

**HR Strategy Planning and Implementation Process:
A case-study of the banking sector in Pakistan**

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The candidate confirms that the work submitted is her own and that appropriate credit has been given where reference has been made to the work of others.

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Abstract

This thesis provides a multi-level investigation of human resource management (HRM) strategy planning and implementation processes, through an intensive case study of the banking sector in Pakistan. Few studies in the strategic HRM field have explored the realities and complexities of the processes through which HR policies are planned and implemented in workplaces and the role played by individual actors in the process. The novelty of the thesis lies in the consideration at a conceptual and empirical level of the role of the three main actors – leaders, HR managers and line managers - in the integration, formulation and implementation of HR strategies. Employee experiences are presented to instigate detailed accounts and tap into the top to bottom chain of HR strategy planning and implementation.

The empirical findings from qualitative interviews with leaders, HR managers, line managers and non-managers across five case study banks reveal that these processes of integration, formulation and implementation are dependent on the enactment and actualisation by the three main actors: leaders, HR managers and line managers. Data analysis reveal that if line managers are involved in the HR policy formulation process and are connected to the HR department and top management, this may result in better HR policy implementation. At a conceptual level, the thesis proposes a new 'Actor-Process Model' to understand the way these actors are involved in the process, shaped by various organisational, institutional and cultural conditions. The thesis demonstrates different scenarios and possible combinations of the links either being strong or weak and their likely impact on these three processes. It is argued that organisations must strive for a strong link between these three actors: leaders, HR managers and line managers for successful HR policy integration, formulation and implementation.

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Chapter 1: Introduction

1.1 Introduction to the Thesis

Strategic human resource management (SHRM) is of interest to both academics and practitioners. Strategic integration, detailed formulation and effective implementation of HR policies are all known to play an important role in contributing to effective organisational performance (Brewster and Larsen, 1992; Budhwar, 2000; Boxall and Purcell, 2008). Yet, there are very few studies which look in detail at the role of organisational actors in the strategic HR planning process. Thus, the thesis presents an in-depth investigation of the strategic planning and implementation processes of HR policies. The thesis looks at three particular aspects of the process: integration of HR policies with the corporate and business strategies; HR strategy formulation; and the process through which the HR policies are implemented. The main novelty of the thesis lies in its detailed consideration of leaders, human resource managers and line managers in strategic HR planning. Through an in-depth analysis of the tensions, contradictions and complementarities between these three actors in the HR planning process, the study is able to highlight specific circumstances under which leadership, HR management and line management can contribute positively to organisational outcomes. The thesis puts forward a new model for understanding the role of these three actors in the strategic planning process. The 'Actor-Process model' suggests that the process of integration, formulation and implementation of HR strategies is dependent on the way these links are contextualised by the three actors; leaders, HR managers and line managers working within particular workplaces, shaped by institutional, organisational and other cultural conditions.

Much of the literature suggests that effective management and successful policies are created through vertical and horizontal integration (i.e. integration of HR policies with the corporate plans and consistency between HR policies) and implementation of HR policies. However, the literature lacks detailed exploration of these processes and the role that the main actors - leaders, HR managers and line managers - play in the HR strategy and implementation process. There are arguments over the use of best fit

and best practice models but less is known about how HR policies are actually planned (Kim and Wright, 2011) and implemented in the workplaces and who is responsible for these. The existing literature limits the role of top managers to integration, HR managers to formulation and line managers to implementation. There is little acknowledgement that these actors work in a social process and their contextualisation of this may play an important role in shaping these processes. Scholars have called for research to focus on the macro and micro aspects such as; the formulation and implementation of these processes with an explicit focus on how specific HR policies such as recruitment and selection, training, performance appraisals are designed and employee responses to these (Paauwe, 2009; Huselid and Becker, 2011; Truss et al., 2012). Much of the research has also relied on interviews with senior managers or HR managers (Paauwe, 2009; Purcell and Hutchinson, 2007), with little attention given to the views of line managers and non-managers on the realities and contradictions of the processes. Also, HR based research has mainly been conducted in the west hence there is a need to do contextual, HR based research in the developing side of the world (Budhwar, 2012).

Thus, the thesis addresses these gaps through a qualitative study of the three core aspects of HR policy planning; corporate integration, formulation of HR policies and the implementation process with line managers. The aim of the thesis is to explore the following questions:

- 1) How are HR policies integrated with the corporate strategy and business strategy (i.e. organisation's mission and goals)
- 2) How are HR policies formulated, and what is the role of HR managers in the formulation process?
- 3) How are HR policies implemented by HR and Line Managers

Scholars have called for research to unpack and explore the complexities, tensions and complementarities of the HR processes (Gratton et al., 1999; Paauwe, 2009). Intending to bridge this gap, the thesis adopts a qualitative approach to inquiry. It is suggested that intensive inquiry will lead to the exploration of complex scenarios (Hesketh and Fleetwood, 2006). HR based research has mainly focused on interviews from single-respondents (Becker

and Gerhart, 2006). It is acknowledged that relying on single-respondents such as top managers or HR managers may fail to capture the entire account of the processes (Guest, 2011) hence, the thesis uses multiple sources of evidence to add richness to the data (Winterton and Winterton 1997). In-depth semi-structured interviews are conducted with top managers, HR managers, line managers and non-managers to tap into the realities and complexities of the processes and gain a richer, deeper understanding of these.

