

A study of

**Strategic Management in PIA**

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## **HISTORY:**

Pakistan International Airlines can trace its origins to the days when Pakistan had not yet gained independence from the British Raj. On 14 August 1947, Pakistan came into being and Orient Airways started relief operations for the new country. It was the first and only Muslim owned airline in India and flew from 1947 to 1955.

As Orient Airways was a privately owned company, with limited capital and resources. It could not be expected to grow and expand independently. It was then that the Government of Pakistan decided to form a state-owned airline and invited Orient Airways to merge with it. The outcome of the merger was the birth of a new airline, through PIAC Ordinance 1955 on January 10, 1955.

## **CURRENT STATUS:**

Pakistan International Airlines formally known as PIA or Pakistan International, is the national flag carrier and a state-owned enterprise of the Government of Pakistan. Headquartered at Jinnah International Airport in Karachi it operates scheduled services to 23 domestic destinations and 30 international destinations in 27 countries across Asia, Europe and North America. Its main bases are at Karachi, Lahore and Islamabad/Rawalpindi. Secondary bases include Peshawar, Faisalabad, Quetta, Sialkot and Multan. PIA is also running its subsidiary company by the name of PIA Investment Ltd, which operates hotels in Karachi, Paris and New York.

PIA is currently going through a procedure of privatization to shift management from government to private sector.

PIA started its operations in 1964 and took off its first flight for China. PIA is also running its subsidiary company by the name of PIA Investment Ltd, which operates hotels in Karachi, Paris and New York.

## **CORPORATE MGMT**

### **Structure**

Pakistan International Airlines Corporation (PIAC) is majority owned by the Government of Pakistan (87%) while the remainder (13%) by private shareholders. The airline is under the administration of Ministry of Defense the chairman of which is the Prime Minister . The airline is managed by managing director as well as the Board of Directors. The Board consists of nine independent non-executive members and has four sub-committees: an Audit Committee, Brand and Advertising Committee, Finance Committee, and Human Resource Committee each having its own charter and chairman. The MD leads the executive management of staff who run the airline. The airline's main headquarters are located at Karachi Airport while smaller sub head offices are located in several cities within Pakistan.

## ANALYSIS

A snap shot of PIA is given in the following table.

	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2012</b>
<b>Revenue</b>	99.52 B	95.77 B	112.13 B	112.13 B
<b>Profit/(Loss)</b>	(32.22 B)	(44.53 B)	(33.1 B)	(33.1 B)
<b>Domestic Mkt Share</b>	61%	59%	76%	76%
<b>Int. Mkt Share</b>	29%	27%	33%	33%
<b>No. of Employees</b>	16243	16604	17439	17439

To evaluate where an organization stands, one possible strategy is to evaluate the performance of best players in the market. We have analyzed the performance of Emirates Airlines and compared with PIA. We have found out that there are serious issues of physical, financial, technical and human resources within PIA. In the recommendations part, we have suggested possible steps to improve the weak areas of organizational resources in order to resolve its issues and acquire excellence in business performance.

### Theoretical Lens : RESOURCE BASED VIEW

We'll try to critically evaluate the current status of resources and indicate competitive advantages and weak areas accordingly.

#### PHYSICAL RESOURCES :

Physical resources of PIA mainly comprise of air planes. Currently, PIA has 22-24 planes operational which are old and obsolete. Due to maintenance problems, flights are frequently delayed and all kinds of mismanagement happens like mishandling of customers and flight rescheduling etc. PIA is facing a major problem of fuel inefficiency due to these obsolete planes. A comparison of fuel expense of PIA and Emirates reveals that PIA is having fuel expense per revenue of 57.55%, whereas for Emirates it's 38.0%. There is a significant difference of 19.55% which turns out to be a loss of approximately Rs. 18.72 Billion annually.

