | Usually high | Moderate; difficult to develop, but accepted well for use | Very High |
| <i>Results</i> | Very High | Usually high; can be both contaminated and deficient | High; main problem can be test-retest - depends on timing of measure | High; usually developed with input from those to be evaluated | High regarding results, but low regarding behaviors necessary to achieve them |
| <i>Quality</i> | Very High | High; but can be both contaminated and deficient | High | High; usually developed with input from those to be evaluated | High regarding results, but low regarding behaviors necessary to achieve them |

²⁴ HRM Gaining a competitive Advantage, Noe, Hollenbeck, Grehart, Wright, Edition 3

Ways To Manage Employees' Performance

| | | Ability | |
|-------------------|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | <i>High</i> | <i>Low</i> |
| Motivation | <i>High</i> | Solid Performers <ul style="list-style-type: none"> ▪ Reward good performance ▪ Identify development opportunities ▪ Provide honest, direct feedback | Misdirected effort <ul style="list-style-type: none"> ▪ Coaching ▪ Frequent performance feedback ▪ Goal setting ▪ Training or temporary assignment for skill development ▪ Restructured job assignment |
| | <i>Low</i> | Underutilizes <ul style="list-style-type: none"> ▪ Give honest, direct feedback ▪ Provide counseling ▪ Use team building and conflict resolution ▪ Link rewards to performance outcomes ▪ Offer training for needed knowledge or skills ▪ Stress management | Deadwood <ul style="list-style-type: none"> ▪ Withhold pay increases ▪ Demotion ▪ Outplacement ▪ Firing ▪ Specific, direct feedback on performance problems |

Performance Appraisal Strategy Considerations

According to the HRM best practices benchmarking survey 2001-02, most Pakistani organizations follow Management by Objectives as the basis for their performance management strategy, whereas the second most used approach is the balance scorecard. Apart from these two approaches, the following are also being used by different organizations:

- Key Result Areas
- Key Performance Indicators
- Pay for Performance
- Employee Dialogue
- Performance Ranking
- Self Assessment²⁵

²⁵ HRM Best practices Benchmarking Survey 2001-02

Training and Development

Business Strategy Implications for Training²⁶

| Strategy | Emphasis | How Achieved | Key Issues | Training Implications |
|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Concentration</i> | <ul style="list-style-type: none"> ▪ Increase market Share ▪ Reduce operating costs ▪ Create or maintain market niche | <ul style="list-style-type: none"> ▪ Improve Product quality ▪ Productivity improvement or technical process innovation ▪ Customize products or services | <ul style="list-style-type: none"> ▪ Skill Currency ▪ Development of existing workforce | <ul style="list-style-type: none"> ▪ Team Building ▪ Cross training ▪ Specialized Programs ▪ Interpersonal Skills training ▪ On-the-job training |
| <i>Internal Growth</i> | <ul style="list-style-type: none"> ▪ Market Development ▪ Product Development ▪ Innovation ▪ Joint ventures | <ul style="list-style-type: none"> ▪ Market existing products/add distribution channels ▪ Global market expansion ▪ Modifying existing products ▪ Create new or different products ▪ Expand through joint ownership | <ul style="list-style-type: none"> ▪ Creating new jobs and tasks ▪ Innovation | <ul style="list-style-type: none"> ▪ Support or promote high-quality communication of product value ▪ Cultural training ▪ Help in development of organizational culture that values creative thinking and analysis ▪ Technical competence in jobs ▪ Manager training in feedback and communication ▪ Conflict negation skills |
| <i>External Growth(Acquisitions)</i> | <ul style="list-style-type: none"> ▪ Horizontal Integration ▪ Vertical Integration | <ul style="list-style-type: none"> ▪ Acquire firms operating at same stage in product market | <ul style="list-style-type: none"> ▪ Integration ▪ Redundancy ▪ Restructuring | <ul style="list-style-type: none"> ▪ Determine capabilities of employees in acquired firms |

²⁶ HRM Gaining a competitive Advantage, Noe, Hollenbeck, Grehart, Wright, Edition 3

| | | | | |
|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <ul style="list-style-type: none"> ▪ Concentric Diversification | <p>chain(new market access)</p> <ul style="list-style-type: none"> ▪ Acquire businesses that can supply or buy products ▪ Acquire firms that have nothing in common with acquiring firm | | <ul style="list-style-type: none"> ▪ Integrate training systems ▪ Methods and procedures of combined firms ▪ Teambuilding |
| <i>Disinvestments</i> | <ul style="list-style-type: none"> ▪ Retrenchment ▪ Turnaround ▪ Divestiture ▪ Liquidation | <ul style="list-style-type: none"> ▪ Reduce costs ▪ Reduce assets ▪ Generate revenue ▪ Redefine goals ▪ Sell off all assets | <ul style="list-style-type: none"> ▪ Efficiency | <ul style="list-style-type: none"> ▪ Motivation, goal setting, time management, stress management, cross-training ▪ Leadership Training ▪ Interpersonal communications ▪ Outplacement assistance ▪ Job-search skills training |

Steps in Career Management (Employee Development) Process²⁷

| | Self-Assessment | Reality Check | Goal Setting | Action Planning |
|--------------------------------|-----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| <i>Employee Responsibility</i> | Identify opportunities and needs to improve | Identify what needs are realistic to develop | Identify goal and method to determine goal progress | Identify steps and time table to reach goal |
| <i>Company Responsibility</i> | Provide assessment information to identify strengths, weaknesses, interests, and values | Communicate performance evaluation; where employee fits in long-range plans of the company | Insure goal is specific, challenging, and attainable; commit to help employee reach goal | Identify resources employee needs to reach goal, including courses, work experiences, relationships |

²⁷ HRM Gaining a competitive Advantage, Noe, Hollenbeck, Grehart, Wright, Edition 3

Training and Development Strategy Considerations

According to HRM Best practices benchmarking survey, Pakistan 2001-02, out of those organizations that have clearly defined training and development strategy, 50% based their strategies on the training needs analysis, 25% organizations have training and development programs as part of performance appraisal process, conducted once a year in most organizations while the same percentage of the organizations believe on continuous improvement and that training is provided on “As and When Required” basis.

As far as succession planning is concerned, the survey concluded that 54% of the organizations have a framework available for identifying the most likely candidates to fill a specific job, based on the match between job requirements and individual competencies, experience etc. The other 46% do not have any framework available but some of line managers do their succession planning for their own business unit/division/department on an informal basis.

A large number of companies have empowered their line managers for designing individual and group development programs to ensure ready succession. Other methods through which succession planning is carried out are Talent Review Programs and Listers Identification during Appraisals²⁸

²⁸ HRM Best practices Benchmarking Survey 2001-02

Compensation

Pay Structure Concepts and Consequences²⁹

| Pay Structure Decision Area | Administrative Tool | Focus of Employee Pay Comparisons | Consequences of Equity Perceptions |
|-----------------------------|---------------------|-----------------------------------|-----------------------------------------------------------------------------------------------------------------|
| <i>Pay Level</i> | Market Pay Surveys | External Equity | External employee movement (attraction and retention of quality employees); labor costs; employee attitudes |
| <i>Job Structure</i> | Job evaluation | Internal Equity | Internal employee movement (promotion, transfer, job rotation); cooperation among employees; employee attitudes |

Programs For Recognizing Individual Contribution³⁰

| | Merit Pay | Incentive Pay | Profit Sharing | Ownership | Gain Sharing | Skill Based |
|-------------------------------|-------------------------------------------------|---------------------------------------------------------|-------------------------------------|------------------------------------------|----------------------------------|-----------------------------------|
| Design Features | | | | | | |
| <i>Payment Method</i> | Changes in base pay | Bonus | Bonus | Equity changes | Bonus | Change in base pay |
| <i>Frequency of Payout</i> | Annually | Weekly | Semi-annually or annually | When stock sold | Monthly or Quarterly | when skill or competency acquired |
| <i>Performance Measures</i> | Supervisor's appraisal | Output, productivity, sales | Profit | Stock value | Production or controllable costs | Skill or competency acquisition |
| <i>Coverage</i> | All Employees | Employees with direct influence on performance measures | Total Organization | Total organization | Production or service unit | All employees |
| Consequences | | | | | | |
| <i>Performance Motivation</i> | Little relationship between pay and performance | Clear performance-reward connection | Little Pay-performance relationship | Very little Pay-performance relationship | Some impact in small units | Encourages learning |

²⁹ HRM Gaining a competitive Advantage, Noe, Hollenbeck, Grehart, Wright, Edition 3

³⁰ Ibid

| | | | | | | |
|-------------------------------|-------------------------------------------------------|--------------------------------------|---------------------------------|-------------------------------------|------------------------------------------------------|--------------------------------------|
| <i>Attraction</i> | Overtime pays better performers more | Pays higher performers more | Helps with all employees | Can help lock in employees | Helps with all employees | Attracts learning oriented employees |
| <i>Culture</i> | Competition within work groups | Encourages individual competition | Knowledge of business | Sense of ownership | Supports cooperation and problem solving | Learning and flexible organization |
| <i>Costs</i> | Requires well developed performance appraisal systems | Maintenance high | Relates costs to ability to pay | Costs not variable with performance | Ongoing maintenance needed; operating costs variable | Can be high |
| Contingencies | | | | | | |
| <i>Organization Structure</i> | Helped by measurable jobs and work units | Many independent jobs | Fits any company | Fits most companies | Fits small stand alone work units | Fits most companies |
| <i>Management Style</i> | Some participation Desirable | Control | Works best with participation | Works best with participation | Fits participation | Works best with participation |
| <i>Type of Work</i> | Individual unless group appraisal done | Stable, individual easily measurable | All types | All types | All types | All types |

Compensation Strategy Considerations

According to the HRM best practices benchmarking survey 2001-02, all of the participating Pakistani organizations have clearly defined compensation strategy based on different factors. 32% of the organizations have their strategy based on market data, 18% have variable reward system, 18% have bonus system and the same percentage have their strategy based on Collective Bargaining Agreements for workers.

All of the organizations periodically review their compensation strategy. The review criteria for the organizations are as follows in descending order of most favorable criteria for respondent organizations:

1. Market competitiveness of the reward strategy
2. Cost efficiency
3. Internal customer satisfaction
4. Cost effectiveness
5. Employee Satisfaction³¹

³¹ HRM Best practices Benchmarking Survey 2001-02

Strategic HRM in the Global Arena

There are many conflicting views on where the private sector is in regard to HRM alignment. For instance, the Conference Board recently conducted a poll of 155 private sector HR executives, and 63 percent responded that HR is “never, rarely, or only sometimes” a major player in the companies’ strategic process. A Pricewaterhouse-Coopers poll indicates that although 75 percent of the responding 70 companies reported that HR’s effectiveness is measured by its contribution to business results, only 27 percent include HR from the beginning of the business planning cycle. Further, 43 percent rated HR’s planning and policy effectiveness as only average while a mere 6 percent rated it as excellent.³²

Other private sector surveys and studies over the past few years, however, have found that HR has been integrated into the strategic planning process, HR executives and top company management are strategic planning partners, HR is recognized for the importance of its role in implementing organizational change, and HR is viewed as critical to the success of the business.³³ Clearly, there are many private sector organizations that exemplify “best-in-class” alignment strategies. They have implemented such alignment approaches as the Balanced Scorecard, Return on Investment, Activity Based Costing, Malcolm Baldrige Award-type criteria, and more. They recognize the importance of their employees to business results, and HR is considered a valued strategic partner. However, even with a number of “best practices” out there, the research agrees that HR alignment, even in the private sector, is still a work in progress.³⁴

According to PwC Consulting, HR transformation is a work in progress everywhere in the world. In recent years, organizations have focused on the cost effectiveness and

³² HR News Capsules.” *HR Focus*, January 1999.

³³ National Academy of Public Administration. *A Guide for Effective Strategic Management of Human Resources*.

³⁴ U.S. Office of Personnel Management

maximization of service delivery of their HR functions and on making themselves employee-centric.

Leading the way are actions such as enhancement of operational models, involvement of line leaders and providing more strategic, transformational services (i.e. external benchmarking and e-recruitment), in addition to streamlining the transactional necessities. However, true successes have been rare - HR Functions are still tagged as “administrative”.