The thesis also adds new levels of understanding in the international human resource management literature. Whilst, India and China have gained much popularity in the past few years on research conducted by leading scholars, Pakistan remains under-explored (Chaudhary, 2013). The thesis draws comparisons between five; public, private and foreign banks in Pakistan. Guest (2011) considers the banking sector to be of importance as it is able to reflect accounts from numerous branches. Pakistan's banking sector has also gone through several reforms. Thus, through this the thesis is able to shed light on the role of various internal and external factors such as culture, context and institutional settings on the HR planning and implementation process in workplaces.

The main conceptual contribution of the thesis is in the elaboration of a new Actor-Process model of HR strategy planning and implementation. Whilst, much of the literature suggests that integration, detailed formulation and implementation are vital for the success of the strategic HR processes, the 'Actor-Process model' suggests that the contextualisation of these is dependent on the enactment by the three main actors; leaders, HR managers and line managers. The model presents three links between these actors. The first link: 'link 1' is between the leader and HR managers, the second link: 'link 2' is between HR managers and line managers and the third link: 'link 3' is between line managers and the leaders.

Figure 1: The Actor-Process Model

<u>The Actor-Process Model</u>		
Link 1	Link 2	Link 3
Leader-HR	HR-Line	Line-Leader
Strong	Strong	Strong
Strong	Strong	Weak
Strong	Weak	Strong
Weak	Strong	Strong
Strong	Weak	Weak
Weak	Strong	Weak
Weak	Weak	Strong
Weak	Weak	Weak

The main argument is that the combination of these links either being strong or weak, may lead to a possible scenario of the HR strategy planning and implementation process. The thesis presents a matrix of 8 possible scenarios with a combination of these links. For instance, a strong link 1; between the leader and HR managers may lead to corporate and business strategy integration, consideration of HR policies in the overall business plans and providing HR department with a direction to formulate HR policies. A weak link on the other hand, may signify HR feeling lost and lack of integration with HR policies. In similar fashion, a strong link 2; between HR

managers and line managers may lead to an integrative policy formulation process. This can be seen as HR managers including line manager's feedback in the HR strategy formulation process as well as providing support to line managers to implement HR policies. A weak link on the other hand may suggest lack of interaction and communication between the HR and line managers and lack of support from the HR. This may lead to frustrations and tensions on the line, which then may effect HR policy implementation. Lastly, a strong link 3; between the line and the leader may help bind managers with the organisation and its values. A strong link may imply that line managers feel connected with the leader and/or the organisational values. Literature suggests that poorly designed HR policies can be concealed by good management behaviour (Purcell and Hutchinson, 2007). This in effect, is shaped by the top management's behaviour and organisational culture. Line managers are also seen as pivotal for HR policy implementation. Thus, if this link is strong, it may lead to better implementation of HR policies and employee experiences. If this link is weak, however and line managers do not feel connected to the organisational values or the leadership, then it is likely to result in poor implementation of HR policies and negative employee experiences.

Thus, through a combination of these three links, detailed exploration and insights are presented into these scenarios of HR strategy planning and implementation processes. Through multiple-cases, the thesis is able to explore different scenarios, presenting realities, commonalities and contradictions, between the actors, their relationships and interactions with the process.

The following Chapter, two, reviews the literature surrounding Strategic HRM planning and the implementation process. The chapter first presents with the earlier developments in the field of strategic HRM. It is argued that a fit between HR strategies and business strategies can lead to competitive advantage of the firm. Little attention is, however, given to the way these policies are actually formulated or implemented. Consideration is then given to the applicability of resource-based view as the main theoretical framework in the SHRM literature. Criticisms and concerns are presented by various scholars that question the explanatory power and exploration of the strategic

HRM processes within this. Thus, the chapter examines the concept and definitions of strategic HRM and its core dimensions. There is little consensus amongst researchers over the concept and definition of strategic HRM. However, detailed analysis of the definitions suggest that this mainly consists of two core dimensions; corporate and business strategy integration of HR policies and devolution of these to the line. Furthermore, the chapter considers the HR strategy process. It is argued that coherence between vertical and horizontal integration and implementation, may lead to sustained competitive advantage for the firm. However, more emphasis is given to the processes of integration and devolution, with little attention given to the role of the actors; leaders, HR managers and line managers in these processes. Thus, the chapter explores these three processes; integration, formulation and implementation and the role of actors in this.

The literature concerning these processes contains some notable gaps and lacks detailed explorations. The literature surrounding integration of HR policies present a number of benefits associated of corporate integration with HR policies, but lacks empirical evidence of the vertical integration in practice (Farnham, 2010). Little consideration is given to the absence of vertical integration, and its consequences. The literature also focuses on this to be a top management activity, with no consideration given to the role of line managers. The literature surrounding formulation of HR policies is then considered. This mainly presents text book accounts of the tools available for strategy formulation. Much of the literature focuses on the use of best practice, contingency and configurational approaches however, less is known about how HR policies are *actually* formulated within firms. There is also little consideration given to understand how HR strategists might be engaged in the formulation process (Truss et al. 2012). Finally, the literature uncovers the implementation of HR policies with line managers. Although a lot of research has centred on the devolution of HR policies however, there is ambiguity over the role of line managers, challenges, benefits and processes that may lead to HR policy implementation. In sum, the literature review identifies some prominent gaps on these processes and the involvement of the three main actors in these. It downplays the idea that HR strategy planning is a social process and that it is likely to be complex with

interactions, contradictions and tensions between the actors that may play a vital role in these processes.