Further, due to shortage of planes, PIA is not able to expand its international operations, which is causing a huge loss of revenue. Moreover, PIA is currently using more wide body planes which cost more for landing and handling domestically. Further, we have seen that progressive airlines have established their own handling units at various stations like Emirates is operating it's own handling units at Dubai and various other stations. This strategy helps airlines to reduce their handling costs, but it's a step ahead strategy and PIA is currently in a survival mode. Comparison shows that PIA is having landing & handling expenses per revenue of 15.30%, whereas for Emirates it's 7.70%. Despite the fact that landing

& handling costs are more on long routes, PIA is having more expense on short routes. So, it reveals that more operations on short routes with wide body planes are causing excessive landing & handling expenses for PIA, which turns out to be approximately Rs. 7.20 Billion annually.

### **TECHNICAL RESOURCES :**

Within technical resources, we have studied software systems being applied for ticket reservations, flight scheduling and other organizational works. It has been seen that PIA is not even adopting latest software which are assumed to be basic for any organization like ERP and SAPS system. Much of the mismanagement of PIA is due to lack in technological advancement. It has affected almost every department and made the organization unable to use its available resources in an optimum manner.

### **HUMAN RESOURCES :**

Within human resources, we have found out that PIA has sufficient capable resources to maintain and expand its operations. Whereas, comparison with Emirates reveals that revenue per employee is four times greater than that of PIA. It shows that PIA is over burdened with unnecessary employees. Further comparison of corporate expenses has revealed that PIA expense per revenue is 10.64%, whereas for Emirates, it's 2.13%. There is a significant difference of 8.51% which turns out to be a loss of approximately Rs. 7.67 Billion annually.

Excessive employees at corporate level is due to the political interference. PIA already possess valuable human resources which have been hired on permanent basis. Whereas, contract hiring have been made on political basis and in order to accommodate these hiring, permanent employees have been sent home with paid leaves. Further, PIA has staff for more than fifty air planes. Due to the maintenance problems, only 22-24 planes are operational. Organization is bearing extra costs of the staff for rest of non-operational planes. This extra cost turns out to be a loss of approximately Rs. 1.71 Billion annually.

### **FINANCIAL RESOURCES :**

Within financial resources, we have found out that PIA is facing severe scarcity of finance. Due to the deteriorating performance, financial institutions doesn't show interest for financing various projects of PIA, unless heavily paid. A recent example is the acquisition of new planes on operating lease. Brokers, financial institutions, charged heavily for providing bank guarantee against this acquisition of planes. Further, cost of capital in Pakistan is too high as compared to international interest rates. A comparison with Emirates has revealed that finance cost per revenue for PIA is 13.14%, whereas for Emirates, it's 1.46%. There is a significant difference of 11.68% which turns out to be a loss of Rs. 11.18 Billion annually.

So, we conclude that current status of resources doesn't offer any competitive advantages. Whereas, PIA is facing cumulative loss of approximately Rs. 46.48 Billion annually. Whereas, loss for 2013 was Rs. 44.53 Billion. By addressing these issues, break even stage can be achieved and organization can move a step ahead and enter into profitability stage by acquiring new planes and initiating new profitable routes.

## **MOTIVATION & OWNERSHIP**

We have selected above mentioned factors contributing towards having a valuable, rare, inimitable and sustained human capital to serve as a competitive advantage for organization.

Motivation & ownership mgmt. create corporate resources that are difficult to replicate. These resources aid the company to develop a sustainable competitive advantage. Both extrinsic and intrinsic motivation is necessary for this development.

Managing intrinsic motivation is much more demanding than managing extrinsic motivation. By its very nature, intrinsic motivation is always voluntary. To succeed, companies have to find ways of fostering and sustaining intrinsic motivation.

Factors such as Job Analysis, PMS, Justice, Psychological contract etc. play a vital role in producing a work force which is motivated and takes ownership in the organization. Such work force serves as a competitive advantage for the organization. So, this study would analyze whether HR practices in PIA are contributing towards development of such human capital or not. Accordingly, gaps would be established and recommendations would be presented.