PwC Global survey findings from major global organizations suggest the following:

- Only 27% include HR in strategic planning cycle.
- 43% rate the HR function’s contribution to business planning and policy as “average” (only 6 % rate it “excellent”)
- Even in HR specific areas, the HR function is scarcely involved in planning at all, featuring only in retirement/downsizing (61%), redeployment (29%), diversity (44%) and learning (39%)

In Europe, the picture is no different. 50% of the time in HR functions is taken up with administrative duties. Recruitment, training and management development together make up only 23% of the time.³⁵

³⁵ Gartner Global HR Survey, November 2000

Strategic HRM in Pakistan

An HRM benchmark survey conducted by PWC consultants showed that 41% of the companies in Pakistan defined their HRM Strategy as:

“To hire, develop and retain the best talent in the market”

This was followed by 14% respondents who have focus on

“Organizational Culture”

Other factors mentioned by some of the participants were ensuring conducive environment, succession planning, and creating career opportunities for growth.³⁶

According to this survey, 69% organizations say that although HR strategy is more often not part of the business strategy and is formally documented, the HR department's contribution is considered to be inadequate. Though 78% of the survey participants think that HR supports the achievement of the business objectives but there is still room for improvement. Furthermore, only 26% of the participants were satisfied with the influence HR exercises on business strategy, despite the fact 64% HR directors or HR Managers are members of the organizations' management team – a good starting point for enabling HR to become an even better strategic Partner than it has been in the past.³⁷

HR vs Line Management

According to a benchmarking survey, 82% Pakistani organizations participating in the survey were confident that the HR function would gain more influence, in future, on business strategy. 18% of them were of the view that the line management would take responsibility of their staff in future and HR will not exist any longer.

55% of organizations surveyed responded positively when asked whether HR department working together with business managers to integrate human resource perspective in the corporate and business unit strategies and plans while 18% feel that the HR strategy is

³⁶ HRM Best Practices Benchmarking Survey, Pakistan 2001-02

³⁷ Ibid

not fully contributing to the business strategy. A comparatively large number of strategic business partners i.e. 27% believe that HR is not at all supporting the line management or strategic issues.

Line Management plays an important role in the execution of HR activities. The survey respondents reported the following HR processes in which line management is most closely associated with:

- Recruitment & Selection
- Training & competency Development
- HR planning
- Job design and Evaluation

Participants also stated that line management does not play a role in the following activities:

- Payroll
- HRIS Maintenance and Support

Important HR Dimensions In Future

According to a benchmark survey, majority of strategic business partners identified organization and structure, technology (HRIS), organizational culture and HR services, structure and capabilities as important HR dimensions to be taken into account as they envision the role of HR.

HR Strategy and Turnover Rate

The ability to retain existing staff through the HRM efforts of line management and HR function is a primary aim of any organization. The best practice benchmark survey shows that a wide range of annual staff turnover percentages with 42% being below 4%, and 17% of respondents above 10% annual staff turnover.

Reasons sited for the high turnover rate by the respondents were mainly stated as inability on the HR departments part to identify and hire the right person for the right job.

Overall HRM Strategy

According to the same survey, it was ascertained that most organizations not only have a clear defined strategy for most HR processes, but they also tend to subject them to a periodical review or on a need basis. The involvement of the strategic business partners in the development and review of these strategies shows that the organizations do recognize the HRM strategy is clearly a top management priority.

The compensation and benefits, recruitment and performance management seem to be the focal point for most organizations, whereas areas like training and development and HRIS need more attention and support of the senior management.

Role of HR Department

- **10% Strategic Services**
 - Aligning HR strategy & corporate strategy

- **30% Consulting & Managing Change, BPR**
 - Recruitment
 - Remuneration
 - Industrial relations

- **60% Administration**
 - Payroll Administration
 - Personnel Administration³⁸

³⁸ HRM Best Practices Benchmarking Survey 2001-02

CHAPTER 3: FINDINGS

Mobilink

Mobilink GSM (PMCL), a subsidiary of Orascom Telecom, is the market leader in providing state-of-the-art communications solutions in Pakistan. Mobilink is the first cellular service provider in Pakistan to operate on a 100% digital GSM technology.

Mobilink GSM started operations in the year 1994, from then on it has shown enormous growth. At the time when it entered the market it was a small player in the cellular market of Pakistan, it is now the market leader both in terms of growth as well as having the largest subscriber base in Pakistan.

Mobilink entered the Pakistan market in 1994 as a joint venture between Saif Telecom and Motorola. The company was the first to offer a GSM network. Recently, the majority share (approximately 89 percent) of Mobilink was acquired by Orascom, an Egyptian company. In view of the anticipated major growth in the cellular sector, Mobilink plans to invest US\$100 million in the short term with a strong possibility of further investment of US\$400 million during the next five years. The company is also in the process of increasing its cell sites from the present 264 sites to 400 sites and launching of on-line banking facility through its network. Mobilink offers a 100 percent digital network covering some 52 towns and cities. Mobilink offers international roaming facility in UAE, Hong Kong, Singapore, United Kingdom, and the United States. It has 4,550,000 subscribers which is 63% of total mobile customers.³⁹

³⁹ <http://strategis.ic.gc.ca>

Vision

Mobilink's vision is:

“To be the leading Telecommunication Services Provider in Pakistan by offering innovative Communication solutions for our Customers while exceeding Shareholder value & Employee Expectations.”⁴⁰

Values

Mobilink's organizational values include the following:

- **Trust & Integrity**

Mobilink strives to cultivate an open, honest environment by doing what they say and saying what they do. Mobilink trusts those around them and give them every reason to trust them.

- **Commitment to Total Customer Satisfaction**

Mobilink realizes that customer satisfaction forms the core of success. Therefore, Mobilink focuses its energies on giving all customers more than they expect.

- **Respect for People**

Mobilink's attitude towards others speaks volumes of their personality – both as individuals as well as a company. Mobilink encourages its employees to offer likeable attributes for others to regard since respect for others eventually helps one gain respect for oneself.

- **Passion for Business Excellence**

The outstanding performance of Mobilink employees is contingent upon their will to do their best. This passion for business excellence eventually translates into success for the Mobilink family.

⁴⁰ www.mobilinkgsm.com

- **Responsible Corporate Citizen**
Mobilink continues to set benchmarks in terms of social responsibility and community conscience. Mobilink considers it their duty to be accountable towards the environment that they operate in.

Key Strengths

Mobilink has the following achievements under its belt which gives it strength and an edge over the competitors:

- ISO 9002 Quality Management System Certification for Billing, Engineering Departments and CS Contact Center
- Implementation of a full Intelligent Network (IN) platform from Siemens for the Prepaid platform.
- Biggest Call Center in Pakistan, which is there to assist the customers 24 hours.
- Only cellular service in Pakistan to provide coverage on the M2 motorway.
- Bilateral roaming agreements signed with 100 countries around the world to have true roaming service operational in 151 operators of the world.
- MOBILINK GSM's Short Message Service Center allows Vehicle Tracking and Fleet Management services that are being provided by Tracker (Pvt.) Ltd., under the brand name of C-Track, a company licensed by Pakistan Telecom Authority (PTA). Tracker currently operates from Karachi but can provide these facilities at all those locations where GSM coverage is available.

Strategy

Mobilink GSM started operations in the year 1994, from then on it has shown enormous growth. At the time when it entered the market it was a small player in the cellular market of Pakistan it is now the market leader both in terms of growth as well as having the largest subscriber base in Pakistan.

With the threat of new entrants into the industry after the deregulation, Mobilink's strategy took a new turn. To keep abreast with the competition, Mobilink took the following steps during the last 2 years:

- Expanded its International Roaming Service scope in the following countries:
 1. Germany
 2. Bangladesh
 3. Ukraine
 4. Iran
 5. Venezuela
 6. Nigeria
 7. South Africa
 8. Vietnam
 9. Estonia
 10. Uganda
 11. Sudan
 12. Bahrain
 13. Macau
 14. Caribbean Islands including the following:

| | |
|------------|------------------|
| ✓ Anguilla | ✓ Jamaica |
| ✓ Antigua | ✓ Montserrat |
| ✓ Barbados | ✓ St. Kitts |
| ✓ Cayman | ✓ St. Lucia |
| ✓ Dominica | ✓ St. Vincent |
| ✓ Grenada | ✓ Turks & Caicos |

This was a result of Bilateral roaming agreements signed with 100 countries around the world to have true roaming service operational in 151 operators of the world.

- Promotional campaigns listed below:
 - Jazz Bundle Offers
 - These bundles include a handset, a Jazz connection and airtime worth Rs. 200, available at all Mobilink Service Centers and Franchise outlets.
 - International Roaming Summer Promo
 - Discounted international tour packages to Sri Lanka, Malaysia and the Maldives
 - Exclusive deals to six northern area destinations including Chitral, Galliat, Hunza, Kaghan, Skardu and Swat.
 - Jazz-Aur Sunao
 - Indigo packages deliver nationwide cellular freedom at Local Call Rates
 - Roam the World
 - Year-long promotion including travel to the Holy Land in Ramzan, avail amazing offers at the Dubai Shopping Festival, be a part of the FIFA World Cup in Germany, or visit Paris, Milan, London and New York.

- Joint promotion agreements with various organization:
 - Send International SMS and Win Return Ticket to New York
 - Jazz-Hyundai Bundle Offer
 - Jazz connection and a latest Hyundai L-120 phone set for only Rs. 2750/-.
 - Email Prizes - Promotion 2005
 - Jazz Member get Member
 - Opportunity for customers to become the brand's ambassadors and at the same time earn some free airtime. The essence of the

campaign is that an Existing Jazz customer can refer upto 4 new customers and earn Rs.400 in airtime! The new Jazz customer will also get Rs. 100 free airtime.

- Mobilink's Nokia 9500 Offer
- Mobilink-Avis Partnership
 - Mobilink has joined hands with Avis, a global brand and the world's leading car rental company to offer discounted car rental rates(locally as well as internationally) to all Mobilink post-paid customers.
 - Foreigners Visiting Pakistan using the Mobilink network for cellular services will be able to receive a 20% discount on Avis car rental services.
- Mobilink and UBL launch online bill payment facility for Indigo subscribers
- Mobilink-Motorola V3 Launch
- Mobilink-Citibank Joint Promotion
 - Free Indigo and Call & Control connections to all Citibank credit card members.
- Hand set Kiosk inside Mobilink Service Centre
 - A “Hand set kiosk” set up at Mobilink Service Centre at Awami Markaz, Karachi. This kiosk was set up in collaboration with Mobile Zone. It gave customers the added convenience of purchasing quality hand sets of leading manufacturers such as Nokia, Samsung or Sony Ericsson right from Mobilink Service Center. On every purchase the customers would get some free gifts to add more value to their purchase.
- Mobilink launched the following value added services:
 - Mobilink Launches GPRS
 - International WiFi Roaming
 - Yahoo! Messenger for SMS

- Power Tools in Urdu
 - International SMS

- Opening of the Peshawar Customer Services Centre

- Mobile Fares
 - Islamabad
 - Karachi

- Mobilink GSM – Reshaping Communication
 - New Image

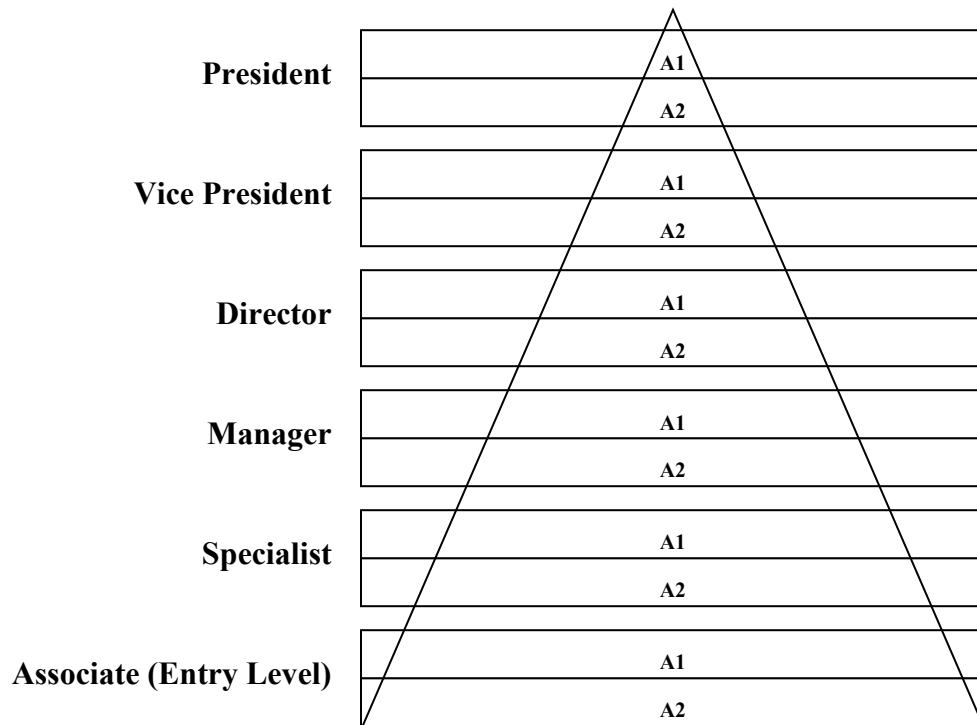
Strategy Formulation and the Role of HR

Strategy Formulation at Mobilink involves the top management including all the functional directors. These functional directors are all situated in the Mobilink Head Office where such meetings take place.