Following the literature review, Chapter three provides a contextual background on the research location – Pakistan. Scholars have suggested conducting research in different parts of the world. Specific attention has been given to the emerging and developing economies. Where, countries such as India and China have garnered most attention; Pakistan – as a ‘Next-11’ country, remains under researched (Chaudhary, 2013). Literature is presented on the unique cultural, economic and business environment of Pakistan. The chapter presents the socio-cultural and organisational context of Pakistan, which suggests that it is likely to have rigid HR policies; influenced by patriarchal approach, high power distance and high levels of bureaucracy. The banking sector context is then presented. It makes an interesting sector to study as it has gone through multiple reforms introduced by the government. Thus, this is expected to reflect and take into account institutional changes in the country and incorporate influences external factors; such as government policy changes, cultural impacts, and competition, may have on organisations. The chapter discusses the emergence of MNCs in Pakistan. Although, there is a scarcity of literature on MNC firms in Pakistan, evidence is drawn from other emerging economies to suggest that the introduction of these, have resulted in increased competition and formalisation of HR policies. Overall, then the chapter suggests that the literature on HRM in Pakistan is generally weak and hence more research is needed to fully understand the context and the impact of these on the planning and implementation processes of HR policies.

Chapter four discusses the methodological approach adopted for the thesis. The aims of the thesis are set out, followed by a methodological framework of intensive research. Philosophical paradigms explaining the ontological and epistemological assumptions are presented. Both quantitative and qualitative methods of inquiry are reviewed. The adoption of qualitative intensive research is considered necessary as the research aims to illuminate controversies, tensions, contradictions and understand the dynamic social processes. Through this discussion and the gaps identified in the HRM literature, the research design is presented based on a single-

industry and multiple case study approach. The adoption of case-study is presented, along with the introduction of the five case-study banks used in the thesis. The narrative justifies the location of the research, both in terms of the banking industry and the geographical location of Pakistan. Data collection strategy is based on semi-structured interviews consideration is given to ethnography and collection of documentary evidence. The thesis adopts a multi-level approach to conduct semi-structured interviews with top managers, HR managers, line managers and non-managers. This is novel, as the current literature lacks detailed consideration of the interaction between different levels of employees. The inclusion of multiple levels of employees also adds to the richness of data and presents the realities of the process under investigation. A detailed account is presented on the data analysis; familiarisation, transcription, and coding. Finally, the chapter discusses the data quality issues, concerning reliability, validity and generalizability.

Chapter five is the first of three empirical chapters and examines in detail the integration of HR policies with the corporate and business strategies. It firstly considers the integration of HR policies with the mission and vision of the organisations. It does this through understanding leaders' involvement in the process. It suggests how the leaders of the organisations can play an important role in setting the direction for the HR department by aligning HR policies with the mission and vision. This chapter also considers the HR policy changes due to the integration process. It then shows how the integration process may be crucially dependent on the involvement of the leadership and its relationship with HR managers. This contributes to the argument of the first link; link 1 of the actor-process model. Where much of the literature lacks explorations and explanation of the absence of the integration process and the role; other actors may play. This chapter further elaborates on the cases where such integration is missing. The lack of integration was found to be due to the lack of initiatives by the leader of the organisations. Hence, contrary to much of the literature, which suggests that integration is due to the incorporation of business plans with HR policies, the findings suggest that this process is crucially dependent on the recognition of initiatives taken by the leader. Furthermore, the chapter also elaborates

that in case of such an absence, line managers, may play an important role in providing the HR department with a direction to form HR policies.

Chapter, six, addresses the second research question which aims to understand the HR formulation process with HR managers. Huselid and Becker (2011) stress on the need to explore the designing and development of the core HR policies. Thus, the aim of the chapter is to explore the factors, realities and the role played by the actors in the policy formulation process. Much of the literature surrounding HR policy formulation presents prescriptive text-book models; there is little empirical evidence to suggest how HR policies are formulated. The chapter first presents the main factors that led to the creation of some of the policies. The chapter considers the external influences such as market competition, which led to the formalisation and development of HR policies. Furthermore, the chapter considers the development of the four core HR policies; training and development, recruitment and selection, performance evaluation, reward and retention. Through this, the chapter presents the factors considered and the development of these policies in different firms. Evidence from case-studies suggests that HR policy formulation is a complex process and present much variety in the way the policies are formulated. For instance, the local banks were found adopting an opportunistic 'follow the leader' approach. Elsewhere, dominant coalition also played an important role in the formulation of HR policies. Policies were also developed over time and considerations were given to the cultural and organisational contexts. Moreover, in some cases the policies were formed through a top-down approach, with the main link between the leader and HR managers. Elsewhere, bottom-up approach was adopted with the involvement of line managers and HR managers. This leads to the argument of link 2; and how it can contribute positively to organisational outcomes. However, in the MNC's the HR policies were sent by the group heads, with little room for the HR to manoeuvre. Overall, then the chapter suggests this to be a complex process, based on various organisational, institutional and cultural factors.

