HRM IN THE SOUTH ASIAN CONTEXT: A COMPARISON OF HRM IN INDIA, PAKISTAN, AND SRI LANKA

Zia Ullah, Assistant Professor, University of Central Punjab, Lahore.
Email: dr.ziaullah@ucp.edu.pk
Muhammad Zeb Khan, Assistant Professor, Sarhad University of Science & IT, Peshawar. Email: zebkhan.ba@suit.edu.pk

Abstract. A recurring question in contemporary organizations is how to deal with HRM (human resource management) in the wake of globalization and an emerging knowledge economy. Many research studies have been conducted to examine the extent to which HRM practices converge and diverge in different socio-cultural contexts. National institutions and local cultures are cited as the major stumbling blocks for HRM convergence. However, it is also true that regional clusters have many things in common (cultural similarity, level of economic development, and geographical proximity etc.) make conditions that ultimately lead to isomorphism in HRM. The study in question attempts to look at the extent of convergence and divergence of HRM in India, Pakistan, and Sri Lanka that constitute one cluster. The study specifically examines various HRM practices including training, compensation, and employees’ safety in the light of recommendations of International Labor Organization (ILO). The goal of this study is to develop a model of HRM which best describes the situation in the three countries for guiding effective employment, deployment, and development of human resources.

Key Words: HRM, culture, convergence, divergence, globalization

Introduction

Though the field of human resource management (HRM) is in transition by breaking away from its micro-focused role towards a macro strategic paradigm (Khatri, Budhwar 2002), it is still in its infancy in developing countries despite its strategic importance for organizations. The current research on HRM suggest that it is moving away from its traditional role of managing routine employment activities to assuming a strategic role in formulating organization’s strategies (Budhwar 2001). The enlarged role of HRM is due to the fact that there is a positive correlation between HRM and organizational performance (Schuler, Jackson 2008) in the midst of tough competition as a result of ICT (Information and Communication Technology) revolution. The ICT revolution coupled with fading away of trade barriers have led to increase in global trade which, among other things, requires a different approach to HRM (Bondarouk, Ruël 2008). Looking at HRM from a global perspective is the domain of IHRM (International Human Resource Management) where research is driven by certain assumptions. The first assumption is that the process of globalization will ultimately bring in uniformity in HRM by integrating economies, markets, and workforce (Ferner 1994). Multinational Corporations (MNEs) are the principal players in internationalization of the world. Local organizations, out of
necessity or isomorphism, tend to adopt the HRM practices of MNEs. Contrary to the convergence thesis, there is ample evidence that contextual factors such as the level of economic development, institutional arrangement, and culture selectively allow (filtering) HRM practices to diffuse (Dowling, Schuler, Welch 1999; Tayeb 2005). According to Budhwar, Chand, and Katou (2007) and Soomro, Gilal, and Jatoi (2011), HRM practices (training, selection, career planning, employee participation, job definition, compensation, performance appraisal) were found correlated positively with the employee performance in South Asian region. Hafeez, McEvoy, Keoy, and McPherson (2008) has found that there is a large number of small firms that do not institute formal HR practices in large organizations in the region. However, according to Dessler and Tan (2006), respect for continuity in the Asian region is not a barrier to adopting modern HRM systems, rationalization and efficiency, and recognizing individual achievement for young managers.

There are eight countries (Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka) in the South Asia region. The region, though rich in natural resources, has yet to achieve the desired socio-economic development with its impact on the quality of HRM in organizations which is still in its embryonic stage (Khilji 2004). Indian managerial practices had a great impact of British corporate system for almost two hundred years (Khan, Miah, Manzoor 2014). Because of shared history and level of economic development, this paper attempts to understand the dynamics of HRM in three South Asian countries (India, Pakistan, and Sri Lanka) and develop a model which depicts the convergence/divergence phenomenon. While developing the model, the study focuses on whether or not HRM is cultural-free in this region. The study examines the impact of national culture on HRM using Hofstede’s cultural model and ILO’s policies and standards as frameworks.