The HR Director plays as much a role as any other functional director. Any strategy that is being considered for approval has to be in accordance with the parent organization's (Orascom) strategy. Any strategic decision that involves HR is made in full consultation with the HR Director and his team, although the team is not present for the strategy formulation meetings.

HR Practices

Employee Classification



At Mobilink the employees are classified into six grades shown above. For each grade there are two levels. Associate is the entry level position mainly for fresh graduates. The

starting level is termed A2, next in line is A1. Once an employee is promoted at A1, he moves to A2 of the next grade and so on as shown above.

HR Department at Mobilink

The HR Department is divided into four functional areas:

1. HR Operations,
2. Staffing & Compensation,
3. Organization Development and Effectiveness, and
4. Project Management

HR Operations

HR Operations is responsible for overlooking processes, developing policies, managing employee relations, settling employee grievances, reward recognition, HR policy announcements, arranging events, dealing with employee services, transfer of employees and service awards.

Staffing & Compensation

Staffing and Compensation is responsible for recruitment planning, recruitment, and selection, salary surveys, establishing pay grades, bonuses, rewards and salary increments along with other benefits, promotions, incentives and Head Count Management.

Organization Development and Effectiveness

OD&E is mainly responsible for Training & Development and succession planning. Apart from this it is also responsible for Performance Management, yearly appraisal, talent management and orientation of new hires.

Project Management

Project Management's main responsibilities include formulizing job description and objective setting for all employees. Apart from this, any new project related to the HR is

the responsibility of this function. It assists other HR functions with new projects and initiatives.

HR Planning

HR Head Count Planning is based on the customer base forecasting and the technical forecasting to judge if Mobilink will be able to match the expected increase in the customer base with that in technical support.

Once the Head Count has been established on these forecasts, the proposal is send to Orascom, Egypt for approval. These proposals are considered for acceptance or rejection by the parent company every year.

In case the Head Count is not approved by the parent company, HR has an option of hiring on contract for that position through a third party consultant.

Recruitment

Personnel Policies

Mobilink's official Personnel Policy is as follows:

"Our people are our greatest asset. We take great pride in acknowledging the contribution each one of us makes".

Mobilink's Personnel policy includes focus on People Development and for that it ensures the following:

- Staff Mobilink with world class Professionals and ensure that the right systems are in place to encourage them to develop to their full potential.

- Create a collaborative and mutually supportive work environment that encourages people to grow.
- Build a team of professionals who deliver expertise by participating in business decisions.
- Develop Performance Management and reward systems underlying the Business strategy.

Recruitment Sources

Internal v/s External Recruitment

Recruitment is done through both internal sources and external sources. Entry level positions i.e. associates are normally filled through external recruitment. For lateral entries, internal recruits are also considered. Advertising for such posts is done through the company's intranet or is emailed to all the employees. Before an internal employee is considered for a new position, he/she must have prior approval from his/her respective line manager.

Electronic Recruitment

External recruitment is mainly carried out electronically. Jobs are not usually advertised in local newspapers but rather electronically, though exceptions are always there. For this purpose the company's website, www.mobilinkgsm.com and Bright Spyre website, www.brightspyre.com is being used. Different Job openings are advertised on both the websites and interested candidates can upload their CVs and apply for the positions online.

Direct Applicants and Referrals

Another source of recruiting is Direct Applicants. HR maintains a data base of CVs at all times, but discourages hard copies of CVs. It is now moving towards a paper free zone as

far as recruiting pool is concerned. Referrals are also discouraged. Employees are discouraged from bring in CVs of family and friends.

Consultants

As mentioned earlier, if the Head Count is not approved by Orascom, Egypt, Mobilink can hire employees on contract. The hiring is done through a third party consultant. Although they work for Mobilink, employees hired on such contracts are not Mobilink employees but actually on the payroll of the consulting firm. Thus are not eligible for annual bonuses and incentives pad out to permanent Mobilink employees.

For such recruitments as well as for a few permanent positions, Mobilink uses the services of private employment agencies such as MK Associates.

Job fairs & Graduate profiles

Recently, Mobilink has started participating in Job Fares of different colleges and universities. Although this practice is not so popular in Rawalpindi / Islamabad area, it is being practiced in Lahore in full vigor; LUMS being their prime target. Apart from LUMS, Mobilink also visits GIKI for recruitment purposes.

Mobilink also receives Graduate profiles from different colleges and universities and it is yet another source of recruitment for Mobilink.

Selection

Step 1

The selection procedure at Mobilink starts with the request from the line manager sent to the HR department for hiring for a particular position. The line manager communicates the required qualification requirements. Equipped with this information, the HR shortlists around 10-15 CVs from the pool available online or through direct applicants.

Step 2

The line managers call in the potential candidates short listed by the HR Department for interviews. Before these interviews, the candidate is asked to fill out a pre-employment form. This one page form asks for the basic bio data, salary expectations and three references, two professional and one personnel. After filling out the form, the candidate is called in for the interviews. These interviews which are normally two in number are not structured. The main aim of these interviews is to assess the technical competence of the individual. Although no written tests are conducted, for technical positions, interviewers may ask the individual to solve a problem during the interview itself. During these interviews, the candidate is also asked about his salary expectation at Mobilink.

Step 3

This step involves an assessment centre. It is not a very famous step at Mobilink. So far it has only been conducted for hiring employees at Mobilink's call centers. During these day long assessment centers, individuals are given various assignments, similar to those they would be expected to perform on the job. The main aim is to see if the individual is right for the position or not.

Step 4

After directly step 2, or in case of call centre hiring, after step 3, the line manager at time short lists just one candidate or might shortlist 2-3 candidates for a single position and forward them to the HR Department.

Once again, the HR Department calls the short listed candidates for a final interview. The main purpose of this interview is to assess whether the candidate is right for Mobilink or not, or in the case of 2-3 candidates, HR decides which one would be the right choice for the organization. The main area of concern here is to assess which individual would fit in the culture of the organization. It is more of a personality check.

Those candidates who clear this interview are termed successful candidates and are offered the job.

Profiling Test

Profiling tests have recently been introduced to the selection process at Moibilink. These tests are conducted for only top management positions. This profiling test currently includes just a Personality test, but a Psychological test is in the process of approval.

Before implementing the Personality test, Mobilink HR tested its validity and reliability by first testing it on themselves. Once they were confident of the results, it was made part of the selection process, though only for the top management.

Performance Management

Appraisal Form

The Performance Appraisal form comes from Orascom, Egypt and is revised according to the local culture and environment. The form is a mixture of behavior and result based approaches. It appraises the employee on 12 behaviors along with his/her yearly objectives and targets decided at the start of the year with the mutual consent of both the employee and his/her supervisor.

Each competency is rated on a scale of 0-4 and the sum of all competencies is rated on a 5 point scale. For each objective, certain target is set for each appraisal period, against which the employee is to be appraised.

The last section of the appraisal form is the Training and Development section. Here the supervisor highlights the training and development needs of the employee.

The form, at the end of the appraisal is required to be signed by both the employee and the line manager agreeing to the results of the appraisal.

This appraisal form is used for deciding a percentage of the bonus depending upon the employee grade, highlighting training and development needs, for deciding salary increments and most importantly for promotion decisions.

Before implementing a new appraisal form, company wide sessions are held. These are normally 4 day sessions. Each session, which is about 1 to 1 and a half hour long, consists of 30-35 participants. The main content of these sessions include discussions on the following:

- What is Performance Management System?
- Description of the new form and how it is different from the old one.
- Directions and instructions on how to fill it and assess the employees.

Appraisal Process

The appraisal process begins with setting objectives for each employee for the next appraisal period. HR Project Management function helps the employees and line managers in setting these objectives. Role of the Project Management function is to ensure that the department and individual goals and objectives are aligned with the organizational goals and objectives.

The final objectives are set with the consent of both the line manager and the employee. During the appraisal period, the line manager and the employee meet informally to discuss the progress of the objective targets and the line of action. At the end of the appraisal period, the employee is appraised against those targets and the 12 competencies in the appraisal form. The Training and Development part of the appraisal form is also filled out. This acts as the sole source of TNA. After appraising, the employee is given candid feedback on his performance and training and development needs are highlighted through open dialog between the employee and the line manager.

Training and Development

Training Needs Assessment

Training needs assessment is partly done through the performance appraisal form. The trainings needs are mutually decided upon by the employee and his supervisor at the time

of the yearly appraisal. These forms are sent to the HR Department. Once all the appraisal forms are in, the HR department determines the demand for different trainings and the actual requirements for each. It is the job of the HR department to determine if the training is aligned to the organizational objectives and targets.

Apart from the training needs highlighted by the performance appraisal form, if a good external training program available locally or internationally, the HR department emails all the functional managers and inform them about it and asks them to send nominations from their respective departments.

Selecting Training Programs

Once it has been established that a certain training course is required by a number of employees, the HR department has to select a training program most suitable for the occasion. HR has the choice of choosing an in house training program or an external training program. This decision is based on the expertise of the in-house trainers available.

In House Training Programs: If Mobilink feels that the in-house trainers are sufficiently equipped with the expertise required to run a particular training program, in-house training programs are run. These are normally for organization wide trainings on culture, team building and other managerial aspects. These trainings also include trainings such as those for a new tool being implemented at Mobilink or orientation sessions for new hires. Some examples of in house trainings include:

- Team Building
- Calling In Life
- Discovering Your It

The main aim of these training workshops was to promote the culture of team work within the organization and to allow the employees to get to know each other well and be comfortable in their environment.

Although the above mentioned workshops were highly interactive and practical, normally the trainings conducted by Mobilink are classroom style lectures or workshops.

External Training Programs: Depending upon the need, apart from in house trainings, the training sessions can be arranged out station or even overseas. Locally PIM and LUMS's training workshops are a popular choice for Mobilink. Certain external training programs are specially personalized for Mobilink employees depending on the requirements.

Employee Feedback and Training Evaluation

Although at Mobilink, there is no proper formal training feedback mechanism present but after most training sessions, employees are either asked to fill written feedback forms or are informally interviewed regarding the training they attended. At times employee feedback is also sought via email.

Other than the feedback mentioned above, there is no mechanism to evaluate the worth of the training program.

Employee Development

The Employee Development program at Mobilink called, "Talent Management" is currently under development. Despite Mobilink's HR policy regarding Employee Development, nothing concrete is on ground as yet.

Compensation

Salary

Salaries are determined through Salary Reviews conducted regularly. These surveys include Benchmark Surveys based on the labor market competition. Based on the results, salary adjustments are made so as to keep the Mobilink compensation towards the high end of the labor market. These surveys are conducted by a third party consultant who has the required data on the potential labor market.

There are different salary bands for each employee grade. Based on the experience of the employee, within the same employee grade, two employees could have different salaries within the band range.

Annual Bonus

The bonuses paid out each year have 2 components. One stems from the appraisal of the employee and the other from the organization's profitability. The percentage of each component is determined by the employee grade. The percentage based on employee profitability varies directly with the employee grade. As the employee moves up the grade ladder, the percentage of bonus stemming from the profitability increases. At the entry level associate position, bonus based on the profitability is only 25% where as the major chunk of the bonus 75%, is determined from employee performance. As the employee moves up the grade level, the configuration changes and the major chunk stems from the organizational profitability. The total annual bonus is determined annually based on the budgets available.

Contract Employees

Employees hired on contract by third party consultants, as mentioned earlier, are not on the Mobilink Payroll. Their pay scales are different form that of Mobilink employees, they don't get additional bonuses or even benefits like free medical. To address this disparity, an effort is made to compensate the contract employees by including some additional amount to their base pay. Despite this effort, some disparity still remains.

Promotions

Employees are considered for promotion every year after a salary review. The final promotion decision is subject to approval from Orascom, Egypt and the availability of the budget.