The last empirical chapter, seven, considers the implementation of HR policies: the role of line managers, and non-managers experiences. Literature surrounding the implementation of HR policies mainly relies on

interviews with the HR and line managers. However, this chapter builds on interviews with HR, line and non-managers to unravel some of the tensions and complexities of the implementation process. The chapter first considers the support provided by the HR department to line managers to implement HR policies. The chapter then explores the four core HR policies and their implementation with line managers. Through a detailed analysis of these four core HR policies, the discussion sheds light on the tensions, contradictions and the frustrations of line managers due to the lack of support by the HR department. Contrary to statements of HR managers, line managers suggested little support by the HR. This further leads to work intensification and problems on the line. This may suggest a weak link, between the HR and the line. However, analysis from the other case suggests keenness in the attitudes of line managers for HR policy implementation. Overall, line managers in this case are found more supportive of the HR function than in other banks. Detailed analysis suggests that line managers' support for the HR department may be dependant on line managers' involvement in the HR strategy formulation process and the connection between line managers and their leader and organisational values. Overall evidence from this particular case study points to a strong link between the leader/top managers and line managers as well as a link between the line and the HR. Hence, it is argued that these links: link 2; between line and HR and Link 3; between line managers' and leaders, may lead to better implementation of HR policies. The chapter also explores the employee experiences of the four core HR policies. These were generally found positive in the case where line managers were involved in the strategy formulation process and were connected with the leader. However, in the other cases, non-managers complained of line manager's bias, favouritism and work intensification. Through this, the chapter draws on the inner realities, contradictions, and tensions between these relationships and their impact on the HR policy implementation.

The last chapter presents the conclusion of the thesis. This draws together the previous chapters. The contribution to the HR strategy planning and implementation process is set out and the role of the actors in the process is made explicit. The sections in the chapter present detailed conclusions on

the three research questions posed and their contribution to the literature is set out. Taken together, the thesis suggests that the processes of HR strategy planning and implementation are dependent on the contextualisation of these by the three main actors; leaders, HR managers and line managers. Synthesising this argument, the chapter presents the 'Actor-Process' model with 8 different scenarios based on a combination of three links: link 1; between leaders and HR managers, link 2; between HR and line managers and link 3; between line managers and leaders and/or organisational values. The elaboration of these three links is presented as the main conceptual contribution of the thesis. Different scenarios are presented with the help of the case-studies adopted to argue that the processes of integration, formulation and implementation are dependent on the actualisation of these processes by the three main actors; leaders, HR managers and line managers involved in the process.

Chapter 2: Literature Review

2.1 Introduction

This chapter presents the literature review on Strategic HRM and its processes. The chapter is divided into two main sections. The first section considers the introduction of some of the earlier models in Strategic HRM. At the outset a number of definitions concerning strategic HRM are presented with key concepts introduced. The literature review starts with some of the early assumptions and developments. The chapter first examines the use of some of these models such as hard and soft models, and the resource-based view and their applicability. This is done in order to gain an understanding of the earlier developments in the field and their limitations. The second section is concerned with examining the HR strategy process. Various definitions of SHRM are examined to suggest that that corporate and business strategy integration and devolution of HR activities to the line are considered core aspects. Explicit focus is then given to the three processes; integration, formulation and implementation. Consideration is given to the role of top managers in integration, HR managers in formulation and the role of line managers in implementation, the limitations of these are discussed and gaps are highlighted.

Various scholars present a number of benefits of corporate integration, suggesting that corporate strategy integration with HR policies can lead to sustained competitive advantage to the firm. Much of the literature relies on the 'fit' or hard approach to HR policy integration with corporate plans. The literature surrounding integration, presents a linear approach to this. It is suggested that HR policies need to be perfectly aligned with the corporate goals and objectives as these will lead to better organisational performance (Truss et al., 2012). There is a scarcity of empirical evidence on the process of integration, how this takes place, and the changes due to this. There is also a lack of literature surrounding evidence based work on how corporate and business strategy integration lead to HR policy changes and who is responsible for this activity. This is followed by the literature surrounding the second research question on the formulation of HR policies with HR managers. As with integration, the literature surrounding formulation

considers this to be a logical, rational process, whilst some authors assume that there is no one best policy a firm can adopt. The Hard HRM model presents a narrow, classical approach for strategy formulation, which assumes formulation and implementation to be separate activities (Truss et al., 1997). It fails to acknowledge that HR strategy formulation is a complex process. There is little empirical evidence on the formulation of HR policies in the organisations. The HR models on formulation mainly present text-book accounts with little consideration given to the actual formulation process within firms, the factors considered and the main actors involved in this. The literature lacks detailed consideration of the formulation and development of specific HR policies. There are arguments over the use of 'best fit' and best practice', but what do organisations do, in order to formulate these HR policies? How are HR managers and top managers actually involved in the process? The literature suggests this to be a HR and top management activity, limits the role of line managers. Hence, within the HR based literature, more consideration is given to the 'top-down' approach, than the 'bottom-up' approach and empirical evidence of this.

The literature concerning the third research question; implementation of HR policies is then presented. Research presents ambiguity over the role of line managers and how line managers are engaged in the implementation of HR policies. The literature also lacks detailed analysis of core HR policies such as; recruitment, training, performance appraisals their formulation,, implementation and employee experiences. The literature misses out the tensions, contradictions and detailed analysis of the social dynamic of the process and the relationship shared between the line and the HR and the line and non-managers within this process.

Overall, the literature reflects some key gaps within these 'three research questions', Moreover, the literature surrounding these three processes of integration, formulation and implementation have categorised the role of top managers in integration, HR managers for formulation and line managers in implementation. There is little mention of these three actors working together in this complex social process. The literature surrounding strategic HRM also ignores some of the complexities, internal and external links, factors of

dominant coalition, and the relationship between the three core actors; leaders, HR managers and line managers.

2.2 Foundations of Strategic HRM

The aim of the thesis is to understand the HR strategic planning and implementation process. The thesis does so by assessing the corporate and business strategy integration with HR policies, HR strategy formulation and the processes through which these policies are implemented.

