

Adaptability of SHRM in the Context of Pakistan

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ABSTRACT: *Although the concept is not new in the field of management studies, it is found in literature that an integrated framework of strategic human resource management (SHRM) is needed. Strong HR systems have been developed in Europe and America, but the success of those models in developing countries, typically in Asia and Africa and even in the developed countries of Asia like China and Japan is a big question mark for SHRM researchers. There is a dire need of contextual SHRM models based on local content, taking national culture, local institutional phenomenon, sectoral differences and local dynamic business environments as foundation for the development of HR systems to be successful in Asian countries. This paper highlights the scope of Strategic Human Resource Management (SHRM) as a field of study and research and it challenges the universalistic perspective in SHRM, while emphasizing on the contextual perspective. At the outset, this paper, categorically defines and explains the construct of SHRM and highlight the scope, theoretical foundations, origin and evolution of SHRM as a field of research and practice. And finally, the adaptability of SHRM in Pakistani organizations, based on contextual and institutional models, has been illustrated using HRM model proposed by Jackson and Schuler (1995) as a tool.*

Keywords: *SHRM, universalistic perspective, contextual perspective, theoretical foundations, institutional model, Pakistani organizations*

Although the concept is not new in the field of management studies, it is found in literature that there is a dire need of an integrated framework of strategic human resource management (SHRM) (Delery and Shaw 2001). SHRM has been defined by most researchers as the systematic effort of deployment of human resources and planned actions towards the goals and objectives of the organization (Wright and McMahan 1992; McMahan, Virick et al. 1999). SHRM research as a matter of fact has been focused on the examination of the congruence among organization wide strategies and practices, human resource management (HRM) practices, and organizational outcomes (Chadwick and Cappelli 1999; Wright and Sherman 1999). However, it has been noted that the criticism and debate in academic circles, regarding SHRM, is largely due to the absence of a strong theoretical Model in this field. A comprehensive study on the scope and impact of SHRM is much needed especially when the criticism of the deficiency in theoretical enrichment is common in literature. This paper first categorically defines and explains the construct of SHRM and secondly it highlights the scope, theoretical foundations, origin and evolution of SHRM as a field of research and practice and finally its adoptability in Pakistani organizations.

The Origin and Evolution of SHRM

SHRM has been defined by most researchers as the systematic effort of deployment of human resources and planned actions towards the goals and objectives of the organization (Wright and McMahan 1992; McMahan, Virick et al. 1999) Although the definitions of SHRM are different, but there is a likeness among authors about the basic construct of SHRM i.e., the workers are considered as human capital and SHRM is the conception as well as execution of HRM program in the quest of acquiring and maintaining the competitive advantage by effectively managing these human assets (Dulebohn, Ferris et al. 1995; Huselid, Jackson et al. 1997). There is an extensive research and discussion on the concept of SHRM in management literature. The construct of SHRM is grounded in the theoretical framework of resource based view from where it draws that the organizational assets (primarily human resources) are main source of the competitive advantage. SHRM traces its origin back in the mid of twentieth century. It finds its intellectual roots in the area of business strategy from the works of Ansoff, H. Igor, and Michael Porter.

A deeper look into the history, however, extends the roots of SHRM to the earlier twentieth century (roughly 1920-1925) where it can be traced in embryonic form changing the paradigm of HRM. The realization of workers as important organizational resources was emphasized in this new paradigm explicitly framing a holistic set of HRM practices targeted at competitive advantage