The line manager recommends employees for promotion based on their appraisal. This recommendation is sent to the head of the department who sends is up to the HR. HR

then determines if there is enough budget available for the promotion and the subsequent salary increment. Once this is established, the recommendation is sent to the Head Office Orascom, Egypt. The final decision rests in the parent company's hand.

Employee Separation and Retention

Mobilink accepts the high turnover rate as an industry norm. Although if a senior level employee indicates that he is being poached, the HR, considering its budget limitations, makes an attempt to match the offer and try to retain its employees.

Warid

Warid Telecom backed by the Abu Dhabi consortium is one of the leading Telecom operators in Pakistan. The company started its operations in May 2005 with a work force of 1300 plus employees and 15 different divisions ranging from sales to customer services, technical and several support functions.

Warid Telecom has implemented a new and modern corporate identity as a result of the dynamic changes taking place in the telecom industry in Pakistan. With a reflection of a new strategy, Warid's aim is to be perceived not only as a telecommunication operator of voice services, but also as a universal provider of comprehensive communications services for both residential and business customers. Warid's corporate identity seeks to reflect the changes in telecom sector in relation to helping customers keep pace with rapidly changing technology in the field of communication, and to harmonize the customers' perception of Warid brand with the quality and range of services. Their main objective is to provide optimum level of support and care through maximum network coverage and clear connectivity.

With a projected capital expenditure of over US \$500 million, Warid Telecom has been set up to provide a premium quality GSM service. The Company was operational in the 28 major cities of Pakistan at the time of launch, and will cover most of the larger cities of Pakistan by summer of 2006.

Vision

Warid Telecom's vision is

"To be the leading national communication provider with a strong international presence." ⁴¹

Warid Telecom's brand values include:

⁴¹ www.waridtel.com

- Quality - the best available
- Simplicity - easy and user friendly
- Innovation - providing cutting edge technology and solutions
- Honesty - providing openness and fairness
- Friendliness - sensitive to customer needs⁴²

Warid Telecom believes in working with strategic partners and employees for long term relationships.

As a consequence of the above, Warid Telecom looks for the following to deliver its vision:

- Strategic vendors and partners to assist in rolling out these services in a timely and efficient manner with a focus on turnkey solutions and premium propositions
- Strong partners to assist in launching these services and creating effective sales & marketing / business development opportunities for all to operationally and financially gain. Consultants and experts to help deliver this vision
- Well rounded employees who wish to become part of this adventure

Culture

The culture at Warid is team-oriented and entrepreneurial, encouraging employees to take greater responsibility for their careers and assignments, to grow both personally and professionally, and to contribute to the success of the company throughout their careers.

Diversity

Warid is committed to a diverse and inclusive work environment. Warid believes that diversity is essential to outstanding business success. As a company that has roots in Middle East & Asia competing with local, multinational and international companies Warid reflects this diversity among its employees and in the ways they do business. The existing employee force of Warid has a blend of individuals having worked with Multinational and Local companies of reputed profiles.

⁴² www.waridtel.com

Key Strengths⁴³

The Network

Warid is partners with some of the leading vendors in the telecom industry who help in providing the best and the latest network solutions for their businesses. These vendors include cellular giants Ericsson, Nortel, Siemens, Cisco and Huawei.

Warid has pioneered in key technologies which include the following:

- Custom-made network for Pakistan's environment
- Congestion-free connectivity in all coverage areas
- Roll out plan for complete national populated coverage by 2006
- Fully redundant network
- Robust design catering to future needs
- Future professional network (EDGE compatible and 3G upgraded with soft switch and media gateway architecture)
- State of the art IP based contact center and leading data center
- Launch of WiMax services across Pakistan by the end of 2005 with revolutionary 3.5 GHz broadband solution

Services Beyond Comparison

Warid distinguishes customers as their biggest assets, and strives for excellence by listening to their needs. Warid works with their customers to gain an understanding of their business, their goals and their objectives, to ensure that they receive the best possible service and the right solutions to meet their demands. Warid seeks to be trendsetters in customer service, with 'one stop' concept for all telecom requirements. This will be achieved with the provision of a one window operation for on-the-spot issue resolution and one stop service. Warid has the maximum number of Sales and Customer Service Centers countrywide, with two state-of-the-art Contact Centers of

⁴³ www.waridtel.com

international standards, equipped with cutting edge technologies to ensure real-time online services. Warid's highly trained team of Customer Service Executives is on hand 24 hours to provide support. Warid has established Corporate Lounges, with a customer-friendly environment to provide personalized care to corporate clients. Furthermore, an extensive network of franchises, kiosks and mobile units ensure easy and convenient accessibility.

Innovation

Warid is committed to providing superior levels of professional services to all its customers - before, during and after the deployment of leading solutions. To accommodate customer's demands, Warid had deployed a state-of-the-art 2.5 G EDGE compliant network. There are also innovative services of various standards that cater to a wide spectrum of users.

Best Practices

Warid believes in a process driven setup with comprehensive business processes covering all activities. All business processes are ETOM compliant as per accredited international standards.

Strategy

With a projected capitalization of US \$200 million, Warid Telecom plans to lay a comprehensive telecommunication's infrastructure that would consist of:

- International optical fiber network linking Pakistan with China, Central Asia, Afghanistan, India and Iran.
- VSAT transmission network with foot prints to cover Middle East, Asia & parts of Europe in addition to Pakistan.
- 3.5 GHz wireless access network infrastructure in selected metros to provide VOIP telephony, broadband internet and VPN/EDN solutions.
- 5,000-km wholly owned nationwide optical fiber transmission network, including optical fiber rings across the country

The Company was operational in the 28 major cities of Pakistan at the time of launch, and will cover most of the larger cities of Pakistan by summer of 2006.

To stay abreast with the competition, Warid engaged in the following strategic moves:

- Value Added services:
 - Picture Messaging & MMS
 - GPRS
- Network Expansion
 - GT Road (Lahore-Islamabad)
 - National Highway (Karachi-Hyderabad)
 - GT Road (Islamabad-Peshawer)
 - Super Highway (Karachi-Hyderabad)
 - Lahore-Kasur M2 (Virtually covered)
 - Lahore-Sheikhupura M3
- 30 second billing

- You are billed on a 30 second basis as opposed to per minute.

- Lower call rates
 - Local Calls
 - International Calls

- Reduced charges for family and friends

Strategy Formulation and the Role of HR

Strategy Formulation at Warid is the responsibility of the Executive Member Committee. This Executive Committee has been created to define and deliver Warid Telecom's vision and business initiatives. The permanent members include Chief Executive Officer, Board Directors and other top management personnel including General Manager Human Resources.

In case the strategy under discussion requires HR involvement, Compensation and Benefits Manager, as well as Training and Development Manager are also present at the meeting. Before any strategy is approved or finalized, feedback from every member and department is sought and action taken accordingly.

HR Practices

Employee Classification



The employees are classified into 5 levels shown above. The entry level “Coordinator/Executive” is termed M5, next level, Assistant Manger M4, Regional Manger M3, Senior Manager M2 and finally General Manager M1.

HR Planning

HR planning is based on customer base forecasts. These forecasts are mainly done by the engineering department. If any department sends a proposal for new hiring, the engineering department is asked to assess whether the forecasts justify new hiring at this point in time. If the Engineering department feels that growth is expected in the future and the new hiring is justified, the request is approved for recruitment.

Recruitment

Personnel Policies

Warid's Official Personnel Policy is:

“Warid recognizes that our greatest assets are our people. We are committed to recruiting and retaining the best individuals. This commitment is viewed as a strategic business imperative and is articulated in our vision. We have numerous programs that support this approach, including market-competitive compensation, opportunities for personal and professional growth and a team-oriented culture that encourages creativity, empowerment and entrepreneurial spirit.”⁴⁴

Warid's policy for initial hiring of its team, when Warid started its operations was to hire from the locally available talent pool working in well established multinational companies in Pakistan. This policy was justified by the fact that these individuals would bring to Warid not only their qualifications but also their experiences at different successful firms which would help Warid immensely in not only establishing best practices but would also help them save million in training, as these individuals would already be trained efficiently when they become part of the Warid team.

Recruitment Sources

Electronic Recruitment

Warid mainly relies on electronic online recruitment. During the first two months of starting its operations, Warid was receiving over 200 CVs/day from potential recruits. The online recruitment is being done through the website, www.jobs.waridtel.com. At this website, various jobs are advertised with job descriptions including major responsibilities. Interested candidates can create their profiles and CVs on this website and apply for advertised jobs.

⁴⁴ www.waridtel.com/careers

The link of this website is available on the official website of Warid, www.waridtel.com. Potential recruits can follow the link “careers” on this website where along with the link for former website, an overview of “Careers at Warid” is explicitly explained.⁴⁵

Direct Applicants and Referrals

Apart from online recruitment, Warid also accepts Direct Applicants and Referrals. Once a pool of recruits is available through these sources, whenever a need arises for new hiring, candidates from the existing pool are short listed on the following basis in order of importance:

- Experience
- Education
- Personality and potential clash with the culture
- Other traits such as being a Team Player

Head Hunters

During the first wave of recruitment, while recruiting the top management and other senior level managers, Warid also utilized the services of Head Hunters for poaching the best available talent for these positions.

Consultants

For other management and entry level positions, Warid also utilized the services of a third party consultant who conducted tests and selected a pool of candidates for Warid to select from.

News Paper Advertisements

Since even before the official start of its operations, Warid has had a huge pool of potential applicants available with it. Thus it has not felt the need to advertise in local news papers for any position so far. Normally, it utilizes its website for advertising jobs.

⁴⁵ For details see Annex 2

Selection

Step 1

Selection process at Warid starts with the short listing of CVs from the pool of available candidates. The short listing as stated earlier is based on the following:

- Experience
- Education
- Personality and potential clash with the culture
- Other traits such as being a Team Player

Step 2

The second step is basically a telephonic interview. This is mainly conducted by the line manager to assess if the candidate is actually interested in working for Warid or not and also to assess the current status and salary expectation of the candidate.

Step 3

The third step is mainly for technical jobs only. This consists of a job specific written test. The aim of this step is to judge the technical expertise of the candidate. Not all technical positions have this test. Technical Candidates, who clear the second step, are called in for this test only if the particular position requires it.

Step 4

The final step is an interview with the HR department. Sometimes the line manager is also present at this meeting. This interview is mainly situational. The aim of this interview is to check if the information provided by the candidate is accurate or not. The HR also tries to assess if this individual has the right qualities and competencies required to be part of the Warid Team and culture. The candidate is asked to give examples to show that he /she is a team player or can handle tough situations.

The Interviewers have a set of questions available to them, which they can use to assess these traits. However, they don't have to follow a set pattern for these interviews. The HR personnel who conduct these interviews are trained to ensure the truthfulness of the

candidate and assess the right competencies. Line Managers, if present at these interviews, try to assess if the individual would be able to fit in his respective department or not.

Performance Management

The Performance Management System has not yet been formalized. It is still a work in progress. Although a crude system is in use for the time being, it is being continuously updated and improved.

The under development performance appraisal system is being developed to look after strategic, administrative as well as developmental issues. For this purpose, employee and management feedback is actively sought by the HR Department.

The appraisal form currently in use is incentive based. Currently it is objective based and the HR is debating the applicability of a competency based appraisal form in the Pakistani environment.

Appraisal Process

When an employee joins Warid, he/she is on three months probation. At the end of this three month period, his supervisor appraises him on pre-determined objectives. At the same time the employee appraises him/herself on the same. The two appraisals are sent to the HR department independently. The discrepancies in the two appraisals are highlighted and then sorted out in a meeting. And the final feedback is given to the employee.

If the performance is not up to the mark, the probation period can be extended or the employee fired. If it is satisfactory, the probation period is termed “Over”. After this probation appraisal, the employee is subjected to yearly appraisals on which his promotion and other benefits will be based. Apart from the formal yearly appraisals, there are also informal mid year reviews.

Training and Development

Training Needs Assessment

According to the policies chalked out so far, training need assessment of employees at Warid is to stem from the Performance Appraisal System. As mentioned earlier, Warid so far does not have a proper performance appraisal system in place. Thus there is no formal TNA Mechanism in place to assess the training needs of its employees.

For the time being, Line Managers are responsible for assessing the training needs of employees and communicating them to the HR Department. During this phase of development, the HR Department ensures it takes all the possible feedback from its employees, as in what kind of trainings they would like to go for or they require and then ensure that those training needs are met.