Firstly, in order to assess these three processes, it is important to understand the early developments and prevalent models in the Strategic HRM literature. Early developments in the field of HRM evolved from the United States in the 1960s when HRM was interchangeably used with the term 'personnel management' (Truss et al., 2012). The transition from personnel management to HRM from the 1980s onwards reflected the growing trend of HRM and performance studies that present with various ways and policies to effectively manage the human resources of an organisation. The last two decades centre on the role that people play in the success of businesses, with a growing view that organisational capability is dependent of successful management of people (Gratton et al., 1999). Earlier debates on both sides of the Atlantic centred on several areas addressing debates drawing distinctions between personnel management and HRM (Legge, 1989; Lundy, 1994), incorporation of industrial relations to HRM, examining relationships between business strategies and HRM, and examining the extend of HRM's contribution towards the competitive advantage of organisations (e.g. Barney, 1991; Tayeb, 1995). More attention was given to the integration and fit between corporate strategies and HR policies with less emphasis on the *actual* HR policy formulation processes and how these were implemented (Truss et al., 2012).

The first developmental phase in the field is from Fombrun et al (1984). They presented the *Michigan Matching Model* which highlighted the 'resource' aspect of HRM, emphasising that '*human resource*' like any other resource should be utilised effectively to meet organisational objectives. This means that the human resource just like any other resource has to be sourced as

cheaply as possible, developed and exploited to their full extent (Sparrow and Hiltrop, 1994). This model is also referred to as the 'Hard model' stressing on 'the quantitative, calculative and business-strategic aspects of managing the "headcount resource" in as "rational" a way as for any other factor of production' (Storey 1992, p.29). Fombrun and colleagues explained a HRM cycle consisting of selection, development, appraisal, and reward to be a correct match between HRM and business strategy.

This hard HRM model presents a narrow, classical approach for strategy formulation, which assumes formulation and implementation as separate activities (Truss et al., 1997). It fails to acknowledge that the HR strategy formulation is a complex process. It presents a linear approach to strategic integration of HR policies and considers that these should be perfectly aligned with the corporate goals and objectives and should be aimed at improving performance (Truss et al., 2012). Where, the HR policies and practices are aligned to the strategic objectives of the organisation referred to as 'external fit' and consistent with each other 'internal fit' (Hendry and Pettigrew, 1986). This paved way for the 'strategic-fit' or 'contingency models' in SHRM. It was argued that a 'fit' between the corporate and business plans and HR policies, is most important for organisational effectiveness (Boxall and Purcell, 2008). The matching model is also criticised for being prescriptive, with emphasis on 'tight fit' between organisational strategy and HR strategy and for missing the human aspect of human resources (Guest, 1987; Legge, 1995). But it provides an initial framework for theoretical development in the SHRM field.

The second influential study is the Harvard Framework (Beer et al., 1984). The Harvard model works as a strategic map to provide a guide to managers in their relations with employees. Compared to the Michigan model, this is a 'soft variant' (Legge, 1995; Truss et al., 1997). It focuses on the 'human side', focusing on employee commitment rather than control (Wall and Wood, 2005). It is also concerned with the employer-employee relationship. The Michigan model takes into account the interest of different stakeholders for instance, trade unions, shareholders, management, employee groups, government, community and union and how their interests are linked to the management objectives (Budhwar and Debrah, 2001; Truss et al., 2012).

Where the earlier model emphasised control and a 'fit' between corporate and business plans, this model was based on the commitment side emphasising that policies can be implemented with a better 'employer-employee' relationship. The model also takes into consideration the societal context, so in effect, it does not advocate 'one-best way' of managing people but instead a map of the HRM terrain (Truss et al., 2012). Hence, it suggested that policies can be formulated keeping in mind the 'employee' perspective as well as matching or fitting with the corporate or business strategy.

The second developmental phase is from the 'resource based view' (RBV). Academics are of the view that 'the resource based view' has become a dominant theoretical framework in the field of SHRM (Boxall and Purcell, 2008; Marchington and Wilkinson, 2005; Paauwe and Boselie, 2003; Truss et al., 2012) 'on how human resources and related HR practices can have an effect of firm performance' (Paauwe and Boselie, 2003 p. 56). The resource-based view of the firm provides a paradigm shift in SHRM, by having a focus on the internal resources of the firm, rather than analysing the performance in terms of the external context, i.e. an inside-out rather than an 'outside-in' approach (Golding, 2004). Hence, the focus is on given on gaining sustainable competitive advantage by utilising firm's unique internal resources effectively and efficiently (Barney, 1991). Although there can be multiple and varied resources available to the firm, researchers emphasise that a resource must meet four requirements in order to generate sustained competitive advantage for the firm (e.g. Barney, 1991; Boxall, 1998; Snell, Youndt & Wright, 1996). Weight et al., (1994) argues that the resource must meet the criteria of inimitability (not easily replicable by competitors), value (i.e. they contribute to the efficiency or effectiveness of a firm), non-substitutability (unique and substitutable resource) and rarity (not widely available).

Scholars argue that the 'human resource', constitutes a strong source of sustained competitive advantage, provided the firm is organised to exploit it (Youndt, Snell, Dean and Lepak, 1996; Becker and Gerhart, 1996). Further to this, Delery and Shaw (2001) argue that RBV places emphasis on the role of HR in securing firm competitive advantage and acknowledges the

complexity of the HR system. As organisations evolve, they pick up skills, competencies, abilities and resources that are unique to them; this reflects their particular path through history (Barney, 1995). Hence, a firm's human resources i.e. employees are specifically trained, specific to its organisation's culture and network (Paauwe and Boselie, 2003). The formation of human resources and their competencies thus can be subject to numerous decisions and events that lead to the formulation of specific capability that leads to competitive advantage.