Analytical Framework

Regional culture has had a significant impact on the way people manage organizations and the way employees make sense of their working environment (Abdullah, Boyle, Joham 2010). More significantly culture has an important bearing on interpersonal relations and organizational trust (Vanhalta, Ahteela 2011). To understand the extent of convergence and divergence of HRM in the three South Asian countries (India, Pakistan, and Sri Lanka), this study uses the Hofstede’s cultural dimensions as analytical framework. National culture is supposedly the most prominent, if not dominant, contextual factor which affect HR practices (Khilji 2003). Culture is the set of beliefs, values, and artifacts that create shared understanding among social actors (Schein 2010). According to Horton and Hunt (1972), culture consists of socially learned norms, values, and behavior shared by human group. The organizations, as social actors, must interact with individuals and groups in culturally acceptable ways to gain legitimacy and survival. In this study, Hofstede’s (1980) four dimensions of culture (power distance, uncertainty avoidance, masculinity versus femininity, and individualism versus collectivism) have been taken as theoretical lens for studying HRM in the three selected countries.
According to Tayeb (2005), in every culture there will always be power asymmetry due to differences in wealth, education, and social status. Orwell (1946) was of the view that all animal are equal but some are more equal than others. In high inequality cultures, people in general are afraid of those in power and they cannot express their disagreement openly. Under such circumstances, management style happens to be authoritarian and highly centralized. Uncertainty avoidance is the degree of interest in participating in decision making and risk taking. According to Hofstede (1980), in uncertainty avoidance cultures, people tend to avoid ambiguity and take personal risk for making decisions. Organizations operating in such cultures would expect employees to be more comfortable with clear directions/instructions from senior managers about performance standards (Tayeb 1988) and the organization structure will happen to be highly bureaucratic. The concept of individualism/collectivism is not straightforward. According to Hofstede (1980) individualism means selfishness and freedom whereas collectivism is about a preference for tradition and collective interests. The relationship between an organization and its employees could be placed on the individualism/collectivism continuum (Hirst, Macfarlane 1979). In individualistic culture, the relationship is contractual in nature and does not spill over to private spheres (Triandis 1995). Masculinity/femininity, according to Hofstede (1980), has to do with the gender role in society. In a masculine society, the role of male and female are strictly determined by society. It becomes rather difficult or unacceptable to change roles. According to Hofstede, (1980) there is a positive correlation between a country’s femininity score and the participation of women in higher level professional and technical jobs.

Standards of International Labor Organization

In 2001, the governing body of ILO advanced some labor standards that all signatory countries are obliged to implement. They are related to training, compensation, safety and health, and hiring.

Training

- Governments are required to develop policies for vocational training and guidance which could facilitate employment at the national level taking all the concerned parties on board. For multinational enterprises ILO provides the framework to facilitate them to pursue their training policies.

- Multinational enterprises are required to provide necessary trainings to their respective employees at all levels to enable them to effectively and efficiently dispense away their duties in the pursuance of organizational goals. These trainings should be in concord with the development policies of the host country. The trainings, in this regard, should develop generally useful skills and promote career opportunities and to enable the workforce to compete at local, national and international levels.

- MNEs working in developing countries are required to follow Convention (No. 142) and Recommendation (No. 150) for Vocational Guidance and Training in the Development of HR and collaborate with the national firms/organizations. The host governments, side by side, should encourage both the MNEs and the local
enterprises for devising programs aimed at skill formation and development.

- As MNEs have first hand experiences in efficient operation, they, with the cooperation of the national governments, should provide conducive organizational environment to the local management within their respective enterprises to broaden and enrich the experiences of the local management in relevant fields.

**Compensation**

- MNEs should not offer less favourable organizational environment which includes wages, benefits, and facilities to the locals compared to the ones offered by comparable employers in the country concerned.

- MNEs working in developing countries, in non-competitive employer circumstances, should not resort to employees’ exploitation in terms of low wages, limited and restricted organizational benefits. Rather they should honour the national labour and wages policies. No doubt the MNEs have the right to look at their respective economic positions, however, such considerations may not compromise on the level of the satisfaction of basic workers’ needs and the survival of their respective families.

- In dealing with the MNEs, national Governments in developing countries, should undertaking basic precautionary measures whereby the operations of these MCNs also benefit the less developed areas and lower income groups as much as possible.