### **Factors To Be Studied For Evaluation of Employees Motivation & Ownership Status**

- Job Analysis
- PMS
- SPMS Cycle
- T&D
- Justice
- Psychological Contract

## Job Analysis:

1. Is job analysis done in organizational context:  
Yes
2. Is scope of job evaluated:  
Yes
3. Does strategic relevance of job with organizational goals determined:  
No
4. Does inter-relationship of jobs determined:  
No
5. Does strategic picture of job reviewed in organizational context:  
No
6. What JA methods are followed:
  - a. Questionnaires, CIT, SME, Workshops  
SME
7. Does JA clearly interprets:
  - a. Primary purpose of job  
Yes
  - b. Major duties and responsibilities  
Yes
  - c. Education required  
Yes
  - d. Work experience required  
Yes
  - e. Skills required  
Yes
  - f. Leadership/supervisory responsibilities  
Yes, supervisory responsibilities.
  - g. Work complexity  
Yes
  - h. Independent judgement/problem solving requirement  
Yes
  - i. Impact of decisions of incumbent  
No
  - j. Working environment conditions  
No

- k. H&S conditions  
No
- l. Employee opinion  
No
- m. Immediate supervisor comments  
No
- n. Organizational chart depicting incumbent position linkages  
No
- o. Competencies requirement (KSAOs)  
No
- p. SME rating for each competency, KSAO, task, behavior  
No
- q. Org. resources required for job  
No
- r. Outputs required – Quantity, Quality  
Yes
- s. Match between org. factors and outputs  
No
- t. Rewards – Intrinsic, Extrinsic  
Yes

**Uses of Job Analysis:**

Is JA used for:

- 1. HRP:  
No
- 2. R&S  
Yes
- 3. Placement & Orientation  
Yes
- 4. T&D  
No
- 5. Career counseling  
No
- 6. Employee Safety



Yes

7. Performance Appraisal

Yes, goals are assessed.

8. Diff. appraisal methods for diff. workers

No

9. Job design & re-design

No

10. Job evaluation

No

11. Turnover analysis

Turnover analysis is not carried out.

12. Talent Inventory

- a. Learning ability
- b. Research analysis
- c. Innovation
- d. Human relations
- e. Spoken & written communication
- f. Training
- g. Influencing others
- h. Leadership
- i. Planning
- j. Organizing
- k. People mgmt.
- l. Financial mgmt.
- m. Execution/follow up

Talent inventory practice is not followed.

**Analysis:**

JA in PIA is outsourced to consultants. JA covers primary duties and responsibilities, education, competencies, supervisory responsibilities, work experience, SME rating for competencies and required outputs. Whereas, it ignores most of the important areas of JA like employee opinion, impact of incumbent decisions, working conditions, organizational chart and required organizational resources for required output.

JA is only carried out for R&S and other important areas are ignored like HRP, T&D, performance appraisal, job evaluation, talent inventory and turnover analysis.

JA is only carried out to establish duties and skills requirement in order to have effective recruitment to some extent. Rest of JA functions does not seem in priorities of management. Without analysis of all above mentioned factors, actual job requirements can't be established. Consequently, right person for the right job can't be marked as well.

Further, ineffectiveness of JA in HRP, T&D and turnover analysis has positioned PIA in a severe non-competitive situation. Talent inventory approach is not followed and hence, competencies and skills database of employees is not established. Without the HRP process, organization is unable to assess true potential of employees and use them effectively in suitable areas accordingly. Moreover, non-usage of JA for T&D purpose has put a question mark upon the expertise and competencies of employees. Employees are inducted in different departments after orientation, but proper T&D is not carried out in order to fill gaps between actual and required expertise and competencies. This has created severe concern about how organization would head towards optimum productivity.

