



LOCAL COMPANIES UNDERPERFORM: A COMPARATIVE STUDY OF INDUSTRIES IN PAKISTAN

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ABSTRACT

The capacity of the organization to produce high-quality products at the lowest cost with the fast pace of delivery of goods and services has the potential to determine the survival, sustainability, and growth of organizations in emerging globalization and competition. The researcher has critically examined the impact of people's development, employee welfare, leadership effectiveness, and Human Resources operations effectiveness in the context of local, Multinational Companies, and public sector organizations operating in Pakistan. This research has also considered previous studies. The study results show that the sustainability and growth of organizations depend on how engaged and motivated employees the companies have to be to achieve organizational goals. MNCs invest in best talent acquisition and development, take care of employee welfare, and consistently improve the system thus sustain and grow. It was discovered that the local companies still could not shift from ownership to corporate culture and leading by "Seth" (entrepreneur mindset) lacking professional approaches. The local organizations are penny-wise, by compromising on capacity building of people, employee welfare, leadership development, and implying an efficient system. Unlike MNCs, 'Seth' companies operate with low capacity employees, disengaged workforce, ineffective leadership, and obsolete systems and suffer huge hidden productivity and efficiency losses that are never surfaced and monitored.



The data of this research was generated based on information provided by HR heads of 15 MNCs, local and public sector companies. HR experts were interviewed in focused groups and through questionnaires.

Keywords: Company performance; HR best practices; people development; employee performance; HR operations; employee welfare; productivity

1. INTRODUCTION

Organizational performance is a reflection of the productivity of members of an enterprise measured in terms of revenue, profit, growth, development, and expansion of an organization (Saasongu, 2015). Organizational performance is measured by the output of an organization, although many researchers show that Human Resources (HR) practices are effective and directly contribute to the organization's performance (Khan et al., 2019).

If the performance level of employees is low then the organizational performance is also going to be low (Sheikh & Naveed, 2016). A study conducted on 1081 managers from IT, Pharmaceutical, and banking sectors in Karachi determined the causal link between the performance of the organizations and HR practices (Ahmad et al., 2019). Human Resource operations and practices work as the backbone of any company. These practices and operations directly impact organizational performance and need to be monitored regularly (Dmour et al., 2015).

Generally, the activities of Human Resources Management (HRM) are human resource planning, job analysis, recruitment and selection, orientation and placement, training and development, performance and reward management, compensation and benefits, health, and safety (Lina et al., (2016). Human resource management is one of the most vital functions of an organization (Kakar et al., 2015). In today's world, human resource managers should always anticipate changes beforehand and reconsider the firm's strategies accordingly to make sure that the employees remain committed and motivated and keep on working to achieve the organization's goals (Abou-Moghli, 2019).

Additionally, one of the most important components of HR operations is the fair and competitive compensation and benefit system. Compensation creates an extremely positive impact on the employees of the organization (Kakar et al., 2015). Fair and just performance appraisals have a positive impact on the performance of the organization (Rana & Malik, 2017).



Researchers have examined that there is a relationship between employee compensation and their loyalty to the organization (Abou-Moghli, 2019). According to Kakar et al., (2015), the provision of compensation and benefits are very important and they create a considerable impact on the employee. On the other hand, some researches also demonstrated that incentives are not enough to keep employees motivated and satisfied.

In the hospitality industry, large hotels or luxury hotels offer employees better compensation packages as compared to smaller or local hotels (Patiar & Wang, 2020). Compensation can either reduce or improve an employee's performance and is a sign of commitment to the organization (Gupta & Shaw, 2014).

Moreover, the other most important component of HR operations is the HR system. Bhuiyan et al., (2015) explained that the human resource information system plays a vital role in the performance of the organization. If the employees are treated favorably and positively by an organization, they automatically display a positive attitude towards the organization (Caesens et al., 2017).

When the organization creates a positive bond between HR practices and employees, it helps in achieving a positive attitude of the employees towards their organization and goals (Pradhan et al., 2019). Additionally, researchers examined that the overall timely implementation of HRIS has a significant positive impact on the firm's financial performance by contributing a significant amount to business success (Bhuiyan et al., 2015).