The resource based view is criticised for lack of theoretical modelling and lack of predicting the performance of firms over time (Truss et al., 2012). It is also criticised for ignoring the role of the external environment which is vital for a firm's functioning (Oliver, 1997). It is stated that the RBV ignores the social pressures in which the firms are embedded for example, firm traditions, network ties and regulatory pressures. The inside-out model neglects the 'importance of the contextual and a Porter-based factor such as market competition, i.e. threats to market entry or new suppliers (Priem and Butler, 2001). There also appears to be an underlying problem with the use of value of 'rarity' of resources which lead to competitive advantage. Priem and Butler (2001) argue that both these independent and dependent variables, i.e. the valuable and rare organisational resources and competitive advantage lack clarity, and are referred to as the 'black box' dilemma. One important question is related to whether competitive advantage created by successful organisations would be successful in all circumstances (Paauwe and Boselie, 2003) rare 'resources' such as human resources can be acquired by competitor firms by offering attractive compensation packages. Furthermore, competitor firms can also create, modify or replicate training structures of the already successful firm. Therefore, formulation of HR policies must not only depend on external competition but also on creating a link between the process of integration and formulation and feedback from the operations. It must also depend on feedback received from multiple levels of employees, working in different departments. Furthermore, links must also be established between the strategic and operational tiers.

Overall, the field of SHRM has seen a growing body of theoretical and methodological sophistication. Earlier models of strategic HRM were mostly based on a strong integration and elements of fit. Little attention was paid to how these policies were formulated (Kim and Wright, 2011) considering various internal and external factors and how these were implemented. The rise of the resource-based view presents that firm's competitive advantage remains with its human resources and the resource based view provides an important framework to understand how and why SHRM may lead to organisational performance. Yet, there is little insight into how a firm's employees or the actors working in these processes can lead to competitive advantage for the firm. It is this recognition that is missing in much of the literature. The next section considers the concept and perspectives on Strategic HRM to understand the core dimensions and the strategic HR processes in organisations.

2.3 Concept and Perspectives on Strategic HRM

The previous section considered early developments and theories of HRM. It is understood that earlier notions were based on 'fit' with little attention to the implementation of the HR policies. This section now considers the notion of strategy, as it is important to understand the strategy planning and implementation process. It also provides discussion of the main actors involved in the strategy making process. The section then considers the concept of SHRM.

The notion of strategy is subject to a lot of interpretations (Boxall and Purcell, 2008). Early literature on strategic HRM provides little recognition that the notion of strategy requires careful handling. Boxall and Purcell (2008) argue that the definition of 'strategy' is of immense importance in the field of strategic HRM. The word 'strategy' can be traced back to the Greek word 'strategos' which described a commanding role of an 'army' (Bracker, 1980 cited in Whitthington, 1993) 'and the successful deployment and governance of troops (Cunningham and Harney, 2012, pp. 26). Bratton (2003) suggests that strategy can be formed at the three levels corporate, business and specific functional level such as HR or marketing. This, points

to the notion of a 'senior management' activity, directing the organisation towards some goals (Legge, 1995) Mintzberg (1994) however, suggests that strategies can be deliberate or emergent. Deliberate strategies are formed keeping in mind the specific intentions of the senior management. Counter perspective from Mintzberg et al (1998) suggests that strategy is not limited to the concerns of senior management. Hence, they can also be emergent, 'meaning that a convergent pattern has formed among different actions taken by the organisation at that time' (pp. 111).

According to Mintzberg (1987) strategies are both plans for the future and patterns from the past. Contrary to the traditional planning models, Mintzberg believes that the all strategies are a mixture of deliberate and emergent strategies. However, Tyson (1997) considers all strategies to be emergent in practice. Strategies are strongly influenced by the organisations past history and culture and constantly evolve through new ideas (Quinn, 1980; Tyson, 1997).

It is important to understand whether strategic HRM is the same as 'human resource management'? Truss and Gratton (1994:666) present the following distinction: 'we should, perhaps, regard SHRM as the over-arching concept that links the management and deployment of individuals within the organisation to the business as a whole and its environment, while HRM would be viewed as an organising activity that takes place under this umbrella'. Truss and Gratton (1994) regard SHRM as the 'over-arching' concept that provides linkage between the management and how individuals are placed in an organisation, leading to the management of people in an organisation in a broad sense (Truss et al., 2012) . This definition, however, deals with the overall perspective on strategic HRM and it is also important to consider what SHRM actually entails. Thus there is no consensus amongst academics on a single definition for SHRM. Therefore, it is important to consider a range of definitions to understand the concept of SHRM and its processes.

Schuler and Walker (1990) define SHRM as a shared activity of human resources and line managers with a set of processes and activities to solve people-related business problems. This definition considers SHRM to be a

shared activity between HR and the line. It also suggest SHRM as a combination of both activities and processes, however, they are mainly directed at solving 'people-related' business issues rather than the business issues (Truss et al., 2012). According to Guest (1989) Strategic HRM is concerned with the integration of HR policies into the strategic plans to be accepted by line managers as a part of their everyday work. Guest's definition is two folds. Firstly, it considers the 'integration of policies with the strategic plan of the firm, secondly, it places emphasis on line manager's acceptance of this plan as a part of their everyday work. Where this definition gives importance to the line manager's acceptance to these, it also limits their level of input 'in the plan itself' and secondly it limits the line manager's role to their everyday work and not overall objectives of the firm or their input in the overall policies.