Similarly, non-usage of JA for working condition and turnover also restricts organization to design jobs effectively in order to reduce the turnover and achieve employee satisfaction.

**Recommendations:**

JA should also establish JS. Required output can't be achieved without establishing a match with organizational resources. Further, it must incorporate employee opinion as job insights can be effectively achieved through it. JA should be able to establish bottleneck areas and used for effective job designing and turnover analysis as well. JA should generate gaps during placement session for an effective training of employees. It must be incorporated in appraisal process as well for an objective appraisal.

JA should generate an effective behavioral assessment which should be further used to establish talent inventory. It is a critical measure to carry out HRP and 'make' strategy.

Further, organization should consider the changing trend from 'jobs' to 'roles'. JDs should not be too narrowed. Today, team work is considered to be important which requires a range of activities, other than JDs, to be done by members. So, jobs should be designed in such a way to enable employees to play a more productive and flexible role within organization.

## **Performance Management System:**

4Rs of Strategic PMS:

### **1. Recruitment:**

- a. How organization views this process  
A routine process rather than a strategic one.
- b. Does it has predictor validity  
Its not determined at all.
- c. Is this process fair  
Yes, recruitment tests are carried out through NTS followed by interviews.
- d. Is this process courteous  
This factor is not considered in this process.
- e. Does this process provides feedback  
No, feedback is not provided at all.
- f. What policy is adopted, make or buy  
Make strategy is adopted.
- g. Whether it's a knee-jerk reaction or proper turnover analysis & HRP is carried out  
HRP is carried out up to the extent of statistics analysis of manpower.
- h. What communication modes are adopted for recruitment  
As per govt. policy, vacancies are advertised in national newspapers.
- i. Does detailed information is entailed in advertisement  
No information is entailed except company name, job title and qualification.
- j. What image building efforts are adopted by organization during recruitment process  
No efforts are made in this regards.
- k. Is employer branding concept applied in this process & how – v. imp  
No.
- l. Does active recruiting carried out for passive candidates  
No.

### **2. Retention:**

- a. Does wastage statistics analysis is carried out  
No.
- b. Does exit interviews are carried out  
No

- c. Does remuneration packages are evaluated  
To some extent
- d. Does career dev. policies are efficient  
No
- e. Does grievance handling mechanism exist  
Yes
- f. Whether equal opportunities are made available  
Yes, same rules are applicable to all employees. However, favoritism also exists.
- g. Whether jobs are designed effectively  
Yes, only up to the extent of JDs.
- h. Whether company image is worked out  
No  
This factor is absolutely ignored and it is playing a major role in demotivation of employees. No efforts are made to highlight organization's image by utilizing media.
- i. Whether leadership trainings carried out  
No
- j. Whether development of social tied focused  
No
- k. Whether effective orientation & induction carried out  
Yes
- l. Whether work-life balance evaluated  
No need
- m. Whether managers trained for an efficient supervision  
To some extent, yes

### **3. Retirement:**

- a. What retirement policies are followed

Retirement policies comprise of pension, medical & free travel passes.

### **4. Recognition & Rewards:**

Cash bonuses up to Rs. 5000/- are given to recognize employees performance. Rewards comprise of salary, medical and travel passes.

## **Analysis:**

Recruitment is not considered a strategic process in PIA. As per govt. policy, advertisement is published in national newspapers. In advertisements, just company name, post and required qualification is entailed. No other information about company, job preview and employee benefits, is provided. Theoretical tests are conducted through NTS. Qualified candidates are then interviewed by organization. No efforts have been observed to make this process courteous and to provide proper feedback to candidates.

Tests and interviews are based on JDs for technical hiring. Whereas, for general cadre, this candidates are hired in bulk and placed after necessary training. Interviews mark candidates as suitable or not, based on the weightage obtained in tests and interviews.

Successful candidates then have an orientation week in training institute Karachi and then trained afterwards before placement session.