(Kaufman 2001). The journey begins with the concept of industrial relations. From industrial relation to personnel management, from personnel management to human resource management from human resource management to strategic human resource management, all are different evolutionary phases of SHRM. Although the academic presence of the construct of SHRM has been seen in the last thirty years, the concept and practice of SHRM were present in 1920s (Kaufman 2001). New perspectives are continuously being added to the available literature by scholars and researchers at different levels in the field of SHRM. A recent work proposes a categorical division in four distinctive periods of the research of SHRM (Lengnick-Hall, Lengnick-Hall et al. 2009). As a field of research SHRM emerged on the scene prominently during 1980s. First period being 1980-1990 research was primarily conceptual and theoretical in nature; strategy implementation was considered as important as strategy formulation in SHRM research; and multiple HR systems were recognized within organizations. The second period which was early 1990s introduced universalistic, configurational and contextual taxonomy. Research in this period was more refined to adopt clear perspectives and models. This period is considered a green period in the history of SHRM mainly because of its advancement in the research area. Third period 2000-2005 HR architecture were proposed by researchers supported by empirical studies and system constraints like supply chain inputs were recognized along with combinations of multiple measures of organizational effectiveness. SHRM's impact on top management teams received great interest of researchers. Fourth period, the most recent one, post 2005 the research trends are shifted towards establishing links between HR systems and performance in the field of SHRM. International HRM is working on developing economies. SHRM scholars are begging to focus more on implementation rather than formulation. Role of SHRM in knowledge-based competition is increasingly examined by researchers; and human capital issues are continuously the focus of attention of SHRM scholars. Most importantly, the work on contextual SHRM is very common in recent years (Budhwar and Debrah 2009).

Theoretical Underpinnings

Resource-Based View: Resource based view (RBV) has very strong connections with and implications for SHRM. It provides the researchers with a conceptual perspective to think in terms of internal assets (organization-specific resources) as the catalyst for long term and sustainable advantage for organizations (Barney 1986). Barney (1986) talks about the resources which have four qualities (1) those resources are rare, (2) they are not easy to imitate, (3) they are valuable for organization, and (4) they cannot be substituted. The resources which have the

above four qualities would be considered as the source of sustainable competitive advantage. It has been a matter of great debate since the advent of the concept that whether RBV is merely a tautological perspective or it is a comprehensive theory? (Barney 2001). Most of the conceptual and theoretical underpinnings of SHRM research are rooted in RBV. A number of scholars have reinforced the significance of SHRM being a potential source of a sustainable competitive advantage for any organization (Wright, McMahan et al. 1994). However, more deep insights are required into the mechanisms and patterns through which SHRM can enhance organizational effectiveness.

The Stakeholder Perspective: The stakeholder perspective gives the researchers a theoretical model which expands their capacity to more explicitly measure the effectiveness of any organization (Schuler and Jackson 1999; Freeman and McVea 2001). Open system perspective stands behind stakeholder perspective as it explains that organizations are open systems and they are dependent on internal (i.e., employees) as well as external stakeholders (i.e., customers, suppliers, government, society, owners) for the ultimate survival and growth (Freeman and McVea 2001). The stakeholders—all those entities which influence or get influenced by the organizational activities—always have some power (i.e., the control they have on the results or decisions of the organization). The level and extent of their power vary organization to organization. Therefore, organizational goals and objectives, the strategies pursued by the organization, and the criteria and measures of effectiveness used by the organization, to examine the impact of SHRM, are influenced most of the times by these power relationships among stakeholders. A multiple stakeholder approach distinguishes the vibrant and all pervasive nature of the process of strategic management (Freeman and McVea 2001). It provides a unique perspective and reinforces a strategic management structure promoting vertical and horizontal congruence.

Vertical and Horizontal Congruence: Technical HRM1, if deployed successfully, can serve as a ground work for HRM system to become capable to create value, and enhance organizational effectiveness, but it is unlikely to produce a long term and sustainable competitive advantage (Huselid, Jackson et al. 1997). In order to establish a long term competitive advantage, the deployed HRM functions need to be congruent with other organizational functions. However, it varies among researchers that to what extent both type of functions need to be congruent with each other (Becker and Gerhart 1996; Chadwick and Cappelli 1999). Scholars are of the view that the scope of SHRM and its impact on organizational effectiveness will be at optimum level when an organization effectively deploys HRM practices

that are congruent with each other and work best to draw out the outcomes in the shape of human behavior significant for the achievement of organizational aspirations and goals. Moreover, scholars believe that the impact of SHRM on organizational effectiveness may be many folded if the human capital and HRM practices deployed by the organization support its ability to deal with external and internal challenges (LengnickHall and Lengnick-Hall 1988). Vertical congruence at best refers to the extent of the consistency of SHRM with other primary organizational functions (McMahan, Virick et al. 1999). Whereas, horizontal congruence characteristically refers to the extent to which HRM practices draw out consistent behavior from the human capital of organizations.