A separate HR function called the Training and Development Function, looks after this area. They have dedicated researchers who keep themselves up to date with the latest technologies and requirements of the industry and employee training needs in that regard.

Selecting Training Programs

Once training needs are highlighted by employees, line managers and/or researchers, the next step is selecting a training program. Warid conducts both in house and external training programs.

In-house Training Programs: These are mainly conducted for training employees on the use of job specific tools. In house trainers who have the required expertise conduct these training programs locally.

External Training Programs: The External training programs are for managerial training such as empowerment, personality grooming, presentation skills, and communication skills. The training programs are mostly run as workshops but with a lot of emphasis on holding interactive sessions. When deciding on a training program, HR

tries to ensure that it is not a classroom style of training program and has an element of interaction between the employee and the instructor.

Employee Feedback and Training Evaluation

At the end of every training program, participants are asked to give feedback. At times this feedback may be written taken on the spot; on other occasions, it may be oral, informal discussion when the employees come back to work or HR might ask for the feedback via e-mail.

If after a particular training program, majority of employee give a negative feedback, the training program is discontinued in future. Depending upon the feedback, improvements and/or additions are also incorporated for future sessions.

There is no proper mechanism in place to check the validity or the worth of any training program. Though Line managers are advised to ensure that the employees try to implement the training in their everyday routine and then assess the worth of the training program.

Employee Development

In a short span of 1 year since the start up in June 2004 the company has taken up initiatives of employee development and training. The company has started off with vision development exercises, team building activities, in house and external trainings as well as competence development programs and object setting exercises.

- The Competence Development Program was launched to help employees identify Key Performance Indicators for their respective jobs and link them with the organization's mission objectives.
- Similarly the Objective Setting Exercise was conducted in coordination with the HR Department. The aim of this exercise was to ensure that employee objectives

were aligned to the organization's overall objectives and that the employees understood how their work effected the organization as a whole.

- Vision Development Exercise had the same overall objective, to align employee perspective with the organizational perspective. The aim was to ensure that the employees are aware of and understand the company vision and what it stands for, what the organization is trying to achieve, i.e. the new vision. Then equipped with this knowledge create their own personal visions.
- Team Building Activities were carried out to ensure that the employees know what kind of a culture Warid wanted to foster. Through these activities, it was communicated to employees that they were required to have the main focus on Team Building and Development. These Development programs were conducted department wise for the whole organization. During these sessions, participants were broken down into teams and given specific tasks and assignments to help build a team environment.

Compensation

Warid philosophy is to be locally competitive on a national basis with family oriented benefits, performance-based rewards, and incentives that help foster an increased sense of ownership among the employees. The remuneration package at Warid is based on salary, benefits, performance incentives and employee value proposition.

Warid is known to be one of the best pay masters in the industry based upon the candidate's experience profile. Warid believes in pay for performance. It is continually working towards making its processes performance and cost effective and is working in line with Best Practices.

The Base salary in most cases is negotiated with the employee at the time of hiring. It is based on employee's experience, current salary and market competitive offers. The major part of the salary is in the form of benefits and bonuses. Bonuses are annual as well as

event based. So far Warid has distributed bonuses on the achievement of every milestone. Each annual bonus is equal to at least one base salary. The total bonus is determined by the employee performance judged by his appraisal and line manager feedback.

The benefits include the following among others:

- Insurance
- Medical and Dental for the employee and his/her family (including parents, spouse and children)
- Pick and Drop facility

Apart from this, provident fund and gratuity also form part of the compensation package.

Promotion

Employees are considered for promotion after every appraisal. An employee is eligible for promotion after spending around one year at a particular grade, though there are no hard and fast rules. Solely dependent on the performance of the employee, progression of each employee varies from the other significantly.

Employee Separation and Retention

To ensure low employee turnover rate, Warid provides its employees with the best possible work environment, topped with top of the line compensation and benefits. Warid tries to provide its employees a great learning curve to keep them motivated.

Apart from this Warid takes pride in its family like culture and environment, where people are not colleagues but rather family members.

CHAPTER 4: ANALYSIS

Mobilink

Organizational Strategy

Corporate Level Strategy From the evidence available and the findings of this research, it appears that Mobilink for the past few years has had a focus on Internal Growth. All this is evident from the fact that since the deregulation of the mobile service industry of Pakistan, Mobilink has undertaken various efforts to ensure that it changes its stance from concentrating on its existing market to growing its market presence. The main reason for this change is mainly to keep up with the competition and to retain and increase its market share. This transition is obvious in Mobilink repositioning itself and hitting the market with a new face with the catchphrase “*Reshaping Communication*”

Business Level Strategy Mobilink’s Business Level Strategy, aligned with the Corporate Level Strategy discussed above involved the following growth strategies:

- *Product Development*

This growth strategy is evident from the following steps undertaken by Mobilink:

- Expanding international roaming service scope
- Launching various new value added services to its existing product

- *Market Penetration*

The following actions taken by Mobilink are indication of this business level growth strategy:

- Various promotional campaigns and bundle offers by Mobilink on various packages
- Various joint promotional schemes with different organizations
- Opening of new customer service centers
- Holding mobile fares for customer awareness

Thus from the above analysis it is clear that Mobilink is following an internal growth strategy with Product Development and Market Penetration as its key business level strategies.

Role of HR in Strategy Formulation

From the findings of this research, it is apparent that the role of the HR Department in strategy formulation at Mobilink is more of an Integrative Linkage than a two-way linkage, though only at a local level. When the strategy is being formulated in Pakistan, HR is fully involved in the process through the participation of the HR director. But the final decision regarding any strategy is taken with the approval from the parent company, Orascom. Thus the Integrative Linkage is apparently at a local level only.

HR Planning

The fact that Mobilink has to get an approval for the Head Count from Orascom, Egypt every time it needs to hire new employees suggests that Mobilink is a victim of a bureaucratic culture.

The Mobilink employees' hands are tied till they get approval from the Egypt and thus often have to operate with understaffed departments. This may not only lead to unsatisfied employees but also job burnouts.

The only available solution to this issue available to Mobilink is hiring through a third party consultant. This involves hiring employees on the payroll of the consultant which leads to internal pay inequity for Mobilink. This issue will be discussed in detail later in the analysis.

Recruitment

Mobilink has well established personnel policies and guidelines for recruitment of personnel. Though, Mobilink fails to adhere to these policies or realize them through their recruitment practices. This is not only evident in their recruitment practices but also in other HR practices which will be discussed later in this analysis.

The Recruitment at Mobilink is mainly being conducted electronically. The recruitment pool available to Mobilink appears to be a convenient pool. Mobilink HR does not make any effort to ensure a quality pool of recruits available at hand for hiring.

Mobilink appears not to be taking full advantage of University/colleges job fairs. The fact that it only attends LUMS and GIKI job fares for recruitment purposes highlights the inefficiency of this exercise. To ensure having a quality pool available, Mobilink should participate in job fairs of other universities and colleges of Pakistan.

Selection

The selection process at Mobilink starts with the short listing of CVs from the available pool of recruits. This short listing is based only on the qualification requirements for the position. This exercise may and may not produce the right pool for the line managers to select from since no criteria is set or effort made to ensure quality short listing at this initial stage.

After this initial short listing, the remaining selection process consists of a series of unstructured interviews with the aim of selecting the candidate with the right experience and personality suitable to Mobilink's culture.

These interviews are unstructured and apparently being carried out to assess certain unobservable traits. Thus this selection method, in the researcher's opinion is low on reliability, validity, generalizability and to some extent low on utility as candidates, at times, have to be brought in from other stations as well and this has costs associated with it.

According to the findings, it seems apparent that the Mobilink aims to hire culturally fit people. But according to its current practices and the type of interviews conducted for most positions, it seems impossible for Mobilink to hire culturally fit employees. This is mainly due to the fact that without experienced and trained interviewers, these intangible traits cannot be ascertained. Mobilink pays no attention to the training or expertise requirements of the interviewers.

For top management positions only, Mobilink also conducts profiling tests. These tests are apparently very reliable but are considered low on criterion related as well as content validation. They are also low on generalizability and utility as few traits are predictive for many jobs. But since Mobilink is only using them for top management positions where they only need to assess leadership and management traits in an individual, these tests serve as a relatively good selection method.

The assessment centers conducted for call centre candidate selection are high on reliability, validity and utility despite the costs associated with them. The fact that these assessment centers are job specific and Mobilink conducts them for only call centre positions, suggests that this costly exercise is not generalizable.

Performance Management

Mobilink attempts to ensure that its employees are team players. Mobilink has even gone to the extent of holding organization wide trainings on team building and undertaken various tasks to foster the team culture. Despite this focus on team work, the performance appraisal form being cascaded down by the parent company Orascom does not foster the same team culture. This means that although Mobilink employees are being encouraged to be team players, they are being appraised mainly on their individual performance and goals.

Although the behavioral part of the appraisal form does hint at the team culture, it is not sufficient. The major focus of the form is on the employee objectives for the appraisal period.

The fact that part of the employee's annual bonus stems from this form also demerits the standing of this appraisal form. Once again an employee gets the message that although the organization fosters team culture, in order to get the rewards, he needs to show those behaviors and emphasize on those objectives that will get him high ratings on his own appraisal rather than the team's performance.

Despite its short comings discussed above, the appraisal form appears to be the right blend of the behavioral and the result approach to performance management. This combination makes the appraisal form valid for most jobs where the contaminations and deficiencies of each method are canceled out by the other method. This combination helps reduce biases and potential conflict that may arise otherwise between the employee and the appraiser. This leads to high reliability and acceptability of the appraisal form.

The combination of result and behavioral approach makes the form very specific to the position being appraised. The short coming of a result approach of not being very specific regarding behaviors necessary to achieve the results, are amply addressed with the behavioral part of the form.

Training and Development

Despite the fact that Mobilink arranges various trainings for its employees both in-house and external, it does so without conducting proper training needs assessment and also without formally evaluating the training program before sending its employees for it. Even after the training has been conducted, no effort is made to evaluate the training program or to see what effects, both positive and negative, the training program had on its employees. Mobilink makes no effort to ensure whether the training in question would be beneficial or not for the organization as a whole.

The organization wide trainings undertaken by Mobilink so far appear to be aligned with the organizational strategies. Mobilink's strategy for the past few years has been that of internal growth, and the trainings organized by Mobilink have mainly focused on team building and communication skills building and cultural training. Although other training implications associated with internal growth strategies are being ignored.

Despite development being a major part of the personnel policy at Mobilink, Mobilink does not have anything on ground in this area. Neither the managers, nor the employees are taking any substantial steps in this regard.

Although the HR Department has realized the need of employee development and succession planning in today's learning organizations, it has not yet taken any concrete steps nor has it yet finalized anything in regard to its Talent Management Program.

Compensation

The pay structure decisions at Mobilink are based on the pay level. The pays are determined by the market pay surveys. Thus from this practice, we can easily conclude that Mobilink's main focus is on establishing external pay equity. The reason for this focus apparently is the issue of employee retention haunting the telecom sector. This practice would help Mobilink attract and retain quality employees. But the expected

result of this practice may not be realized because of the fact that Mobilink positions itself slightly above the survey average and is not among the pay leaders.

The salaries of Mobilink employees fall in different bands associated with each employee grade. Two employees in the same grade are likely to have different salaries within one band. This practice on one hand ensures that hard working employees are compensated accordingly, but on the other hand may lead to dissatisfied employees if they feel that others in their grade level are undeservingly getting more than what they are getting. Thus all the demerits associated with internal pay inequity trouble Mobilink.

The bonuses at Mobilink comprises of both Merit Pay and Profit Sharing. The percentage of profit sharing is rightly based on employee grade, tying upper grade managers' compensation to the organizational profitability. This will ensure that the upper grade managers work for the success and profitability of the organization rather than individual gains. Although on the downside, this exercise could lead to dissatisfied employees in an event environmental forces lead to poor profitability of the organization.

On the other hand, bonuses of employees in lower grades are mainly attached to their own performance. This ensures that employees at those levels where their performance does not directly affect organizational profitability are compensated on their individual performance.