PIA is mainly following 'make' strategy. Employees are rotated horizontally in order to have flexible work force. So, recruitment process is not a knee-jerk reaction.

Image building efforts are not seen to be adopted by PIA. Company bears a bad image and no efforts are made to improve it. Consequently, competent people would not be engaged in recruitment process as they have many other better options available.

Overall, it has been seen that organizational membership issue exists in PIA. This has further created T&D and morale issues.

Exit interview is an important source to find out reasons for turnover. However, no such practice is followed in PIA. Organization doesn't care for employees leaving and reasons behind it. Further, org. can't have job insights and information about changes required to manage turnover.

Remuneration packages are fixed as per govt. policy. However, PIA has its own pay groups. Officer's pay groups start from group-5 equivalent to grade 17 officer. Pays are revised with time but it definitely lacks comparatively with international market. Packages include salary, medical and free travel passes. Equality prevails in packages.

Career dev. policies are inefficient in PIA. There is a fixed promotion path for all employees. Promotion is held from group 5 to group 6 after two years and from group 6 to group 7 after five years. For promotions from group 7 onwards, a panel of three employees is formed comprising of two senior most employees and one star performer. So, seniority is focused more This is causing demoralized work force and performance doesn't seem to be intrinsic for promotion. This fact has effected the whole work culture of organization and business performance eventually. A pro-active T&D program, effective succession planning and leadership trainings are critical in career dev. policies. Whereas, all of these are missing in PIA.

For grievance handling, a separate department exists and complaints can be forwarded to it. After due consideration, complaints are discussed with concerned departments for resolution. So, this mechanism satisfies employees to much extent.

JA is outsourced and it's carried up to the extent of establishing JDs only. Rest all other factors are ignored like job specifications, working conditions etc. So, an ineffective job design fails to boost employee motivation and engagement.

Building company image is absolutely ignored and it is playing a major role in demotivation of employees. No efforts are made to highlight organization's image by utilizing media.

Without leadership trainings, an organization can't acquire a competent work force necessary to fill gaps and lead the organization in future. No such trainings are carried out in PIA which is a major cause of having incompetent work force not able to handle business requirements and lead in crucial times.

After bulk hiring, an orientation session is conducted in PIA training institute Karachi. Employees are briefed about the working procedures of PIA. This process updates employees about do's and don'ts of organization and is effective to much extent.

The concept that employees leave their managers is not evident in PIA. In a govt. organization, seniors can't suppress sub-ordinates much. Further, manager supervision is above average as govt. organization culture prevails in PIA.

Retirement benefits comprise of pension, medical and travel passes.

Rewards are same for all employees. The only issue is that a star performer gets the same salary as that of a below average performer which is demotivating employees.

### **Recommendations:**

The general image of PIA is not favorable and this restricts competent candidates to join this organization. During recruitment process, a favorable image of organization should be depicted in advertisements. Positive changes being carried out should be highlighted and changing nature of business should be conveyed to general public in order to attract more capable candidates. So, there is a need to focus on developing a favorable employee image.

Further, employer branding approach should be adopted. Information should be provided regarding growth opportunities, the way people are treated, work-life balance, compensation & benefits etc. Values of organization should be highlighted such as work culture, work flexibility etc. At the same time, organization must ensure that all these values are in use as well.

Moreover, there is a need to focus more on making this process courteous and fair. Proper feedback should be provided to applicants.

Exit interviews must be held in order to sort out bottlenecks within organization. This process should be highly reliable within employees and acquire their trust so that in depth and accurate information be achieved.

Bonuses should be incorporated in remuneration packages. Apart from fixed salary for all employees, bonuses must be allocated for good performers to boost their motivation and ownership. Further, promotions must be strictly based upon performance rather than seniority. Horizontal promotions and succession planning should also be carried out in order to resolve vertical promotion issues and to improve employee satisfaction and engagement.

Retirement policies should also include employee stock option scheme in order to enhance employee ownership in the organization.