Boxall and Purcell (2003: 34) define SHRM 'as the strategies of firms as their particular attempts to deal with the strategic problems they face'. Strategy is thus related to a firm's choices it makes for its critical success with a specific market context (Boxall and Purcell, 2008). There are characteristic ways in which the managers of firms understand their goals and develop resources both human and non-human to reach them. Some strategies are better than others in the context concerned. Some address the problems of viability extremely well and others are simply disastrous with every shade of effectiveness in between. This definition provides a 'reactive' approach to strategic HRM. It considers SHRM as a response to current problems, versus the longer-term goals of the organisation. It also places emphasis on the development and effective deployment of resources in order to reach goals. This definition also considers the organisations to work in an 'open-dynamic' system, and consider the organisation to have unique characteristics, whereby, what may work for one organisation might not be true for the other (ibid).

It is, however, important to understand the linking mechanisms through which the organisation, group and individuals interact to be linked to human resource management practices that are in turn linked to organisational performance (Bartram et al., 2007). Brewster and Larsen (1992, pp 411-412) define integration as the degree to which HRM issues are considered as part

of the formulation of business strategy. It presents with two core aspects of SHRM, the first is the integration of HRM into the business and corporate strategy and second is the devolvement of HRM to line managers. On the other hand, Guest (1989) defines strategic integration as an organisation's ability to integrate HRM issues into its strategic plans in order to ensure coherence within various aspects of HRM and for line managers to incorporate HRM perspective into their decisions. It is argued that both the vertical and horizontal integration are equally important to ensure that HR exists as a coherent system within a particular system strategy (Arthur, 1992; Wright and McMahan, 1992). It also ensures that the HR policies are not created in isolation and is mutually shared with other departmental heads and senior executives. Corporate strategy is defined as integration of corporate's mission statement and vision with human resource management policies, i.e. involvement of senior management in HR policy creation (Wright and McMahan, 1992). Business or business-level strategy is referred to each business unit with the organisation and their integration with HRM policies. It is asserted that strategic HRM is essentially about integrating HR practices with the business strategy of the organisation.

Hence, to deduce a key goal of Strategic HRM is to ensure that HRM policies cohere both across policy areas and across hierarchies (Guest, 1990). The integration of HRM policies with both corporate and business strategy would ensure that HRM is given a much more central position in any decisions that are made at the strategic and operational level, and reminds policy makers that an investment in people is vital to the organisation (Sheehan, 2005). The second important aspect of SHRM is the '*devolvement of HRM*' to line managers. Devolvement is defined as the 'degree to which HRM practices involve and give responsibility to line managers' (Brewster and Larsen 1992:412).

The chapter presents definitions of the SHRM perspective. This is important in order to understand the core dimensions of Strategic HRM. Although, there is no consensus amongst researchers on the definition and dimensions of Strategic HRM however, it is suggested in the light of the definitions considered that there are two core aspects of SHRM. The first is its vertical and horizontal integration and the second is the implementation of

these with line managers. It is vital that in order to achieve its goals strategic HRM should plan and deploy its policies across these the vertical and horizontal. Further to this definition, it is imperative to consider how the strategic HRM system enacts or is expected to enact within organisations. For this consideration in the next section is drawn to the HR strategy process and how it is developed in the literature.

2.4 HR Strategy Process

So far, the chapter has discussed the theoretical underpinnings of HRM, the foundations, perspectives and concept of Strategic HRM. It was deduced that Strategic HRM comprises two important activities; corporate and business strategy integration and devolution of these to the line. This section will now discuss the strategic HR process and devolution of HR policies to the line.

HR strategies are essentially plans and programmes that are engaged in solving basic strategic issues related to the management of human resources in organisation (Schuler, 1992). Grattan and Truss (2003) present a 'three dimensional model' to understand the fundamental purpose of an HR strategy. The main function of an HR strategy is to effectively manage people in order to achieve organisational outcomes. They define this to be a 'strategy with its underpinning policies and processes, that an organisation develops and implements for managing its people to optimal effect' (p.74). According to them there appears to be no one single 'ideal type' of people strategy that can have a set of HR practices and policies that can be adopted by the firm to manage their employees more strategically. In other words, there does not appear to be universal or best HR practices that the firms can adopt for effective results from employees. This is a critique for the 'universalist approach' which is based on the assumption that there is 'one best way' of managing employees to improve organisational performance (Boxall and Purcell, 2008).

Gratton and Truss (2003) suggest that HR strategies must vary according to organisational circumstances. In their three dimensional model, they present '*vertical alignment*' between people strategy and business goals; '*horizontal*

alignment between individual HR policy areas and finally an *action* or *implementation stage* (p.75). The word 'align' is of significance here, as it is being differentiated from 'fit' (Wall and Wood, 1999). 'Fit' is referred to as the relation between two 'discrete entities' whereas, alignments refers to a more 'fluid dynamic' that can allow variation and flexibility (Gratton and Truss, 2003). Their argument is that in order for HR policies and practices to work, they should reflect, reinforce and support the overall business aims and objectives.

Further to this, Farnham (2010) suggest that vertical and horizontal integration are key concepts in the 'development and implementation of HR strategy' (p. 194). Furthermore, where vertical integration is dependent on alignment of business and corporate strategy, horizontal integration uses elements of political, social, economic and legal forces (Farnham, 2010). Horizontal alignment is concerned with the internal consistency and coherence of the firm's HR policies (Gratton and Truss, 2003). Furthermore, it is argued that the personality of the CEO can have an influence on the strategy process. Top managers should be able to motivate and align behaviour with the desired culture of the organisation (Cunningham and Harnery, 2012), which can lead to vertical and horizontal integration. The main aim is to achieve a coherent and consistent approach to manage people that influence all the other activities of the HR function along with the other organisational functional areas at policy level.