**Safety and Health**

- National government should take upon the responsibility of making both national and multinational enterprises to comply with adequate safety and health standards for their respective employees during their operation. Governments should ratify labour related conventions like Ionizing Radiation (No. 115), Conventions on Guarding of Machinery (No. 119), Benzene (No. 136) and Occupational Cancer (No. 139). Governments should employ all efforts to honour all the principles embodied in these Conventions.

- MNEs, in conformity with the local and national culture and environment, should promote and maintain highly desirable safety and health standards by employing their relevant experience so as to ensure the protection of the environment from hazards. They should disseminate and share such standards (that they operate in developed countries) to all the stakeholders, within the countries where they operate, including the representatives of the workers in the enterprise, which they observe in other countries. And, particularly, in case of introduction of new products or services, they should make known to those concerned any concern or any special hazards and related protective measures associated with them.

- MNEs should extend cooperation to any international organization that is working for preparation, developing and adoption of universal health and safety standards.

- Besides compliance with the international safety and health standards, if needed,
MNEs in conformity with the national practices, should cooperate fully at national and local level with the relevant authorities, the organizations and their representatives to formulate and establish national and local safety and health organizations. They should assess the need if such standards relating to health and safety should be made integral part of employment agreement.

**Comparative Cultural Analysis**

This portion of the article carries the analysis of national cultures of the countries in question. Cultural dimensions developed by Hofstede (1980) have specifically been used as criteria to evaluate respective cultures of the countries under study.

**Human Resource Management in India**

Keeping the diverse and complex multicultural society consisting of numerous languages, traditions and religions in mind researchers (e.g., Tayeb 2005) are of the opinion that in a country where there is hardly a uniform national cultural, a uniform HRM is beyond rational thinking. However, contrary to them, there are many researchers (e.g. Mathur, Aycan, Kanungo 1996; Sharma 1984; Sinha 1990) do agree with the contention in spite of the exiting diversities in the national culture there are a number of characteristics that are shared by majority of Indians. They include: arranged marriages, expression of emotions, fatalism, friendliness and hospitality. Indian culture is a good example of collectivism. Some of the critical features of this collectivism is fear of people in power, large families with more dependents, obedience to superiors, submissive, friendly, informal, modest, unreserved, collectivist, undisciplined, caste-conscious and clan-oriented and law-abiding (Budhwar 2001). According to Hofstede (1980) people with low individualism give preferences to family and group attainments over their personal work outcomes. Tayeb (2005) demonstrates similar views and conceptualizes her findings regarding Indian culture as collectivism; clannish, community conscious, large in-group includes extended family, clan, and friends, but she surprisingly highlights the employee-workplace relationship as contractual, in-group does not include the workplace, low level of commitment to organizational interest and objectives. These are the indicators of individualism. Anyhow such behaviors could be attributed to low responsiveness of management in term of rewards and could be expected in collectivistic culture as well.

While analyzing management style in India, researchers (e.g., Kanungo, Mendonca 1994; Singh 1990) are of the opinion that this style is characterized by traditionalism or unwillingness towards easily opting for change, lack of initiative in problem solving, hesitation in taking drastic and quick decisions in work-related matters and an indifference to job feedback. However, Hofstede (1993), by contrast, found that Indian has a moderate uncertainty avoidance culture. In contrast most of the studies in this regard and hierarchical nature of organizations support high uncertainty avoidance attitude of employees.
Cast system which is characterized by inequality and hierarchies is deeply rooted in Indian culture. On the basis of this national culture organizational culture has been greatly influenced by it. In other words organizations are hierarchical and people employed in these organizations have majorly been found status conscious (Budhwar 2001). India’s positioning in Hofstede (1993) research as a high power distance culture that reflects the hierarchal nature of Hinduism, the early socialization process that highlights the importance of the family structure and remnants of British colonial influence. Tayeb’s (2005) study also reflects similar findings.