The purpose of this study is to explore the status of implementation of HR best practices in developing countries with specific reference to MNCs, Local and Public corporations taken as a Pakistan case. The study further aims to examine the relationship of HR best practices with organizational performance. The study aims to understand the significance of HR best practices specifically for local entrepreneurs and its relation to organizational performance.

2. LITERATURE REVIEW

Four main components need to be considered by the local organizations of developing countries to excel in the performance of employees and organizations as well. The components are named as people development, Human Resources operations, employee welfare, and leadership effectiveness.



2.1. People development

Employee development is one of the most important HR practices. The term 'employee development' is also referred to as the process in which the employees undergo intensive training (Dachner et al., 2019). The prime objective of senior management's strategic decision is the development of human resources (Vetrakova et al., 2016). MNC's are more focused on the training and development of their employees.

A study conducted at Coca-Cola Kwanza Ltd revealed that there is a high production after employees are gone through a planned training schedule. Local companies don't invest in people's development thus lack employee retention and organizational performance. Small and local companies face quite a lot of difficulties when it comes to sustaining employee's motivation, their training, and at the same time maintaining high company performance.

Small or local companies fail to implement performance management systems that cause problems and difficulties in retaining employee development. Despite the huge importance of training and development, Nigerian public sector companies don't support training and development and consider it's a wastage of money to be invested in training and development (Kenny, 2019).

2.2. HR Operations

Human Resource operations and practices work as the backbone of any company. These practices and operations directly impact organizational performance and need to be monitored regularly (Dmour et al., 2015). Researchers explored in their studies that sustainable HR operations have a direct impact on customer benefits and socially sustainable operations (Longoni & Cagliano, 2016). Every organization can excel or fail because of the efficiency and effectiveness of its employees (Sirisha & Kumar, 2019).

Buil et al., (2020) mentioned in their research that a source of competitive advantage for business is the ability to attract, recruit and retain talented employees and there is no doubt in that quote. A study carried out by Mufti et al., (2016), among the Bank managers in Pakistan show that organizational growth and performance is directly impacted by the Human resource management functions and competencies.

2.3. Employee welfare

Employee social compliance (employee welfare) consists of providing benefits, pension funds, sick leaves, and insurance options to employees (Patro & Raghunath, 2018). An increase



in employees' welfare increases their motivation levels, health, and effectiveness of jobs (Sirisha & Kumar, 2019). When organizations focus on providing adequate welfare facilities to their employees, there can be an effective increase in the employee's productivity (Patro & Raghunath, 2018).

The study conducted by researchers revealed an organization that has increased the productivity of its employees by caring for their employee's welfare. The researcher also mentions that when organizations support and care for the welfare of their employees, they help to promote employee growth and resilience (Kossek & Perrigino, 2016). These measures also play a role in increasing job satisfaction (Sirisha & Kumar, 2019).

A study performed by Suparno (2015) showed that if an organization is honest with its employees, treats them with good behavior, and there is mutual respect between the employer and the employee, it improves employees' welfare. Hanaysha (2016) suggests that if the employees are engaged with their organizations, content, and passionate about their work, the results will be more productive. One of the studies concludes that 6 factors can affect employee welfare, these are factors related to personal life, culture, corporate environment, society, industrial, work facility, or location (Suparno, 2015).

2.4. Leadership Effectiveness

Saasongu (2015) defined leadership as the individual behavior to guide a group to achieve a common target. Leadership can also be defined as the process by which one person influences the thoughts, attitudes, and behavior of others (Spano-Szekely et al., 2016). Organizations align and recruit top-level executives who in turn align the managers of different levels to develop strategy, succession plans, and performance management in an effective manner which directly affects the organization's performance outcomes.

A good leader stimulates, motivates, and recognizes the employees and gets the work done effectively and positively. Jyoti & Bhau (2015) believed that such leaders encouraged employee's principles and skill development. They also enhance their motivation level by understanding their needs. Public sector leadership are strongly committed to their processes and procedures but not to their people.

They appear aloof. This method lacks the development and motivation of the employees. Sougui et al. (2015) revealed similar results, which stated that leadership style does not impact the employee as well as organizational performance meaningfully. This method is useful only when the tasks are to be done in extensive time following a declared procedure.