The features, consequences and contingencies associated with both merit pay and profit sharing are shown in the table below:

| | Merit Pay | Profit Sharing |
|-------------------------------|-------------------------------------------------|-------------------------------------|
| Design Features | | |
| <i>Payment Method</i> | Changes in base pay | Bonus |
| <i>Frequency of Payout</i> | Annually | Semi-annually or annually |
| <i>Performance Measures</i> | Supervisor's appraisal | Profit |
| <i>Coverage</i> | All Employees | Total Organization |
| Consequences | | |
| <i>Performance Motivation</i> | Little relationship between pay and performance | Little Pay-performance relationship |

| | | |
|-------------------------------|-------------------------------------------------------|---------------------------------|
| <i>Attraction</i> | Overtime pays better performers more | Helps with all employees |
| <i>Culture</i> | Competition within work groups | Knowledge of business |
| <i>Costs</i> | Requires well developed performance appraisal systems | Relates costs to ability to pay |
| Contingencies | | |
| <i>Organization Structure</i> | Helped by measurable jobs and work units | Fits any company |
| <i>Management Style</i> | Some participation Desirable | Works best with participation |
| <i>Type of Work</i> | Individual unless group appraisal done | All types |

Thus from the above table we conclude, that the Bonuses at Mobilink are well aligned to its strategies and culture fostering team work. Although this system has little relationship between pay and performance, it creates competition between work groups/teams, makes employees knowledgeable of the organization business and requires participation and involvement of the line manager. It does have one short coming and that is Merit Pay is individual based and to foster team work, would require group appraisal which is not happening at Mobilink. Though, this short coming is sufficiently addressed with the presence of the profit sharing in the total compensation which is suitable for all type of work environments including team environments.

The only major flaw with Mobilink’s bonus system comes from the hiring of employees on contract by third party consultants. As mentioned earlier, these contract employees are not on the payroll of Mobilink and are not eligible for bonuses as are other permanent employees. This leads to the issue of internal pay inequity, which in turn leads to high levels of dissatisfaction among contract employees.

Promotions

Just as in the case of Head Count approval, the promotions is dependent on the receiving approval from Orascom, Egypt and the budgets available to support the promotion.

Employees are eligible for promotion after every salary review and may even be recommended by their line managers but may not be promoted because of approval and budget constraints. This means that a deserving candidate may have to face the

disappointment of not getting a promotion because of bureaucratic reasons or the failure of the planning team to incorporate the possible promotion at the start of the year while approving the budget.

This could lead to serious issues of dissatisfaction among employees who might start feeling that there is no possibility of promotion so why work hard this year.

Employee Separation and Retention

Mobilink has been one of the worst hit organizations as far as employee retention is concerned in the telecom sector. Despite this Mobilink has not undertaken any pragmatic steps to prevent this issue. In fact they have very conveniently accepted this issue as an industry norm and attributed it to the environmental conditions outside their control.

Mobilink does not realize that it could be their HR practices and the work environment they offer that leads to employee dissatisfaction and thus retention issues. Most of the HR practices analyzed above have some element of employee dissatisfaction associated with them.

Warid

Organizational Strategy

Corporate Level Strategy From the evidence available in this research, it is apparent that since the inauguration of its operations, Warid has had a focus on Growth Strategy. This is evident from the efforts undertaken by Warid to expand its customer base and network coverage.

Business Level Strategy Aligned to its corporate level strategy, Warid has exhibited evidence of the following business level growth strategies:

- *Market Penetration*

This growth strategy is evident from the following campaigns undertaken by Warid:

- ♦ 30 Second Billing
- ♦ Lower Call Rates
- ♦ Reduced charges for family and friends

- *Market Development*

Since Warid has just launched its operations, all efforts in expanding its network coverage add on to its efforts at developing new geographic markets. Thus the network expansions highlighted in the findings are a proof of this business level strategy.

- *Product Development*

The following value added services provided by Warid are an evidence of Product Development strategy:

- ♦ Picture Messaging and MMS
- ♦ GPRS

Role of HR in Strategy Formulation

From the evidence available, it appears that while formulating the strategies, only input from the HR Department is sought rather than them having a say in the final strategy formulation decision. Though the GM HR is a member of the Executive Committee, his role appears to be of less importance than that of the Board Directors.

Thus based on this information, it is apparent that the HR Department had something better than a two-way linkage but not exactly an Integrative Linkage.

HR Planning

The HR Planning done at Warid appears to be sufficiently good. Warid makes sure that the planning figures and forecasts are technically justified and realistic.

Recruitment

Despite the fact that Warid, so far, did not have a need to establish recruitment sources as potential candidates are flooding the HR department with CVs, they have made sure that they have sufficient established recruitment sources available to them.

Warid has the following predetermined selection criteria for short listing CVs from the available pool of candidates:

- Experience
- Education
- Personality and potential clash with the culture
- Other traits such as being a team player

This helps Warid in creating a quality pool of potential recruits available to them at all times.

Utilizing the services of the consultants and head hunters also ensure the availability of quality applicants. This in turn helps save valuable time of both the recruiters and the potential applicants.

Thus over all based on the selection criteria, it can be ascertained that Warid has competency based recruitment practices.

Selection

The candidates selected from the pool of potential recruits are once again passed through the same selection criteria before the actual selection process starts, once again ensuring that the right candidates are selected for the process.

The second step of a telephonic interview is a good low-cost strategy of ensuring that the candidate is actually interested in employment at Warid and to assess some of his capabilities to ensure that the person will fit in the organization. Once again, this practice helps short list the right candidates for further selection.

The actual selection is based on a technical written test for technical jobs, followed by structured interviews with the HR Department and the line manager to assess the technical competence and personality of the candidate.

This combination of written technical test and structured interview, give the selection process high reliability, a moderate level of validity, generalizability and utility. Though, when the interviews are conducted by the line managers, the issue of generalizability and utility are taken care of.

Performance Management

Despite the fact that Warid has been in operation for some time now, it still does not have a proper Performance Appraisal Form. The current form is objective based and well supported by the appraisal process.

The form is to be used for strategic, administrative as well as developmental purposes. To ensure this Warid needs to incorporate a training needs assessment mechanism in this form and adjust it further to ensure strategic congruence.

Despite the short comings, the objective based form in use currently has the qualities of high strategic congruence if the objectives set are strategically aligned. Based on the fact that Warid initiated training programs to ensure strategic objective settings, it can be ascertained that the appraisal form now in use at Warid is strategically congruent.

Such forms are high on reliability if followed according to a set process, which appears to be the case at Warid. These are also high on acceptability and specificity as the employees are fully involved in setting their own objectives and are responsible for their own results.

Another short coming of this appraisal form stem from the fact that the behaviors expected of the employees cannot be judged by this form. The essential team work expected by employees and other such behaviors cannot be appraised by using this form alone. Another issue with this form is that it is currently incentive based. This once again hinders the team environment if the incentives are based on individual performance rather than team performance.

Training and Development

The training and development needs at Warid are expected to be established through the Performance Appraisal Process. Because the forms are still under development, currently no proper Training Need Assessment Mechanism is in place. Despite this, the HR at

Warid ensures that the training needs are highlighted and addressed. This is done mainly through open feedback from the employees, line managers and dedicated researchers.

Even though nothing formal has been established for selecting the training programs, Warid ensures that they select quality interactive and pragmatic programs. Although Warid makes no effort to evaluate the training programs formally, it does take feedback from the participants. This feedback though informal appears to be sufficiently effective.

The organization wide employee development initiatives undertaken at Warid in the short span of its existence appear to be quite comprehensive and aligned to the organization's mission and objectives. Although the role of the organization in employee development is visible, there is no evidence of the involvement of the employees in this area. Employee development has to be a two way exercise.

Compensation

As in its policy, Warid is more or less a pay master in the industry. Warid believes in pay for performance and the salary is negotiable depending on the candidate's credentials. This practice though helps Warid attract the best employees, has the potential to ignite dissatisfaction among employees because of internal pay inequity. Another short coming of the remuneration package at Warid is that the compensation is based on individual performance rather than team performance which is embedded in Warid's culture. This practice may hinder the creation of a team environment at Warid.

Regardless of the above mentioned weakness, incentive pay at Warid creates clear performance reward linkages and distinguishes between high and poor performers.

The incentive based pay at Warid is topped with the annual and event based bonuses. These bonuses help offset the individual reward effect created by the incentive pay practice and foster a participative environment which in turn fosters team work, cooperation and problem solving.

Promotion

The policy of basing the promotion decision solely on the performance of the individual encourages hard work among employees but may also discourage team work. Efforts should be made to ensure that the performance measure should have a team orientation to it specially when being used for the purpose of promotion decisions.

Employee Separation and Retention

Keeping in mind the trends in the Telecom Sector in Pakistan, Warid's efforts to ensure employee retention seem sufficient enough. In fact Warid seems to be doing everything right in this area.

Conclusion

From the analysis conducted, it can be ascertained that both organizations, Mobilink and Warid have partially aligned HR practices to their respective Business Strategies. Although both organizations have HR involvement in strategy formulation, the HR linkage is not completely integrative.

Recruitment at both organizations is mainly being conducted electronically. The favorite selection method for both Mobilink and Warid appears to be interviews with slight variations.

Both organizations appear to be struggling with their performance appraisal systems and most importantly with Training Needs Assessment Mechanisms. Mobilink and Warid both are partly using their appraisal systems for this purpose and are failing to be effective in this area.

The telecom sector in Pakistan is faced with the issue of employee retention. Apparently this issue is stemming from the compensation practices of various organizations in this sector. Mobilink and Warid both share their concerns of employee dissatisfaction attributable to one or the other aspect of employee compensation including promotional policies.

CHAPTER 5: CONCLUSION & RECOMMENDATIONS

Conclusion

Mobilink

- Mobilink's corporate level strategy of internal growth is being strategically supported by its business level strategies of Market Penetration and Product Development. In line with this strategy, Mobilink's HR practices are only suitably aligned and satisfactorily effective.

- The HR Department plays a full role in strategy formulation at the organizational level for Mobilink. However, the decided strategy has to be approved by Orascom, Egypt.

- The HR planning, however effective it may be is simply not efficient enough mainly due to the time lag that is created in getting the approval for the Head Count from the Parent Company, Orascom. This leads to dissatisfied employees operating in understaffed departments.

- Taking care of this issue through third party contract employment leads to another key issue cropping up; the issue of internal pay inequity. This issue in turn also leads to dissatisfaction among employees.

- The recruitment practices at Mobilink although are sufficient, they don't provide Mobilink with a quality pool of potential candidates for selection. Mobilink is not using its resources optimally to get this desired quality pool of candidates.
- The selection process at Mobilink comprising of a series of interviews is not very reliable in selecting the right employees. The interviews conducted at Mobilink are not rightly structured to assess the technical qualities and personal traits of an individual that are not observable including traits like being a team player and being able to handle stress on the job. The main reason for this is lack of well trained interviewers.
- Despite the inefficiencies of the interviews, Mobilink's assessment centers and profiling tests appear efficient and effective enough to select the right candidates for the job. Though they are only being utilized for specific jobs.
- The Appraisal System at Mobilink is a perfect blend of behavioral and result approach which minimizes the rater biases and gives the form the right amount of objectivity.
- The feedback given during the appraisal process helps create an open and learning environment for both the employee and the manager.
- Despite the positive aspects of the form highlighted above, the appraisal form neither fosters nor hinders the organizational objectives and goals.
- The Training and Development efforts at Mobilink are feeble at best. They are neither sufficiently developed nor are they aligned to the organizational effectiveness.

- The compensation at Mobilink although appears aligned with the organizational strategies and goals, it does create some form of internal pay inequity both within pay grades and also among contract and permanent employees.
- The Promotion process at Mobilink though linked to employee performance is a key source of dissatisfaction among employees mainly because deserving promotions do not always come through.
- Dissatisfaction among employees due to the following reasons at Mobilink adds on to the employee retention issue faced by the telecom sector:
 - ♦ Internal Pay Inequity within employee grades
 - ♦ Internal Pay Inequity among contract and permanent employees
 - ♦ Promotional lags
 - ♦ Understaffed departments

To sum it up, Mobilink's HR Department is partially aligned with the organizational mission and strategy. It contributes like any other department in strategy formulation and then implementation. Despite all this, at time Mobilink hands are tied and it has to blindly follow orders from Orascom, Egypt. This specially prove to be a hindrance in strategic alignment of HR with the organizational mission when HR is dependent upon approval from Orascom for key issues such as Head Count approval, budget planning, HR policies regarding Performance Management and Compensation.

Thus to conclude, Mobilink could easily have a strategically aligned HR Department if it can find a way around the inherent Parent Company constraint and improve the quality of its existing practices.