Another aspect of Indian culture, from Hofstede’s (1980) cultural dimensions is its low masculinity. This can be observed in the form of paternalistic management style wherein personalized relationships are preferred over a more divorced performance orientation (Jaeger, Kanungo 1990). This generates a tender-mindedness and soft work culture that is associated with a reluctance to take bold decisions and see them through to the end (Sinha 1990).

Pakistan

The major ingredients of Pakistani culture, as described by Khilji (1995), are religion, Indian origins, British legacies, and American influences. More than 96 percent of the population is Muslim (Government of Pakistan, 2006), but it has been localized due to the overshadowing impacts of other influences (Latifi 1997). Despite staunch belief of the people of Pakistan in Islam, it appears to be of least significance on organizational activities in general and HR policies and practices in particular. Collectivism, risk aversion, multi-layer organizational structures are generally prevailing in Pakistani society. Pakistani managers want to follow American management style (Zakaria, 1994). Hofstede (1980, 1993) characterizes corporate culture in Pakistan as collectivist, associative and having high uncertainty avoidance and a high power distance. Employees, in general, unquestioningly respect authority, people are integrated as cohesive groups and they are emotional. On masculinity index Pakistanis are found exactly half way i.e. possessing both masculine and feminine qualities (Hofstede 1993). However, Khilji’s (1999) research suggests that the inclination is definitely towards masculine qualities.

Organizations are formally and hierarchically structured. Consequently HR policies and practices are highly centralized. Employees have hardly any say in decision making process and have no direct access to the HR departments. Employees enjoy low autonomy thereby negatively affecting their innovative capabilities. HR policies and practices are formulated in almost isolation; employees’ feedback during the formative phase of policies is rarely sought (Khilji 2004). All these organizational aspects weaken employees’ trust level (Jamal 1998). In other words, Pakistani employees are detached from their work organization and have individualistic relationship to their workplace (Khilji 1999). There is a clear cut distinction between in-group and out-group members (Triandis 1995) and organizations in Pakistan are seen as out-group while families, and at times co-workers or managers form in-group. When there is conflict between the two, the latter is preferred over the former.

Sri Lanka
It is hard to completely separate Sri Lankan culture from Indian Subcontinent culture as the country’s people have a long shared history with the Indian Subcontinent people. The geographical location and the proximity of this country to the mainland exposed it to many different cultural influences. Despite all these objective realities, the country insularity as an island meant that its people subjectively modified those influences to create distinct traditions with its own flavor and identities (Abeysekera 2007).

As a whole, the country culture exhibits a number of Asian traits. They include similarities in family relationships and other common social interactions. However, business management style of Sri Lankan people has somewhat mix flavor of Asian traits with Western management philosophies. For example, Nanayakkara (1993) notes that many Sri Lankan managers maintain power distance of Asian trait with an individualistic cultural traits of West. They, however, tend to exhibit collective traits in family and other social interactions. It has also been observed that Sri Lankan management practices evolved from the British system prior to its political independence and has adopted mostly similar Western management practices since independence (Nanayakkara 1993). Overall, employees prefer to have planned HRM system that follows formal procedures.

In Sri Lanka femininity is not regarded as an honorable symbol (Jayawardena Seneviratne 2003). It inextricably intertwined the dominant discourses on woman in the feudalistic society (e.g., Thiruchandran 1997). Predominant texts in feudalist society such as Jatakas have had an explicit deployment to create and promote masculinity as the predominant centre in the feudal society and to paint femininity as a symbol of dishonorable.