This type of leadership would not follow in the local sector, as they don't motivate their subordinates by exchanging rewards for performance. A study performed on Korean public organizations by using SEM and observed transformational leadership that found to increase organizational performance by reducing unethical behavior and improving organizational commitment in public agencies.

Multinational companies having a synergistic environment, the leadership style is to mobilize people towards change, building emotional bonds, and developing people for future responsibility. Some of the MNCs from emerging economies have become influential though they have had humble beginnings due to their technologies, products, and knowledge from their leaders.

3. METHODOLOGY

There are five important research approaches (i.e. narrative, ethnography, grounded theory, case study, and phenomenology) suggested by (Creswell et al., 2003). The case study approach was chosen to examine HR practices in developing countries like Pakistan. The HR elements benchmarked for feedback includes People development, HR operations, Employee welfare, and Leadership effectiveness.

The mixed-method was used for the study that consisted of the survey and focuses group for getting the feedback. A structured questionnaire was used for data collection. The responses received were reviewed by a panel of experts composed of senior HR professionals from the industry. The Likert five-point scale was used to conclude the results. The focused group interviews were conducted to validate the survey results. The participant selection strategy for this study was based on non-probability purposive sampling because it focuses on the participants who have experienced the phenomena (Creswell et al., 2003). A total of 15 companies comprised of Multinational, large public, and local SMEs have been selected.

3.1. Procedure

The data collection was performed in two phases

- **Phase one:** A structured questionnaire designed using the main objective of the study was circulated to collect the information.
- **Phase two:** focused group interviews of HR heads of participating companies were conducted. The interviews consisted of open-ended questions, conducted in a conversational style while each interview lasted between 35 to 50 minutes.



The research study was guided by the following question in the context of local, MNCs, and public limited companies in developing countries.

- a) How investing in people's development affect organizational performance?
- b) How adopting best practices in "HR operations" influence organizational productivity?
- c) What is the relationship between the effectiveness of leadership and organizational performance?
- d) How employee welfare and social compliance influence employee retention and productivity?

4. RESULTS

Table 1: Prevalence of HR Policies -Comparative Analysis across Industry

| Questionnaire | HR Functional Areas | People Development | Leadership Effectiveness | Employee welfare | Total |
|-----------------------|---------------------|--------------------|--------------------------|------------------|---------------|
| overall rating | Low 48% | Low 37% | High 89% | High 74% | Medium 61% |
| Multinational Private | Medium 60% | Low 42% | High 100% | High 84% | High 75% |
| Public Sector | Medium 68% | Medium 59% | High 95% | High 93% | High 79% |
| Private Sector | Low 30% | Low 22% | High 75% | Medium 50% | Low 36% |

The above table 1 "Prevalence of HR policies – comparative analysis across the industry" in Pakistan reveals that the leadership is the top focused area where all organizations have the system and policies (formal/informal) in place. The overall prevalence rate is 89%. MNC is more focused on leadership effectiveness with 100%, then the public sector with 95% and lastly private sector with 75%.

Employee welfare with a 74% prevalence rate has been on the second-highest prevalence score. The public sector organizations were the most compliant in this group with 93% and local private sector organizations the least employee welfare compliant organizations with a 50% score. The multinational organizations with 84%.

The least focused area has been people's development. The overall prevalence rate in this area was 37% only. The public sector organizations have shown the best score in this area of 59% while the private sector organizations have the lowest prevalence rate of 22% only. The prevalence rate in MNC is 42%.

The second least favorable area concerning prevalence has been the HR functional area with an overall prevalence rate of 48%. The least unfavorable area in this group was the private



sector local organizations with only a 30% prevalence rate. The highest score in this group was 68% in the public sector organizations while the multinational private stands at 60%.

5. DISCUSSION

5.1. Employee Development

Investment in humans is an investment in the world. Employees are the key resource or an asset of any organization (Nelissen et al., 2017). Employee development is the phenomenon of providing learning experience, the purpose of which is to seek the change in employee's skills, knowledge, attitudes, and techniques required for their performing job (Akter, 2016).