As discussed in JA and T&D session, jobs should be effectively designed and employee development courses including leadership programs must be carried out in order to improve employee satisfaction.

Moreover, company image is an important factor in employee retention. Organization should focus on uplifting image and highlight positive measures taken. Positive developments being carried out regarding all aspects of business should be highlighted so that a favorable image could be depicted to employees.

## SPMS Cycle:

Whether following steps are followed or not:

### 1. Performance planning & commitment

- Goals & objectives

No.

- Determining success indicators = performance measures + performance targets

No.

### 2. Performance monitoring & coaching

- Regular monitoring & coaching

To some extent, yes – OJT

### 3. Performance review & evaluation

#### Appraisal System:

- Clarity of job objectives:

No

- Validated performance review

No step is taken to check performance validity.

- Evaluation = quarterly or yearly

Yearly

- Assessment = subjective or objective

Subjective

- Behavioral assessment

- Knowledge
- Skill
- Attitude
- Other personal attributes
- Administrative competencies
- Communication competencies
- Supervisory competencies
- Cognitive competencies

Yes



- Immediate supervisor role
- There is almost no role as appraisal is carried out by section head directly.
- Reward or TNA generation  
No.
- Assessment proof, CIT practice  
Assessment is subjective and hence, no proof.
- Consideration of applicant's point of view:  
It's not considered in appraisal process. However, employee can appeal to one rank senior to appraiser. It's management discretion to form a performance review board then.
- Consideration of working conditions:  
No

#### **4. Performance rewarding & dev. planning**

- Equity or equality  
Equality prevails as pay groups are fixed and there is no concept of rewarding star performers higher.
- TNA follow up  
There is no TNA generation in the appraisal process.

#### **Analysis:**

Specific goals and objectives are not determined. Routine job responsibilities are assigned. This practice has restricted objective judgement of employees.

Neither success indicators nor performance targets are established. This has created a situation where neither organization nor employees know how performance has been judged and why. Consequently, employees are not well motivated and engaged in their work.

Employees are judged during job performance and OJT is provided during routine work. Proper training is provided upon requirement. OJT is facilitating employee working to great extent.

Appraisal form comprises of one page. This fact tells enough about the importance and role of this process in PIA. Appraisal form covers two areas, KSAs and job performance. KSAs are assigned weightage whereas these are assessed subjectively without any proof. Job performance is also assessed subjectively. None of job objectives and performance goals are established neither validation of the process carried out. Moreover, appraisal is carried out by the sectional head and immediate supervisor has minimal role in it. The appraisal process doesn't generate any reward or TNA. No assessment proofs are established either nor applicant's point of view is incorporated.

Such appraisal system is a vague process and provides enough grounds for deteriorating performance of PIA.

**Recommendations:**

Performance should be well planned in advance so that employee can know what is required. Further, performance targets and measures should be strictly established in order to have objective assessment of employees.

Appraisal process should be objective and effective. JDs and performance goals should be fully incorporated and employee should be assessed against the same. Methods like CIT should be used in order to reduce the subjectivity of this process. Further, weightage of immediate supervisor should be more and employee opinion should also be incorporated. In case of disagreement of employee, matter should be resolved through objective discussions before finalizing appraisal. This approach would enhance employee motivation and ownership. Moreover, appraisal process should rate an employee as a star, above average, average or below average performer. On the other hand, gaps must be established during behavioral or performance assessment. TNA and reward must be generated which is the ultimate purpose of this process.