SHRM in the Context of Pakistan

Strong HR systems have been developed in Europe and America, but the success of those models in other third world and developing countries, typically in Asia and Africa and even in the developed countries of Asia like china and Japan is a big question mark for SHRM researchers. There is a dire need of contextual SHRM models based on local content, taking national culture, local institutional phenomenon, sectoral differences and local dynamic business environments as foundation for the development of HR systems to be successful in Asian countries (Budhwar and Debrah 2009). Debate on whether to have contingent models of human Resources systems for different settings or to follow simple and unified best practices all around is very common in the literature of SHRM.

The work of Lepak and Snell (2002) concludes that different HR configurations are best suitable for different employment modes, hence reinforcing the configurational perspective (Lepak and Snell 2002). But it is still to be categorically differentiated whether having different configurations promotes the concept of contingency or it remains in the universalistic framework. Research in this area can be a useful future direction. HRM as field of study takes much from economics, business studies, organizational behavior, psychology, sociology, industrial relations and the law, and increasingly generating its own research approaches and conceptual frameworks. Still being a young field in terms of the resource enrichment, and theoretical models, much is needed especially in the direction of contextual and contingency frameworks. Level of analysis needs to be enhanced from individual and organizational to broader sectoral, national and institutional levels (Paauwe 2009). For the study of SHRM practices in the context of Pakistan, we have used the elements highlighted in the external context in HRM model proposed by Jackson and Schuler as a tool as it covers broader national and sectoral differences in any given context (Jackson and Schuler

1995). We will look at the elements of external context given in the model in Pakistani context one by one.

Laws and regulations: Labor laws of Pakistan are inherited from Indian act. The labor constitution has evolved in different phases of trial to cope up the challenges posed by socio-economic conditions. To meet these challenges, Pakistan government has launched various labor policies, right from its independence to emulate the transformations in governance from dictatorship to democracy. Labor is considered as a 'concurrent subject' under the Constitution of Pakistan federal government and provincial government both are responsible for the labor subject. However, to ensure standardization, federal government enacts the laws demanding the provincial governments to make their own rules and regulations keeping into consideration the local conditions of specific provinces. According to the labor force survey 2008-09 Pakistan has become the 10th largest nation in the world as per the total magnitude of labor force. According to participation rate of 32.8 percent, the labor force is estimated at 53.72 million². Although laws regarding workforce are available abundantly in the constitution of Pakistan, but the implementation of these laws has been a big question mark over the years. Any SHRM model developed in Pakistani context need to address the issue of implementation of the laws. And the loop wholes regarding implementation of labor laws need to be taken into consideration.

Culture: The work of Geert Hofstede (2002) is considered highly valuable and prestigious, as far as the study of cultural differences is concerned (Hofstede 1984; Hofstede 2002). Results produced by Hofstede for Pakistani culture, can be used for SHRM implications in Pakistani organizations. Pakistan scores 50 out of 100 in power distance index (PDI) which indicates that a considerable power distance prevails in Pakistani context. Therefore, the variable of power should be highlighted in the framework of SHRM proposed for Pakistani context. Pakistan scores 10/100 in individualism which means this is a highly collectivist society as opposed to US which is highly individualistic society, hence supporting the fact that any model useful in US can not necessarily be useful in Pakistan. Here frameworks should be developed taking into account the collectivism prevailing in the society. Pakistan is moderately masculine society as it scores 55/100 in this dimension, which reinforces the possibility of the acceptability of the both types of genders at workplace in turn having implications for any SHRM models to be proposed in the Pakistani context. Scoring near 70 out of 100 in the uncertainty avoidance, Pakistani society is considered to be very reluctant to adopt the innovations and change models. Hence the adoptability of SHRM has a potential threat and the phenomenon should

be treated very carefully while developing frameworks in Pakistani context. Pakistan scores almost zero in long term orientation, the society is considered to be running on ad hock basis in all walks of life and this has a strong implication for any prospective model of SHRM in Pakistani context.