<table>
<thead>
<tr>
<th>Selected HR Practices</th>
<th>India</th>
<th>Pakistan</th>
<th>Sri Lanka</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Training</strong></td>
<td>• Govt. has set up institutes for vocational training&lt;br&gt; • MNEs mostly provide in-house training&lt;br&gt; • Meets ILO standards</td>
<td>• Govt. has set up VTIs and TTBs to impart vocational training&lt;br&gt; • Industry provides training through SDCs.&lt;br&gt; • MNEs provide training in line with ILO requirements</td>
<td>• MNEs generally provide on-the-job training to their employees&lt;br&gt; • Govt. too provides basic skills training in various occupations as per the demands of both public and private sectors</td>
</tr>
<tr>
<td><strong>Compensation</strong></td>
<td>• Wages and other working conditions are better in MNEs than local companies</td>
<td>• MNEs provide relatively better compensation than other private organizations.&lt;br&gt; • Except for some</td>
<td>• Wages and salaries are mostly higher in MNEs than other organizations in the private sector and in govt.</td>
</tr>
<tr>
<td><strong>Collective bargaining plays vital role in wage determination</strong></td>
<td><strong>govt. organizations, the power of labor unions to negotiate wages has weakened over time.</strong></td>
<td><strong>organizations.</strong></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td><strong>Safety &amp; Health</strong></td>
<td><strong>MNEs follow the national and international laws pertaining to health and safety as well as environmental protection.</strong></td>
<td><strong>MNEs take care of their employees regarding their health and safety as compared to local organizations.</strong></td>
<td><strong>MNEs are particular about health and safety of their employees and meet the ILO requirements in this regard.</strong></td>
</tr>
</tbody>
</table>

**Discussion and Conclusion**

In the words of Tayeb (1988) culture evolves values, attitudes and meanings historically. They are, then as time passes, share with the members of a given community, and which influence their material and non-material way of life. According to this definition, a culture stems from history. Therefore, a glance at the history of these countries would be beneficial. A historical look shows substantial convergence, because of their been colonies of British Empire for about one century. This colonization is considered one of the driving forces for nurturing elitism in common society of these countries, particularly, feudalism and civil servants penchant (Khilji 2004). In practice, the law or the law-enforcing bodies protect the affluent and the powerful; the rich or powerful can commit a crime and go unpunished either through bribe or gauxi (connection) (Hussain 1999). The manifestations of elite culture are also found within the organizations in the South Asian countries. HR policies and practices favor marketing or business graduates over other employees and managers over non-managers (Khilji 1999). Salary differentials between entry-level employees and executives are as high as 800 percent; biases are reflected in various HR policies and practices (ibid.) also.

All the countries, under study, have Indian origins. Pakistan and India have been parts of United India till 1947. Sri Lankan population consists of Sinhalese migrated from North India and Tamils migrated to Sri Lanka from South India (Encarta Encyclopedia 2006). The Indian origin contributes a lot towards convergence in many aspects of life of the people of respective countries. Thus many of the prevailing customs and tradition, that form the edifice of the society, can be traced back to the Indian origins (Khilji 2004). The social set-ups in these countries are family centered and people are mostly dependent. This pattern of dependence (upon elders or seniors) pervades all human contact and people carry strong need for dependence/security. Critical analysis of the superiors’ views, independence in decision making, and disobedience, are met with disapproval. Consequently, people accept authority unquestioningly. Thus organizations in these countries, in general, are highly bureaucratized, with centralized authority, and employees have to work not to say.
ILO, as an institution, has substantial impact on HR policies and practices. ILO recommendations regarding compensation and health and safety have been observed by MNEs operating in these countries as revealed in the report (ILO)\(^1\). However, the performance of MNEs regarding training of the employees has been measured with less satisfaction in Pakistan. This is because of absence of clear rules initiated by the government to bound MNEs. The HR functions as training, compensation, and health and safety are minimal as compared to industrially developed countries. Under such situations, a modest contribution of MNEs in training, compensation and health and safety seems significant.

Finally, the study focused on the impact of national culture and one supranational institution (ILO) on certain HR practices. National culture can also be operationalized from different perspectives to evaluate its impact on HRM. ILO, too, has not inhibited itself to the above mentioned HR functions only. The implications of its recommendations on other HR functions need to be studied. There are certain other contextual factors e.g. government intervention, national institutions, economy, political culture, etc. that have definite impact on HR practices. This invites further research. It can be safely concluded that the study does indicate a significant convergence in HRM and that there have been some common cultural factors operating in these countries. Cultural uniformity among these countries plays an important role in developing a model. A model, that represents realities but at the same time it conceals realities too. So this model limits itself to indicating same cultural influences and observance of ILO recommendations regarding training compensation and health and safety in these countries. Further researches are needed to improve the strengths of the model. However, in this volatile and global world changes in all walks of life are most frequent. Under such circumstances durability of a model remains at stake.

References