Employee development has become an essential element for the survival of any organization as Ahmad et al. (2019) study results in Pakistan have revealed that MNCs have a formal talent management process for the senior leadership team and HIPOs. The performance management system in these companies takes care of people's development needs as an integral part of the annual performance review.

The companies invest in people development and build their capacity to fuel their future strategies and achievement of strategic objectives. The researcher mentioned that MNCs are more focused on the training and development of their employees (Sheikh & Naveed, 2016). Therefore, MNC subsidiaries in Pakistan are more likely than local firms to provide training, learning, and development opportunities to their employees (Ahmad et al., 2019).

The researcher discovered that local companies with corporate setups have an annual appraisal process instead of the performance management system that only caters to rewarding goals performers and people development part is not lacking. The companies lack structured and well-defined people development strategies and systems to develop the capacity of their people to support their strategies and plans.

Leadership has little or almost no understanding of the significance of the Human Resources system and people's development needs and its impact on organizational performance. Thus, local companies lack a developed Human Resources framework and competent HR professionals are reluctant to invest in people's development. Earlier studies confirmed the findings. The researcher also described that the small and local companies face quite a lot of difficulties when it comes to sustaining employee's motivation, their training, and at the same time, maintaining high company performance (Kenny, 2019).



Public enterprises have well defined and structured Human Resources systems led by competent HR professionals. They have an appropriate performance management system in place and people's development needs are addressed. Talent Management and capacity building programs are in place. Companies invest in people development and acquiring systems. However, the impact of HR interventions on organizational performance is not significant and people development investment is not translated into business results.

The key bottleneck is the influence of political elites, personal biases, nepotism, and lack of transparency in hiring and developing the right people and placing them in the right position. The leadership role to mobilize people and lead them from the front is lacking due to the autocratic leadership style. Nigerian public sector companies do not support training and development and consider it as wastage of money to be invested in training and development (Kenny, 2019).

The above table: 1 results revealed that the least focused area has been the development of people with a maximum prevalence rate of 37% only. The public sector organizations have shown the best score in this area of 59% while the local organizations, showed a prevalence rate of 22% only. The prevalence rate in multinational 42% that shows people development has not been given priority in Pakistan and needs more focus to improve organizational performance.

According to Egbuta & Akinlabi (2019) the local companies such as the Nigerian National Petroleum Corporation (NNPC), usually do not focus on increasing the capabilities of the employees by training them. On the other hand, MNCs such as Coca Cola, have a planned calendar for the training of their employees which in return increases the productivity of the organization.

Fair performance appraisal systems in the local and MNCs are also one of the important factors for employee development and will ensure the sustainability of the employees (Rajalingam et al., 2015). Workers with a growth mind-set try their level best effort to increase productivity after receiving training, special assignment, and support for improving education by their organization (Keating & Heslin, 2015).

5.2. HR Operations

Human Resource Operations and Practices work as the backbone of any company. These practices and operations directly impact organizational performance and need to be monitored regularly (Dmour et al., 2015). Researchers explained in their study that sustainable



HR operations have a direct impact on customer benefits and socially sustainable operations (Longoni & Cagliano, 2016). Every organization can excel or fail because of the efficiency and effectiveness of its employees (Sirisha & Kumar, 2019).

Organizations in Pakistan need to implement the newest HR policies to become more competitive and produce greater results (Khan et al., 2019). The study conducted on 375 local SMEs in Pakistan determined a significant relationship between HR management practices and organizational performance (Raziq & Wiesner, 2016).

The qualitative analysis of the focused group revealed that in the MNCs both in public and private organizations, HR best practices are followed. Therefore, employees are satisfied, and also, it positively influences employee retention and company performance. Consequently, these companies are ranked as an employer of choice and attract the best talent. MNCs are mainly controlled by their parent companies. The Human resource functions in MNCs are therefore according to the international standards (Rana & Malik, 2017).

As explored by Kakar et al., (2015), the local company's corporate sector has an increasing realization of the importance of HR best practices and its influence on organizational performance. These companies are fast adopting benchmark HR practices however at a slow pace. The local entrepreneurs are reluctant to invest in developing the HR system, delegating and empowering professionals thus it negatively influences talent retention and productivity. Human resource management is one of the most vital functions of an organization. Human Resource management tools like training, proper compensation, employee welfare and empowerment, appraisals, etc. have shown to improve and increase an organization's performance as well as retention of its employees.