Politics: Pakistani society is overwhelmed by bad politics in every walk of life, be it social or organizational life. The notion of politics is often misunderstood in Pakistan. Favoritism, corruption, hypocrisy etc. are the best suitable terms the organizational and social life in Pakistan is being defined with all over the world. People use several media to promote their selves and to endeavor their interests. Any framework of SHRM in Pakistan needs to work as an endeavor towards fair politics inside the organizations; this is how the field can be enriched in this society.

Unions: Constitution of Pakistan guarantees the right of association to all citizens³. All the individuals working in any organization or institution or industry have complete allowance of to formulate or join any union of employees, subject to the obedience of constitution. Employees as well as employers both have equal permission to set up and join alliances and amalgamations. So much so any such unions shall have the right to get associated with cross national alliances of workers' Unions. To determine the representative character of the trade union in industrial disputes and to obtain representation on committees, boards and commissions, the Industrial Relations Ordinance makes provision for the appointment of a Collective Bargaining Agent (CBA). The CBA is a registered trade union elected by secret ballot. Despite of all legal authorization by the constitution, due to the increasing trend toward privatization and the promotion and facilitation of privately owned enterprises by the Government, implementation of such trade union related legislations and the practice of trade unions across different industries is widely discouraged. Prospective SHRM frameworks should be developed after a thoughtful review of environment of trade unions in the context of Pakistan.

Labor Markets: Labor markets are dynamic in Pakistan whereas supply and demand of labor always shows a reaction to changing socio-economic environment in the country. Globalization, changes in work organization, and technological developments are the major sources of changing demands of labor. Education, training policies and individual preferences are most prominent determinants of flux in labor supply. Labor policies are devised to make sure the efficient development of labor markets in a way to generate upright work for everyone. Laws and regulations related to work environment, public works initiatives, skill building workshops and

apprenticeships, and support for social networking and communication among employees, owners and the law makers are some examples of those policies. Moreover, macroeconomic policies e.g. public expenditure policies also have significant impact on labor markets. Pakistan is largely lacking education and training set-ups primarily due to institutional meagerness which consequently affects individual priorities. Furthermore, due to immense unemployment, individual priorities are even more damaged. The situation is extensively exploited by the employers and that is the reason why they do not initiate any strategic human resource management practices especially for the acquisition of human capital. Theoretical frameworks of SHRM in Pakistan should cover this area and the facts should not be neglected during model building to make the SHRM models successful in Pakistan.

Industry Characteristics: The nature and scope of various industries in Pakistan need to be critically studied during the process of SHRM framework development. Most of the industries are in growing, if not in infancy stage, few are mature industries while others are simply in declining mode are to be more exact some industries are being swept out from Pakistan due to the influx of Chinese and other cheaper yet reliable products from different countries. Stage of any industries life cycle is very important in terms of proposing any SHRM frameworks. Different SHRM configurations will have to be adopted for different life cycle stages of industries.

Conclusion

There is an extensive research and discussion on the concept of SHRM in management literature. The construct of SHRM is grounded in the theoretical framework of resource based view from where it draws that the organizational assets (primarily human resources) are main source of the competitive advantage for organizations. New perspectives are continuously being added to the available literature by scholars and researchers at different levels in the field of SHRM. A recent work by Lengnick and Lengnick (2009) proposes a categorical division in four distinctive periods of the research of SHRM. Theoretical underpinnings of SHRM are traced in resource based view (RBV), stakeholder perspective, and horizontal and vertical congruence of HR practices. Strong HR systems have been developed in Europe and America, but the success of those models in other third world and developing countries, typically in Asia and Africa and even in the developed countries of Asia like china and Japan is a big question mark for SHRM researchers. There is a dire need of contextual SHRM models based on local content, taking national culture, local institutional phenomenon, sectoral differences into consideration. For the study of SHRM

practices in the context of Pakistan, this paper used the elements highlighted in the external context in HRM model proposed by Jackson and Schuler (1995) as a tool as it covered broader national and sectoral differences in any given context. Laws and regulations, culture, politics, unions, labor markets, and industry characteristics have been discussed in detail in the context of Pakistan. Different dynamics in all these components have been explored and suggestions have been made for the development of an indigenous model of SHRM in Pakistan.

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