

Survey

HR Trends in Pakistan's IT Industry

READING THE HR POLICY MANUAL INSIDE OUT?

By Anoosha Pervaz



Not long ago, I remember coming across the term 'Personnel Department', used as a pseudo-name for Human Resource Department' in local firms. This was so due to the limited nature of responsibilities assigned to the HR Department of a local firm as compared to a Multinational National firm. Coincidentally, conducting the survey on HR Trends in IT industry of Pakistan gave me an opportunity to learn a few other HR related facts that can be generalized within the context of the IT industry of Pakistan. However, it will be unfair to deny that an HR Department is also the most dynamic department of an organization as it's like a 'shoe that fits each organization differently'.

In a qualitative, open-ended survey, 50 senior executives were interviewed to identify the existing HR Trends in the IT industry of Pakistan. The designations included HR Heads, COOs, Directors or various software houses and eSolution providers were included. The companies ranged from Avanza Solutions, Intech Process Automation, Cure MD, and Maison Consulting to local firms like Al-Rehman Technologies, Integrated Systems Research Pvt. Ltd, Time Lee Tech and Efro-Tech to state-controlled businesses such as NESPAK. A diverse sample of respondents helped identify HR related generalizations and concerns common to all IT industry professionals handling HR-related tasks.

Here are some interesting stats and findings as per the survey we conducted:

- 43% of the software houses have a formal HR Department whereas, 57% do not ;
- 10% of the software houses are part of an HR Association on a local, or international platform as compared to 90% who are not. However, many of the latter participate in periodically convening HR forums such as CMD.
- 77% of the software houses are not affiliated with any training institute as such providing in-house training to the hired workforce. Comparatively, 23% impart training with Kalsoft, Oracle, CISCO, Mi-

crosoft and U-S-based PMI.

● When asked of the work experience gained with present employer, 43% of the respondents rated the work environment to be more flexible, 10% rated the work environment to be more procedural, 23.8% commented their existing work experience to be the first one whereas, the remaining 24% suggested other reasons such as the work environment being more friendlier or dynamic.

● When asked to compare how their employer was handling the budgetary constraints within their organization, 19% of the respondents upheld the decision-making process, 5% supported contingency planning in times of budget constraints, 10% supported better resource utilization by the current employer, whereas, the remaining 67% favored all the options including better cost allocation, resource utilization, decision-making process and contingency planning in favor of the existing employer.

● 10% of the sample respondents believed their day-to-day function to be technical, 62% believed their day-to-day input to be managerial whereas, 29% believed that their input was both technical and managerial.

● Despite of an existing economic crunch, 67% of the software houses are hiring whereas, 33% are not due to lack of vacancies.

● We asked what the desired skillset of any potential entrant was for the organization. 71% expressed the need for technical programmers, 10% expressed the need for Customer Support Staff, 5% expressed the need for Business Managers, and 14% expressed the need for specialized graduates like Engineers.

● When screening candidates, 29% consider a minimum work experience of 2 years to be deciding factor, 19% support Masters-level education, 14% support Bachelors-level education, 19% consider a combination of education and work experience, whereas another 19% have a whole different evaluation criteria. In a similar question, 43%

of the respondents chose educational degree over 38% that chose work experience and 19% that chose a combination of both plus competence and attitude, as the deciding factor when screening candidates.

● The salary slabs allotted are the least skewed for the staff and the most skewed for Customer Support Staff.

● For the technical staff, 19% suggested salary segments of less than Rs.10,000 whereas 76% of the respondent suggested salary brackets of Rs.10,000-Rs.30,000 and 5% suggested salary slabs of Rs.30,000 – Rs.60,000.

● For the Marketing or Sales staff, 14% suggested salary slabs of less than Rs.10,000, 71% suggested salary slabs of Rs.10,000 – Rs. 30,000, whereas 15% suggested salary slabs of Rs.30,000 and above.

● For Customer Support Staff, 19% suggested salary slabs of less than Rs.10,000, 57% suggested salary slabs of Rs.10,000 – Rs. 30,000, and 24% suggested salary slabs of Rs. 30,000 and above.

● With respect to the changing industry dynamics and an unpredictable impact of the global recession on the IT industry of Pakistan, 76% of the interviewed respondents have ongoing formal/informal internship programs whereas, 24% do not. In another related question, 67% of the interviewed respondents affirmed hiring of interns with their employers whereas, 33% denied it.