The large public sector enterprises follow HR best practices and invest in developing HR systems and people. These companies offer job security, a relaxed work environment, and better compensation that positively influence employee retention and loyalty with the organization. A proper HRM practice system in an organization can potentially give positive signals to its employees that are important and recognized in an organization (Aktar & Pangil, 2018). Employees' responses to HR practices include employee voice, engagement mechanism, considering the impact on employee-wellbeing and their positive effect on organization performance (Conway et al., 2016)

The HR element benchmarked for feedback on the prevalence of HR operations includes Job Analysis, Recruitment and Selection, Orientation & Placement, Performance



Management, Compensation Management, HRIS, Employee Engagement, and other functional areas. The results of the survey revealed 36% to 80% with an overall prevalence rate of 60%. The quality and pace of implementation of the HR system greatly vary from MNCs to local organizations.

All essential elements of HR function are present in almost all the organizations. However, the use of technology and management style makes a crucial difference. In the MNCs, both public and private, the system is well defined and effectively executed. The SOPs and HR policies followed in letter and spirit and compliance is up to 80%. A study conducted on 1081 managers from IT, Pharmaceutical, and banking sectors in Karachi determined the causal link between the performance of the organizations and HR practices (Ahmad et al., 2019).

In the case of local Pakistani companies directly led by entrepreneurs, the situation greatly varies with the mindset of the owner. Since the corporate values and norms are not fully developed, the implementation of the system is as low as 36%. However, these organizations are fast-changing and moving towards the corporate setup and enforcement of the HR system. The short-term priorities and financial considerations cause delays of inconsistent implementation.

The people in the organizations are focused to understand and deliver as per instructions of the owners while at times ignoring the policies and system. One of the most ignorant areas is the lack of competency-based performance management systems. The traditional appraisal system based on behavioral traits is still prevalent in small organizations. The employees having good relations and repo with the leadership and bosses get rewarded well contrary to the silent workers and contributors. The personal biases, halo and horn effect, and optics overrule the merit.

On the contrary, the multinationals and large-sized corporate public entities have a relatively better formal system of performance evaluation and reward linked with performance. However, the study revealed an emerging trend in the local entrepreneurs is to divorce the intuition-based system and adopt the corporate practices benchmarking international HR standards. This is a long journey and the main challenge is the readiness of the entrepreneurs and leadership to invest in people for long-term sustainable gains and start trusting people and systems.



A study performed in the banking sector of Pakistan also shows that there is a positive relationship between HR management practices like compensation and retention of employees and improved organizational performance. Researchers further elaborated that the telecommunication sector of Pakistan indicated the proper compensation and benefits provided by the organization help to retain employees as well as to keep them motivated, have a strong relationship and affinity with the organization (Kakar et al., 2015).

The survey results revealed an overall 48% compliance with HR functional best practices. The lowest being in local organizations with only a 30% prevalence rate. The highest score in this group was 68% in the public sector organizations while the multinational private stands at 60%. There is a correlation between the prevalence of HR functional best practices and organizational performance.

A study carried out among the bank managers in Pakistan shows that organizational growth and performance is directly impacted by the Human resource management functions and competencies (Ahmad et al., 2019). A study was conducted in the industry of Batik situated in Solo, Indonesia determined the relationship between practices of HR management such as the retention of employees, recruitment methods and relations of labor with the organizational performance (Sutanto & Kurniawan, 2016).

5.3. Employee welfare

Employee social compliance (employee welfare) consists of providing benefits, pension funds, sick leaves, and insurance, etc. options to employees. An increase in employee's welfare increases their motivation levels, health, and effectiveness of jobs (Sirisha & Kumar, 2019). The respondent pointed out that in Pakistan, there are no employment laws for corporate sector management employees.

However, organizations do follow corporate best practices within their internal policy framework. The welfare of the workers is guaranteed by labor laws that define minimum standards. While the public sector enterprises management employees are governed by company policies, their benefits are not less than guaranteed under labor laws. The study conducted by Kossek and Perrigino (2016) revealed that organizational productivity increases if the employees are well taken care of.