## **Training & Development:**

1. Whether training is related to employee performance & in line with organizational strategy:  
Yes, trainings are directly related to employee job.
2. What training methodologies are used:  
Training courses are held comprising of lectures and drills depending upon job nature.
3. Who does training:  
Training is carried out by, IATA professionals, consultants and experienced employees of organization, in the training institute Karachi.
4. Training, a need or reward:  
Training is carried out as a need. Before deploying to job, employee is required to have certain training. After that, OJT is carried out as per requirement.
5. Line involvement in training:  
Training courses are pre-set and designed by trainers. Line involvement has not been seen in this process.
6. Measurement of effectiveness of training:  
After training ends, test is conducted and another test is conducted after some time period in order to assess participants learning status.
7. Issue of poaching trained workers:  
This issue exists in PIA and no consideration to address it has been observed.
8. Organizational culture, corporate commitment for L&D:  
Organizational culture or corporate commitment doesn't focus L&D. Limited and only work related training is carried out and development of employees is neglected.
9. Training linkage with succession planning & work force flexibility:  
Since make policy is adopted in PIA, so critical employees are highlighted by statistics department and necessary training is carried out for their further deployment.
10. Training linkage with soft skills & quality (zero-D):  
Training is linked with quality but soft skills or behavioral development is ignored.
11. Actual design & delivery of training:  
Courses are pre-defined and cover required areas. Training institute is fully equipped and professional trainers carry out trainings.
12. TNA, pro-active approach , Talent inventory mgmt. approach:  
There is no TNA generation in appraisal process nor talent inventory is maintained. Pro-active approach is adopted up to the extent that employees are trained for any future requirement.
13. T&D practices, best practice or best fit approach:  
Best fit approach is followed. Training is directly linked with work requirements.
14. Availability of assessment centers:  
There are no assessment centers other than training institute only.

**Analysis:**

T&D of PIA employees is carried out in training institute Karachi. Whereas, this process comprises of only crucial trainings and development of employees is not carried out at all. Training is held through lectures, workshops and drills depending upon job nature. After orientation session, different departments are allocated to employees. Before placement, employees are required to complete specific training before joining. IATA professionals, outdoor consultants and experienced employees carry out these trainings.

Training need during work is mostly fulfilled by OJT. Rest, development of employees regarding soft skills is totally ignored. An interesting fact is that employees are being assessed against a set of competencies. Whereas, there is no TNA generation in the assessment process and no development plans are adopted either.

Training effectiveness is assessed by conducting tests. Other factors of assessment are ignored like employee opinion, performance assessment etc.

Pro-active training is also not carried out as, organization is not carrying out succession planning and work force flexibility approaches.

So, this practice has effected the expertise, motivation and self-esteem of PIA employees. Employees are not competent enough to play a more beneficial role for the progress of PIA. A competent and motivated work force is a major competitive advantage for any organization. Whereas, PIA clearly lacks in this regards.

**Recommendations:**

T&D in PIA needs massive improvement. In appraisal process, an employee gets through behavioral and performance assessment. Whereas, gaps are not established and TNA is not generated. Only critical trainings are provided and development of employees is ignored at all. So, after TNA generation, proper behavioral trainings should be provided to employees. Further, keeping in view succession planning and work force flexibility factors, proper designed T&D courses should be held to have a competent, up to date and flexible work force. Such a work force would serve as a major competitive advantage for PIA. Training effectiveness should also be judged by regular monitoring and assessing employee performance other than conducting tests only. Line role is critical in making training programs effective in true sense. Line buy in should be there in designing and conducting training programs. Validity of training courses should be enhanced by involving line in this process.

Further, leadership programs are crucial in order to enrich employees leading the organization in future. Moreover, in order to maximize the reach of T&D programs, online system should also be adopted so that maximum no. of employees can be engaged in this process while staying at their jobs.

So, a pro-active and valid T&D program having line support would enhance motivation and ownership of employees and get PIA in a much better competitive position.

**Justice:**

## 1. What about equity &amp; equality:

Equality culture prevails in PIA. As per govt. policy, fixed pay groups are followed. A star performer and a below average performer get same benefits. The only difference is that star performer is considered for promotion, from group 7 onwards, in a panel of two senior most employees and one star performer.