Warid

- Warid's corporate level strategy of internal growth is being strategically supported by its business level strategies of Market Penetration, Market Development and Product Development. In line with this strategy, Warid's HR practices appear to be moderately aligned and effective.
- The HR Department does play a role in strategy formulation at the organizational level. Though it is not as well as it should be in order to be called a full strategic partner.
- The HR Planning process at Warid is comprehensive and apparently effective.
- Warid has competency based recruitment practices that help them create a quality pool of potential candidates.
- The selection process at Warid is a low cost but efficient process. With well trained interviewers, Warid ensures the reliability of the process and reduces the occurrence of interviewer biases. The selection process ensures quality selection of potential candidates.
- The Performance Management System is not well established at Warid. It is not fully serving the purpose it is expected to do. Employees are being appraised on their objectives and the behavioral aspects required to be part of the Warid team are being ignored. There is no formal link to employee development as yet. All in all the appraisal process though properly chalked out is not fostering all the right actions required by the organization for strategic congruence.
- Training and development, since has to stem from the appraisal system, is not well established. No proper Training Needs Assessment Mechanism is in place. Despite this the informal system is working quite sufficiently.

- The Development initiatives undertaken by Warid are strategically congruent to the organizational strategies and objectives. Though the role of employees in this regard is not visible.
- Warid is one of the pay masters in the industry.
- The compensation is based on employee credentials and negotiation power at the time of employment. This practice leads to internal pay inequity and thus dissatisfaction among employees.
- Incentive based pay at Warid although creates a performance reward linkage, it also fosters individual culture which is against what Warid stands for. The bonuses given out occasionally and annually do help offset this discrepancy though not fully.
- The promotion policy at Warid once again hinders the growth of a team environment as it is based on individual performance only.
- Retention issue at Warid is well taken care of in light of its organizational mission and objectives.

To sum it up, Warid's HR Department still has at least a step to go further to ensure an integrative linkage in strategy formulation. Most HR practices that are now well established at Warid are strategically aligned to the organizational mission and objectives, but those stemming from the Performance Appraisal and Compensation side still require strategic congruence.

Thus to conclude, Warid needs to have a strategically aligned performance appraisal system and compensation practices in order to become a true strategic partner.

Conclusion

From the analysis conducted and the conclusions drawn, it can be ascertained that although both the organizations have not yet fully achieved the strategic congruence between the HR Practices and Business Strategies, Mobilink's performance in this regard is superior to Warid's at this point in time.

This can be attributed to the fact that Mobilink over the past decade has been able to reform and improve its HR practices to ensure strategic alignment. Whereas, Warid in a short span of hardly a year since the start of its operations, has been working hard towards creating this strategic link which is visible in its recruitment and selection practices only.

Despite the fact that Warid has not achieved this strategic link, with a little effort in the right direction, Warid can achieve this very swiftly in contrast to Mobilink's decade long drive to achieve it.

Recommendations

Mobilink

Keeping in mind the Parent Company constraint, following recommendations are proposed:

- Make third party contract employee compensation equitable to the permanent Mobilink employees. The perks and benefits they are not entitled for should be incorporated in their basic salary so as to make it equitable to the final compensation package of a permanent employee for a particular grade. This will help reduce dissatisfaction among contract employees and remove most of the internal pay inequity.
- Increase the sources of recruitment to improve the quality of pool available for hiring. Mobilink should consider the following sources:
 - Regular advertisement in newspapers and periodicals for job vacancies as well as image advertising. This would not only help Mobilink reach out to potential candidates who might not be aware of the position otherwise but also help in getting applications from those candidates who otherwise might not be looking for a job but might be interested in switching jobs given a good opportunity.
 - University and Colleges: Mobilink should not rely on universities and colleges contacting them but should have their representatives present in the top universities of the country and create awareness in the graduating students of these universities and colleges. The aim is not to hire them, but to have an available pool to choose from when required. This activity should not be restricted to just two universities or just job fairs.

- Mobilink should improve its selection process to ensure hiring the right people with the right competencies. To ensure that Mobilink hires those candidates most suitable for the position and the Mobilink environment, Mobilink needs to improve the quality of both the interviews and the interviewers.

To keep the costs low, Mobilink should stick to the interview method of selection but should make the interviews more structured with the aim to assess the required qualities in a candidate. To assess qualities like leadership and team player, the questions should not only be structured but more importantly experience based. The interviewers should be given special training to assess these qualities in a candidate and to establish if the candidate is actually talking from experience or not.

- Mobilink should have a proper Training Need Assessment Mechanism in place to ascertain not only the training needs of the employees but also to see what trainings are required by the organization in light of its strategies and objectives. The employee training needs can sufficiently be addressed through the proper use of the appraisal form but HR needs to take concrete steps in order to establish whether a particular training program is in the best interest of the organization or not. For this the Training and Development function of the HR department should analyze every training program and ensure that it is aligned with the organizational strategy.
- A proper training feedback mechanism should be enforced. Employees returning from trainings should be asked for written feedback followed with an informal meeting. Periodically, the line manager should ensure that the employee is implementing the training in his everyday working and help create an environment for the employee to freely implement it. This process would also act as a low cost evaluation tool for the training program in question.

- For development, the Talent Management Program should address the issue of succession planning through collaboration with the line managers in highlighting potential leaders and then develop them accordingly. It should follow somewhat the following employee development process:

| | Self-Assessment | Reality Check | Goal Setting | Action Planning |
|---------------------------------------|-----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| <i>Employee Responsibility</i> | Identify opportunities and needs to improve | Identify what needs are realistic to develop | Identify goal and method to determine goal progress | Identify steps and time table to reach goal |
| <i>Company Responsibility</i> | Provide assessment information to identify strengths, weaknesses, interests, and values | Communicate performance evaluation; where employee fits in long-range plans of the company | Insure goal is specific, challenging, and attainable; commit to help employee reach goal | Identify resources employee needs to reach goal, including courses, work experiences, relationships |

Warid

Keeping in mind that Warid has not yet finalized its HR practices, the following recommendations are proposed:

- Revision of the Performance Appraisal Form to include behavioral aspects for employee appraisal as well. This step would ensure that the appraisal process fosters the right behaviors for the employees to exhibit. This could be incorporated using either BARS or BOS to give the form a certain level of objectivity and reduce subjectivity to a sufficient extent.

The promotions, since are based on employee performance, would now be based on not just objective results but also on the behaviors such as being a team player and having leadership qualities and thus ensure a team environment.

- The appraisal form should have a section to highlight the training and development needs of the employees. This can then act as a source of a Training Need Assessment Mechanism.
- The salary determined should not solely be on the employee credentials or negotiation power but should also have the constraint of a salary band in accordance to the employee grade level. This will help reduce the internal pay inequity to some extent.
- The incentives should be based partly on individual performance and partly on team performance. This would help foster the team environment and also prevent free riders from getting undeserving merit.

ANNEX 1

LIBERALIZATION OF TELECOM IN PAKISTAN

It is considered view around the world that liberalization of the telecom sector brings more competition and helps to create more jobs in any economy. To usher the benefits of liberalized telecom sector in Pakistan, Government of Pakistan announced deregulation policies both for cellular and fixed line in the year 2003 and PTA was made responsible to award licenses to private sector as per criteria set in the policies. A brief of these policies is given in following paragraphs:

Salient Features of the Mobile Cellular Policy

Broad based objectives to be achieved through Mobile Policy are to increase service choice for customers at affordable and competitive price, to enhance private investment in mobile sector, recognition of the rights and obligations of mobile operators, to have fair competition among mobile and fixed line operators and build regulatory structure in line with international best practices. Main features of the MOBILE CELLULAR POLICY are:

Issuance of new national, technology neutral, licenses for 15 years.

New operators to roll out coverage to at least 70% of tehsil headquarters in four years with a minimum of 10% tehsil coverage in all the provinces

PTCL to prepare all transit and tandem switches for interconnection and implementation within six months of policy notification,

PTCL to prepare 50% of Local Main Switching units for interconnection within one year

Radio spectrum would be allotted through auctioning to mobile licensees.

The mobile licensees will also pay PTA an annual license administration fee to cover the cost of regulation.

Licensee will contribute 0.5% of gross revenue minus inter-operator and PTA/FAB related payments to Research and Development Fund.

Mobile Licensee will also pay USF charge limited to 1.5% of the gross revenue minus inter-operator and PTA/FAB related mandated payments.

Salient Features of Basic Telecom Deregulation Policy

The Policy is designed to achieve the objectives of increased service choice for customers at competitive rates, increased teledensity and expanded telecommunication infrastructure to un-served and under-served areas of Pakistan. Main features of the TELECOM POLICY are:

Open and unrestricted licensing under licensing categories of

Local Loop (LL) – based on PTCL regions

Long Distance and International (LDI)

License Term - 20 years

Technology neutral

Policy review period - 5 Years

Licenses fees for both categories are

Local Loop - US \$ 10,000 (Bidding for WLL)

LDI - US \$ 500,000 (Performance Bond - US \$ 10 M)

LDI licensee will be obliged to start roll-out by building at least one point of interconnect in five PTCL regions within one year of award of license and in all 13 regions within 3 years

PTA to determine SMP in the sector and to regulate tariffs in case of evidence of unfair & burden-some pricing to consumers.

PTA to regulate PTCL's rates and services, subject to price cap regulation scheme

USF will be collected and disbursed by PTA , at maximum of 1.5% of gross revenue minus inter operator payments.

ANNEX 2

Careers at Warid

Warid Telecom backed by the Abu Dhabi consortium is one of the leading Telecom operators in Pakistan. The company started its operations in May 2005 with a work force of 1300 plus employees and 15 different divisions ranging from sales to customer services, technical and several support functions.

Warid recognizes that our greatest assets are our people. We are committed to recruiting and retaining the best individuals. This commitment is viewed as a strategic business imperative and is articulated in our vision. We have numerous programs that support this approach, including market-competitive compensation, opportunities for personal and professional growth and a team-oriented culture that encourages creativity, empowerment and entrepreneurial spirit.

Compensation and Benefits

Competitive compensation and benefits are essential to attracting and retaining the most talented people. Our philosophy is to be locally competitive on a national basis with family oriented benefits, performance-based rewards, and incentives that help foster an increased sense of ownership among our employees.

Warid is known to be one of the best pay masters in the industry based upon the candidate's experience profile. Warid believes in pay for performance and is an ideal place for people with can do attitude. Warid is continually working towards making its processes performance and cost effective and is working in line with Best Practices.

Employee Development

In a short span of 1 year since the start up in June 2004 the company has taken up initiatives of employee development and training. The company has started off with vision development exercises, team building activities, in house and external trainings as well as competence development programs and object setting exercises. The remuneration package at Warid is based on salary, benefits, performance incentives and employee value proposition.

Culture

The culture at Warid is team-oriented and entrepreneurial, encouraging employees to take greater responsibility for their careers and assignments, to grow both personally and professionally, and to contribute to the success of the company throughout their careers.

Diversity

Warid is committed to a diverse and inclusive work environment. We believe that diversity is essential to outstanding business success. As a company that has roots in Middle East & Asia competing with local, multinational and international companies we must reflect this diversity among our employees and in the ways we do business. The existing employee force of Warid has a blend of talented individuals having worked with Multinational and Local companies of reputed profiles.

Who Should Apply

Warid is a company that has built a very good reputation among subscribers and employees in a short span of time. We are looking for young, dynamic and composed individuals who believe in a can do attitude and come up with solutions instead of problems. We encourage local talent pool and believe in hiring the right people for the right job.

ANNEX 3

Survey Questionnaire

SECTION 1. ROLE OF THE CENTRAL HRM FUNCTION/DEPARTMENT

- 1.1 Does your organization have a central HRM function/Department which co-ordinates HRM activities for all functions/Departments?

Yes

No

- 1.1.1 How many staff belongs to the central HRM function/department?

Less than 20

20 – 50

50 – 100

100 or more

If available, please provide the exact number of staff. (_____ people)

- 1.2 Please select one statement which describes the relationships between central HRM function/department (A) and line managers (B) most appropriately in your organization.

(A) has a wide-range of HRM responsibilities from policy formulation to implementation. (B) should follow the very detailed guidelines and/or directions of (A) in HR management, with very little discretion or autonomy.

(A) has legal authorities for HRM policy formulation and development of new HRM systems in a wide-range of HRM areas. Under quite general policy directions of (A), (B) can enjoy a high degree of flexibility in implementing HRM policies and systems.

(A) has legal responsibilities in certain HRM areas such as those affecting costs, conduct and discipline, health and safety, and equal employment opportunities. Other than those areas, (B) has the overall responsibility of policy formulation and implementation.