The study result revealed that MNCs are considered as the "Employer of Choice" in Pakistan as they ensure the welfare of their employees in terms of offering the best compensation and benefits to their employees that includes financial and non-financial



benefits. MNC's employee welfare policies are aligned with the parent company's global practices. Companies are known to take care of their employee's financial and social needs.

The companies maintain employee-centric and learning culture consequently employee retention and productivity are higher. New researches also highlight that when organizations support and care for the welfare of their employees, they help to promote employee growth and resilience (Kossek & Perrigino, 2016). These measures also play a role in increasing job satisfaction (Sirisha & Kumar, 2019).

Large-sized public sector enterprises are also considered as the best employers offering benchmark compensation and benefits. The policies are employee-centric and consequently, employees are satisfied and the retention rate is higher. Hanaysha (2016) suggests that if the employees are engaged with their organizations, content, and passionate about their work, they produce more effective results.

As per researcher, local companies both with corporate and ownership setups, have varied practices of employee compensation and benefits but not matching with MNCs or Public sector enterprises. The employee benefits policies are not employee-centric and very basic facilities such as health and terminal benefits etc; are not up to a satisfactory level. The organizational culture, empowerment, and career growth, etc. are not up to employee satisfaction.

Consequently, the employee engagement towards their job and organizational objective achievement are relatively lower with higher employee turnover rate as compared with MNCs and public sector organizations. The employees of the local companies having high potential and getting the opportunities in MNC or Public sector organizations change their jobs at the first opportunity.

The researcher also described that if an organization is honest with its employees, treats them with good behavior, and there is mutual respect among the employer and the employee, it improves employees' welfare. The people working in the local companies have a negative perception of company orientation towards their welfare thus discontent and lack of engagement with the company (Suparno, 2015).

Multinational Companies and large public sector corporations ensure social compliance, have labor unions and the collective bargaining process is effectively followed. Local companies partly comply with labor laws and avoid trade unions and the collective bargaining process is either not in place or ineffective due to pocket unions. The critical non-



compliance generally practiced in these companies is operating through third-party contract employees which have been declared as illegal and against the fundamental rights of the citizens by the superior court.

Labor laws provide minimum standards of worker's welfare however non-compliance is common. Employee welfare with a 74% prevalence rate has been on the second-highest prevalence score. The public sector organizations were the most compliant in this group with 93% and local private sector organizations the least employee welfare compliant organizations with a 50% score. The multinational organizations' prevalence range from 70 to 84%. When organizations focus on providing adequate welfare facilities to their employees it has been effective in increasing the employee's productivity (Patro & Raghunath, 2018).

Conclusively, the MNCs and public sector organizations take care of their employee's welfare; policies are employee-centric. Thus these companies are known as employers of the chosen companies that influence the performance of the organization. The local companies are not investing in employee welfare and not fully complying with local laws and as a result, employees have negative perception and talent drain is frequent. A study concludes that 6 factors can affect employee welfare. These factors are related to personal life, culture, corporate environment, society, industrial, work facility, or location that is lacking in local companies (Suparno, 2015).

5.4. Leadership effectiveness

A good leader stimulates, motivates, and recognizes the employees and gets the work done in an effective and positive manner. They also enhance their motivation level by understanding their needs (Jyoti & Bhau, 2015). The findings of this study show that the four leadership traits that are Teamwork, Open Communication, Empowerment, and Ownership for the strategic plan were identified to get the feedback.

The study results also revealed that all these leadership traits were being practiced to some extent in all organizations as, without these, the organizations cannot be driven and may decline. However, how these are being practiced and remain effective always remains a big challenge for organizations. Every organization may have its definition and interpretation which matters the most and greatly differ from organization to organization. The value creation and making differentiation by surpassing these traits speak about individual leadership's style and his vision.



The result of this research is to examine the "Prevalence of HR policies – comparative analysis across the industry" in Pakistan revealed that the leadership is the top focused area where all organizations have the system and policies (formal/informal) in place. The overall prevalence rate is 89%; the best prevalence is in the public sector organizations with a 93% score and the least score in the private sector with 50%. MNC's average rating in this area is 75%.