● For advertising vacancies, 43% of the respondents prefer online vacancy posting or online ad placement, 10% prefer ad placement in newspapers, 19% prefer word-of-mouth whereas, the remaining 29% prefer using a combination of different venues for recruitment including print, online, personal contacts, college mates, and references.

● Not surprisingly, 80% of the respondents in the IT industry use rozee.pk as a primary destination for an online head-hunter. The remaining 20% use others such as theritemoves.com, bayt.com, yahoo groups, meramus-takbil.com and LinkedIn as secondary destinations.

● Probably due to cost-effective reasons, only 14% of the respondents follow outsourcing of HR operations whereas, 86% do not.



In short, HR professionals working for the IT industry in Pakistan give priority to the technical expertise of the incumbents screening out candidates and hiring based on a combination of educational qualification, work experience and personal traits. As HR still exists informally with no real reflection on the balance sheets of the company, it is often left out of focus in local organizations. Some of the local firms run internship programs in affiliation with Pakistan Software Export Board hiring approximately 80% of the trainees. Therefore, it can be safely stated that the HR needs of the IT industry of Pakistan are tied to the technical needs of different software houses of the industry. But is it naive to state that the HR operations are carried out as per the 'rulebook' only in MNCs?

Different Rule-books for MNCs vs. Local Firms

Yes. The 'rulebook' for HR practices referenced by HR professionals affiliated with MNCs differs completely from those working with local firms. The difference exists due to disparity in the budgets allocated, salary packages, organizational norms, availability of time on-hand, and in defining job scopes.

According to Irfan Al-Rehman, CEO of Al-Rehman Technologies, "Multinational HR departments normally focus on maintaining corporate culture. Local cultures are allowed to maintain their own identity in the context of the corporate culture, establish common systems (e.g., accounting, marketing, MIS), provide management with education outlining how the company does business, create an organizational mission with input from all locations, and create a written strategy outlining the corporate culture. Whereas, local HR departments focus on hiring/firing, work relates matters, timings and general requirements of the firm."

Nevertheless, many HR professionals agree to certain assumptions that the role of HR is more strategic, organized, process-oriented and wholesome to the organizational and employee growth in an MNC as compared to a local firm. In an MNC, an entire department works together to maintain synchronization of systems and procedures followed globally. An example could be Intech Process Automation ensuring uniformity of systems and procedures followed with respect to the deployment of workforce in Nigeria and Kazakhstan.

On the other hand, local firms are less rigid allowing for

the systems and procedures to adjust to unexpected circumstances. Most commonly seen example of such as adaptation in local firms is a senior executive wearing 'different hats' at a time.

Kanwal, HR Head/Marketing Head at Secure Bytes Inc. looks at HR Operations in MNCs and local firms from a completely different standpoint. According to Ms. Kanwal, "HR practices differ from organization to organization not necessarily due to their status as a multinational or a local firm. Certain other factors that are equally important are the degree of formalization of procedures, organizational hierarchy, organizational structure (flat or tall), industry-wide regulations and other factors such as enforcement of such regulations etc." State-owned institutions can be possibly considered an exception as HR activities in state-owned institutions are merely for record-keeping purposes.

Think globally, act locally

Although, HR practices can be differentiated amongst MNCs and local firms in general, individual adaptation of HR systems in each organization is different on case-to-case basis. For instance, execution of HR systems and procedures are often more structured and thorough in local organizations as compared to MNCs as compared to widely-held perception. According to the survey, 48% of the respondents preferred internal recruitment over 23.8% preferring external recruitment while 28.2% preferred both depending on the need of the hour, cost associated with training an external resource, type of vacancy, job specification and the size of the setup. In some firms, external recruitment is often followed for non-managerial hiring and internal recruitment is preferred for succession-based hiring. Although hiring decisions primarily fall within the CEO's/MD's turf, certain organizations have handed over this responsibility to the COO/Line Manager. In others, a selection board or the entire management has to approve of the HR systems and procedures before they are adapted.

Looking Ahead...

HR activities in the software houses of Pakistan are evolving dynamically drawing upon a learning of HR systems and procedures followed in MNCs and flexing them according to their business needs and industry realities. However, in order for HR industry to grow uninterrupted, it should be handled as a revenue generating department.