(A) has a very limited authority – for example, screening candidates for senior posts, or recommending some policies to top management. (B) has the full-range of responsibility and autonomy in deciding HR policies for its own staff.

1.3 Please indicate whether your central HRM function/department is given the legal responsibility in the following HRM areas, and how important a role your central HRM function/department plays in practice?

1.3.1 HRM Policy Formulation Process

| | Responsible, and initiative role | Responsible, but not an active role | Not responsible, but important role | Not responsible, and no particular role |
|---------------------------------------------|----------------------------------------|-------------------------------------------|----------------------------------------------|--------------------------------------------------|
| Reforming existing HRM policies | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Introducing new HRM policies | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Processing HRM-related laws | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Playing a role as the organization Employer | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

1.3.2 Personnel Management

| | Responsible, and initiative role | Responsible, but not an active role | Not responsible, but important role | Not responsible, and no particular role |
|-------------------------------------------------------------------------------|----------------------------------------|-------------------------------------------|----------------------------------------------|--------------------------------------------------|
| Setting up “Manpower Planning” for the entire organization | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Determining (ceilings of) number of employees for other functions/departments | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Publicising employment opportunities for the entire organization | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| | | | | |
|-----------------------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Recruiting/selecting candidates for other functions/departments | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Moving employees from one function/department to another | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

1.3.3 Wages

| | Responsible, and initiative role | Responsible, but not an active role | Not responsible, but important role | Not responsible, and no particular role |
|-----------------------------------------------|----------------------------------|-------------------------------------|-------------------------------------|-----------------------------------------|
| Determining pay level of employees | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Negotiating with unions on wage determination | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

1.4 If your organization has experienced significant changes of the role of central HRM function/department, including creating and/or abolishing them, over the past five years, please describe what changes have been made while indicating the specific years.

SECTION 2. HRM DEVELOPMENTS DURING THE PAST FIVE YEARS (2000-2005)

This section aims to trace the major developments of HR management in the organization.

2.1 Have any of the following been introduced or significantly revised in the last five years in your organization?

| | Yes | Partly | No Reforms were already made prior to this time | No Reforms have not yet been made in this field |
|------------------------------------------------------------|--------------------------|--------------------------|-------------------------------------------------|-------------------------------------------------|
| Comprehensive HRM strategy | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Simplified (“flatter”) organisational structure | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Staffing reductions or limits to the size of the workforce | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Decentralisation or devolution of HRM | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Reform or restructuring of pay systems | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Reform of employment staffing practices | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Running cost budgets for departments | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Classification & job design systems | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Equal Employment Policies | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Performance management systems | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| | | | | |
|-----------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Assessment of managers' performance on HRM responsibilities | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Performance appraisal based on target-setting & objectives | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Formal job evaluation | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Management development or leadership development | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| More flexible working arrangements (e.g. part-time, flex-time, job sharing) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Improvements to the workplace | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Employee Surveys | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

2.1.1 If you ticked on “Yes” or “Partly” in any of above items, please elaborate specific measures taken in your organization.

2.2. In general, in the organization, have managers in line departments been given increased flexibility over the last five years in relation to any of the following HRM functions?

| | Yes | Limited | No Because we do not think that this is relevant | No Because we are not yet planning to increase flexibility |
|-------------------------------|--------------------------|--------------------------|-----------------------------------------------------|---------------------------------------------------------------|
| Organisational design | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Classification and job design | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Control of staff numbers | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Staffing practices | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| EEO policies | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Pay | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Performance management | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Training and development | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Union involvement | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

2.2.1 If you ticked on “Yes” or “Limited” in any of above items, please elaborate specific measures taken in your organization.

SECTION 3. EMPLOYEE CLASSIFICATION AND STATUS

3.1

Please provide the most typical titles of your employees, and their corresponding job classifications (or grades) according to the functional levels in a department.

| Functional level | Typical title | Classification |
|------------------|---------------|----------------|
| 1st level | | |
| 2nd level | | |
| 3rd level | | |
| 4th level | | |
| 5th level | | |

SECTION 4. RECRUITMENT AND SELECTION

4.1. Which of the following statements most appropriately describes recruitment policies of your organization

Selects a pool of candidates, and then places them in specific posts.

If this is the case, does your organization select a pool of candidates for each level (or rank) or for certain levels (or ranks)?

For each level (or rank)

For certain levels (or ranks).
Please specify the levels (or ranks)

Recruits a candidate for a specific vacancy post by post.

If this is the case, does this policy apply to all levels (or ranks) or certain levels (or ranks)?

To all levels (or ranks)

To certain levels (or ranks).
Please specify the levels (or ranks)

4.2. In your organization, who is responsible for making recruitment policies for employees, and who is responsible for recruiting potential candidates?

| | Recruitment policies | Recruiting candidates |
|-----------------------------------------|---------------------------------|---------------------------------|
| Head of Central HRM Function/Department | <input type="checkbox"/> | <input type="checkbox"/> |
| Independent body (Consultants) | <input type="checkbox"/> | <input type="checkbox"/> |
| Top Management | <input type="checkbox"/> | <input type="checkbox"/> |
| Line Managers | <input type="checkbox"/> | <input type="checkbox"/> |
| Others (please specify) | <input type="checkbox"/> () | <input type="checkbox"/> () |

4.3. Some Organizations refer to fundamental principles for recruitment, which govern the whole process of recruiting – for instance, merit-based selection, political independence, and/or open competition recruitment, etc. If your organization has such recruitment principles referred to in the regulations, please list them below, indicating the legal source.

| Recruitment principles | Legal source |
|------------------------|--------------|
| 1. | |
| 2. | |
| 3. | |
| 4. | |
| 5. | |

4.4. Recruitment procedures presumably differ depending on the hierarchical rank and requirements of the target posts for recruitment. Please describe the most typical recruitment procedure in your organization including the following steps. If available,

please indicate what percent of employees are recruited under this procedure.

publicising vacancies (or announcing recruitment plan)

screening applicants

3) selecting potential candidates

4) probationary period

5) appointing to a specific post

4.5. In the recruitment procedure described above, what means are used to assess the candidates' qualifications? Please tick all the appropriate items.

- Review of previous career
- Paper-and-pencil test
- Interview
- School records like college GPA
- Use of Assessment Centre
- Psychometric assessment

Others (Please specify)

4.6. In many organizations, some (or all) high-level and mid-level posts are filled by open competition rather than promotion or transfer within the department. Please tick to what extent the open posts apply to the specific functional levels (please refer to Question 3.1), and indicate how many posts are concerned in each level.

| Functional level | To what extent "Open Posts" apply | | | Number of "Open Posts" out of (total posts) |
|------------------|-----------------------------------|--------------------------|--------------------------|---------------------------------------------|
| | All | Partly | Nil | |
| 1st | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | () |
| 2nd | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | () |
| 3rd | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | () |
| 4th | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | () |
| 5th | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | () |

4.6.1. Please tick to what extent political appointment applies to specific functional levels, and indicate how many posts are concerned in each level.

| Functional Level | To what extent political appointment applies | | | Number of political appointment posts |
|------------------|----------------------------------------------|--------------------------|--------------------------|---------------------------------------|
| | All | Partly | Nil | |
| 1st | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| 2nd | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| 3rd | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |

4.7. In your organization's laws or regulations, is there any prescribed area for the "Open Posts" described in Question 4.6?

Yes

No

4.7.1. If yes, please provide further information

4.8. In respect of "Open Posts" what are the differences, if any, in recruitment procedures compared with the normal procedure described in Question 4.4?

4.9. Does your organization have any additional incentives for "Open Posts" compared with ordinary posts, in order to attract high-quality external experts?

Yes

No

4.9.1. If yes, please provide further information.

4.10. In the year 2004, out of the total number of vacancies for “Open Posts”, how many people were actually recruited from outside, and outside the concerned department? Please fill in the following table.

| | |
|----------------------------------------------------------|--|
| Total vacancies for the “Open Posts” in 2004 | |
| Number of people recruited from outside the organization | |
| Number of people recruited from within the organization | |
| - From a different department | |
| - From the same department | |

SECTION 5. TRAINING AND DEVELOPMENT

5.1. In your organization, who is responsible for making policies for training and development of employees, and who is responsible for training and development in practice?

| | Training policies | Training in practice |
|-----------------------------------------|--------------------------|--------------------------|
| Head of Central HRM function/department | <input type="checkbox"/> | <input type="checkbox"/> |
| Department Head | <input type="checkbox"/> | <input type="checkbox"/> |
| Top Management | <input type="checkbox"/> | <input type="checkbox"/> |

| | | |
|-------------------------------------------|---------------------------------|---------------------------------|
| Lower level of managers within Department | <input type="checkbox"/> | <input type="checkbox"/> |
| Others (please specify) | <input type="checkbox"/> () | <input type="checkbox"/> () |

5.2. To what extent does your departments rely on the following training institutes?

| | Very much | Quite a lot | Little | Rarely |
|----------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Local Training institutions | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Universities and research institutions | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Training Institutes in other cities | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Training in overseas countries | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Computer-based self-training | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

5.3. On average, how many days does an employee spend per year for his/her training and development?

- Less than 5 days
- 5 – 10 days
- 11 – 15 days
- 16 – 20 days
- More than 20 days

5.4 Does your organization have special programmes for developing future leaders?

- Yes
- No

5.4.1 If yes, please describe in detail

5.5. In recent years, attention has been given to the importance of “life-long learning” to cope with the rapid change of the administrative needs and environment. Does your organization have (or plan to have) special programmes to promote the life-long learning of employees? If yes, please provide further information.

5.6. With the rapid development of information and communications technology (ICT), have there been any new training policies which aim to improve/adapt the ICT skills of employees?

Yes

No

5.6.1. If yes, please provide further information.

5.7. Please describe where training is linked with career development of employees in terms of promotion and pay increase. An example would be attending specific training programmes/attending certain qualifications as a pre-requisite for promotion or pay increase.

5.7.1 Linkage with promotion

5.7.2 Linkage with pay increase

5.7.3 Linkage with other career development

SECTION 6. PERFORMANCE MANAGEMENT (PM)

6.1. Does your Organization have a performance management system?

- Yes
 No (Please go to Section 7)

6.2. Does your organization have a separate PM system for managers, which is different from the one for other employees?

- Yes
 No

6.2.1 If yes, please provide further information on different aspects applied only to

managers.

6.3. Could you please describe the PM procedures in detail, if possible, step by step, including objective setting, performance reviews, evaluation/assessment, and feedback to the next round, etc.?

6.3.1 Objective setting

6.3.2 Performance reviews

6.3.3 Evaluation/Assessment

6.3.4 Feedback

- 6.4. Please list the criteria used in assessing employees' performance, if appropriate, in the order of relative importance between various criteria.

| Order of importance | Evaluation criteria |
|---------------------|---------------------|
| 1. | |
| 2. | |
| 3. | |
| 4. | |
| 5. | |
| | |

- 6.5. In recent years, many organizations have tried to introduce so called 360 degree feedback in assessing individual performance, where performance appraisal is made not only by superiors, but also by lateral colleagues, and/or subordinates. Has your organization adopted such a system in your PM procedures?

- No. Performance assessment is made only by superiors.
- Partly yes. Some departments have adopted the 360° feedback system.
- Yes. All the departments adopted the 360 degree feedback system.

- 6.5.1 If you ticked "Partly Yes" or "Yes" in the above question, could you please explain your impression on its operation – i.e. does it function as well as intended? If yes, what are the positive impacts on traditional PM practices? If not, what are the perceived problems and challenges?

- Yes
- No

6.6. Does your organization have any incentives available for high-performers on the basis of performance assessments? If yes, please provide further information.

6.6.1 Please describe how your organization manages poor performers on the basis of performance assessment, including disciplinary actions, disadvantages for career development, and dismissal, if applicable.

6.7. In your PM system, to what extent are PM results linked with other HRM components? In other words, how do you use PM results for decisions on employees' promotion, transfer, training, career development, and pay? Please tick the boxes below which you deem appropriate.

| | Very much linked | Somewhat linked | Slightly linked | Not linked |
|--------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Promotion | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Transfer | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Training | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Career development | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Pay determination | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

6.8 Many organizations have made efforts to integrate individual performance with organisational level performance, for instance, by setting individual objectives in conjunction with organisational objects and/or goals. Does your organization strive to link performances at individual and organisational levels?

Yes

No

6.8.1 If yes, please provide detailed information.

SECTION 7. CHALLENGES AND PROBLEMS OF THE FUTURE

Please describe here current problems to be solved and future challenges to be coped with in the area of human resources management in your organization.

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