## 2. What about procedural justice:

Procedural justice prevails in PIA. All SOPs, rules and JDs are available online and applicable to all. Processes are transparent and fair.

## 3. What about interactional justice:

To much extent, yes. Employees are treated in a fair way.

## **Psychological Contract:**

1. What kind of PC is developed with employees, transactional or relational:

Long term PC is made but we can't say it relational either. Only job security makes PC relational, rest all other factors, like effective R&S, realistic job preview, TNA and follow up, effective reward system etc., are missing.

2. Are obligations made clear:

To much extent, yes. Employee duties and responsibilities are made clear in an orientation session before placement.

3. Are employees expectations properly managed:

To much extent, yes. Employees are much informed of a govt. organization working style. The only expectation is about pay and benefit which is managed by providing detailed information in offer and appointment letter. Further, employees are made clear about their duties and responsibilities in an orientation session before placement.

4. Power equation:

- a. Does evaluation of organization & employee position carried out:

No.

- b. Does evaluation of reaction stages carried out:

No.

- c. How it's managed:

No consideration has been seen to address this issue.

## **Analysis:**

In PIA, relational PC exists between organization and employees. However, this contract is not relational in its true sense. We know that a relational PC starts right from an advertisement and depends upon different stages of recruitment, job design, T&D, PMS, appraisal, justice, recognition and rewards, job security etc. It covers all those factors related to employees.

Whereas in PIA, this relational PC comprises on job security only and rest of all other factors are ignored. No efforts are made to make other factors efficient in order to follow this contract in its true sense. As we have discussed earlier that:

- Recruitment process should highlight company image and employer branding, fairness and courtesy. While these factors, contributing towards a healthy relational PC, are missing from recruitment process.

- Jobs should be designed effectively in order to have employee engagement and satisfaction. Further, appraisal process should generate TNA and rewards and employees should be rewarded and trained accordingly. Whereas, no such practice has been seen in PIA. Job design concept is not applied in its true sense and appraisal process doesn't generate TNA or rewards. Accordingly, employees are not rewarded and trained to that extent.

So, although employees join PIA keeping in mind that they would be having a life time contract but all main strengthening factors of this contract are missing.

Regarding obligations and expectations, employees are required to have a orientation session before placement. This session is quite effective for getting employees clarity about their obligations. Expectations comprise of mainly pay and benefits which are stated in the offer and appointment letter. So, obligations and expectations of employees are managed to much extent. On the other hand, a realization of organizational obligations towards employees seems nowhere. Employee matters are run in a typical and set pattern and no efforts are made to analyze employee concerns and organizational obligations.

Regarding the power equation element of psychological contract, we see that no analysis of organizational and employee concerns status is carried out. No one knows exactly where does organization lie in context of employee relationship and vice versa. In actual, employee have many concerns about their pays, career development policies, T&D, appraisal process etc. On the other hand, organization has concerns about business performance, managing bulk of permanent employees, managing paper environment, employee productivity etc. Along with these issues, organization has not been able to be in a better position relative to employee affairs.

Consequently, reaction occurs due to above mentioned factors. Evaluation of employee reaction is not carried out as well.

#### **Recommendations:**

In order to have a durable PC with employees, organization needs to streamline processes of recruitment, T&D, appraisal, PMS etc. As PC gets shaping right from the beginning, so recruitment process should be such as to highlight company image and employer branding. Fairness and courtesy should be evident in this process. Further, jobs should be effectively designed in order to have employee engagement and satisfaction.

Moreover, appraisal process should generate TNA and employees should be trained for required skills and behavioral competencies as well. Star and average performer should not get same benefits. Bonuses should be provided for star performers. Further, performance should be given more weightage, rather than seniority, for promotions.

Regarding power equation, organization should analyze its stages and evaluate its position relative to employees. Suitable measures regarding employee T&D, rewards and promotions, PMS etc. should be taken in order to achieve employees satisfaction.



**Thank You**