MNCs in Pakistan have a more formal and structured system to hire, retain, and develop country leadership. The talent management programs led by their global training and development wing regularly undertake leadership development initiatives to cater to the company's current future leadership needs that include but are not limited to succession planning for HIPOs.

The multinational organization is willing to work as per standard operation procedure (SOP) to attain the goal of the organization so they need leaders who are directive, goal-oriented, promotes creative and innovative ideas to solve problems and these were the qualities of transformational leadership (Li et al., 2019). Multinational companies use diverse mechanisms and standardized procedures to control the subsidiaries Kim et al., (2019).

Transformational leaders create a strategic vision, communicate that vision through enclosing and use of symbol, model the vision by “walking the talk” and acting Transformational leaders creates a strategic vision (Ojokuku et al., 2012)

The studies of Pakistani companies revealed that their leadership team consisted of the owners and their family members. These leaders lack formal professional training and professional grooming and use their family insight to run the business. The level of trust between the top leadership and the team lacks and strategic business decisions are made at the top without following the corporate norms and practices.

The leadership uses the autocratic style to make things happen using reward and punishment traditional means. Teamwork and open communication are encouraged, although the delegation and empowerment lack. There is no concept of leadership development and formal training thus leadership teams lack a professional approach and competence to transform the company and functions using modern management tools.

Local public organization leaders are high in dominance, self-confidence, and belief in their own values and have follower behavior. Researchers who conducted studies defined an autocratic leader as the one who controls the actions, methods, and strategies of all employees



and expects them to follow them by line. They lack faith in their employees. Autocratic leaders are typical and domineering in nature. Researchers also mention that an autocratic leader can be easier when it is compared to a chief in a military organization.

Leaders in the local organization also follow charismatic leadership style as they influence people to do things on the base of powers that is Coercive – based on punishment, Reward-Based on rewards, Legitimate –Based on a role, Expert – Based on needed knowledge, Referent – based on charisma (charisma combines power with task orientation (Igbaekemen & Odivwri, 2015).

Public sector organizations are driven by rules and organizational policies framework and all strategic decisions are goals are set at the top and communicated down the line. Empowerment is as per hierarchy and defined lines with strict compliance with no flexibility. Teamwork and communication are open and employees work in a relaxed environment. The leadership maintains a distance from various layers of managerial roles of leadership to lead involving employees and motivating them.

One example of such leadership can be leaders in the public sector are bound by rules and regulations. They function according to what is mandated by laws and regulations set by the government and conclude such a style of leadership as one of the well detailed and constructed wherein employees act according to what the rules and regulations state (Sougui et al., 2015).

6. CONCLUSION:

The findings of this study show that the sustainability and growth of organizations depend on how engaged and motivated employees the companies have to be in order to achieve organizational goals. MNCs invest in best talent acquisition and development, take care of employee welfare, and consistently improve the system thus sustain and grow. The local organizations are penny-wise, by compromising on capacity building of people, employee welfare, leadership development, and implying an efficient system.

The study results, comparative analysis of the prevalence of HR practices, perception of HR experts, and earlier research, conclusively provide a strong argument and case for action for local companies to invest in Human Capital to ensure sustainability and growth. The public sector large size enterprises have good HR systems in place, policies are an employee-centric and relaxed culture that positively impact on employee retention.



However, due to political influence in placement and promotions, lack of transparent performance-based reward and recognition system and nomination of top leadership based on affiliation compromising on competence are the bottlenecks that badly influence on the performance of the organization. Thus the study recommendations are more focused toward local companies that have the eagerness to improve and extensive potential to grow exponentially if study results are implemented.

6.1. Recommendation:

The companies should undertake the following to improve performance:

- a) Employee capacity building: The local companies are required to focus on capacity building of the employees that is only possible if they train Human Resources Professionals.
- b) Integrate people development with business objectives, invest and monitor Return on Investment (ROI) in terms of improved efficiency.
- c) Gradually separate ownership with executive management and let the professionals run the organization using management techniques.
- d) Build an engaged and motivated workforce by investing in employee welfare.
- e) Manage performance through KPIs based PMS and pay for performance.

The local organizations have tremendous potential for growth and expansion and getting the application of the recommendation and investing in people development and adopting HR best practices can help them to transform slow pace companies into high performing units.

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