The third dimension is 'action' stage, which is also considered the most important stage. According to Gratton and Truss (2003), the translation of HR policies into practice is absolutely fundamental as it ensures whether the organisation is delivering the policies it has documented. The action dimension has two aspects. The first is concerned with employee experience of the HR policies and the second is concerned with the behaviour and values of the managers while they implement the policies. Where the first one deals with the policy being turned into action, the second, deals with the body language and attitudes of managers towards these policies.

In an ideal situation, these three dimensions; vertical, horizontal and action would be perfectly aligned together, however, if even one or two of these are

misaligned, then it will disturb the whole process. This model covers different aspects of SHRM, together these three stages; horizontal, vertical and action, create a synergistic effect. Considering theoretical analysis and the definitions it can, however, be suggested that these mainly rely on the integration and implementation aspects, neglecting formulation stage of HR policies. Furthermore, the three dimensional model, offers useful insight to understand the strategies organisations make in order to manage their employees.

In summary, it is deduced that the concepts of vertical and horizontal integration, strategic formulation of HR policies and implementation or action stage of HR policies are extremely important. As argued in the Gratton and Truss (2003) three-dimensional model, that a successful HR strategic process is dependent on the perfect alignment of vertical, horizontal and implementation phases. The role 'actors' play is not, however, in the binding of the process emphasised. The three dimensional model sheds light on the process and the importance of having strong vertical and horizontal integration and implementation. The three dimensional model also builds to provide a realistic roadmap for organisations to understand where additional work is needed. But, what happens if there is weak vertical integration, and weak implementation? What are the main factors behind this? How can an organisation act to resolve this? What is the role of the actors in the process? How can the relationships between the actors influence the process?

Organisations are multi-level systems and each organisation will have their own criteria for vertical and horizontal integration and implementation. To create competitive advantage, however, each organisation must capitalise on the capabilities that are customised according to that organisations scenario. Although there is some mention of top managers, HR managers and line manager's involvement in the process of vertical and horizontal integration and in the action stages. It is vital, however, to understand that the process of vertical, horizontal integration and action may be dependent on the role these actors play in the process and their relationships and interaction with each other. It is this acknowledgement of these core 'actors' that seems to be missing in much of the literature surrounding Strategic

HRM. Additional work is needed to understand the role these actors play in the success of HR policy planning and implementation process. For instance, the three dimensional model suggests different scenarios based on the combination of the processes of vertical, horizontal and action stages. The processes, however, may be dependent on the actors and their relationships with each other in the process.

The next sections considers literature surrounding these three processes of and debates surrounding integration, formulation and implementation and the actors involved in the processes.

2.5 Corporate and Business Strategy Integration

Following on from the earlier developments, the core aspects and the processes of strategic HRM, this section addresses the first research question; corporate and business strategy integration with HR policies. Corporate and business strategy integration is also referred to as vertical integration. Some of the earlier developments on this were discussed in the previous sections 2.2 and 2.3. This section will provide a detailed focus on the literature surrounding the concept of corporate integration, empirical evidence surrounding this, and the involvement of top management in the process as well as the prominent gaps.

Integration is an important aspect of SHRM. Farnham (2010) suggests that corporate and business strategy integration is vital for the implementation of HR policies. The integration of HRM policies with both corporate and business strategy would ensure that HRM is given a much more central position in any decisions that are made at the strategic and operational level and reminds policy makers that an investment in people is vital for the success of the organisation (Sheehan, 2005). Lawler and Mohrman (2003) advocate HR's presence at top strategic level by making explicit the human capital resources required to support various strategies and strategic initiatives by playing a leadership role in helping organisation develop the essential capabilities to enact the strategy and play a vital role in the implementation and change management process. Senior executives are also taking more interest in the utilization of human resource due to the

changing organisational context, which has reflected the rise of globalisation, complexity, market competitiveness and the use of information technology (Inyang, 2010).

Scholars have emphasized the need for HRM to become a strategic business partner and have highlighted a number of benefits associated with the integration of HRM with corporate and business strategy (e.g. Lengnick-Hall and Lengnick-Hall, 1988; Purcell, 1989; Storey, 1992; Truss et al., 1997). It is asserted that the integration of HRM into corporate strategy can provide a number of benefits such as problem solving for organisational performance, equal consideration to employees working at different levels and achieving sustained competitive advantage (Purcell, 1989; Truss et al., 1997; Budhwar and Sparrow, 1997). Top managers along with HR specialists can integrate HR policies with the external and internal environment, overall mission and goals of the organisation. The involvement of HR managers during this stage can be a key aspect. It can open avenues to become members of senior or top management in the organisation (Budhwar, 2000) and also prove to be beneficial at the formulation and implementation stages of HRM (Inyang, 2010).

HRM integration requires broad support from areas elsewhere in the organisation. With respect to HRM integration with organisations decision making processes, it has been argued that HR personnel's representation on the board of directors or at the senior committee level is critical for appropriate input (Poole and Jenkins, 1997; Shipton and McAuley, 1993). Such representation is also considered to be important in the development of internally consistent and strategically focused HRM policies and practices (Budhwar, 2000). It is asserted that HR managers need to be a part of the strategic planning mechanism in order to match the internal fit between HRM policy areas and the strategic business initiatives developed at the senior committee level (Sheehan, 2005). Senior HR directors contribution to the strategic decision making process can lead to a more effective HRM policy design (Poole and Jenkins, 1997).

An important issue for senior management is to evaluate the extent that corporate strategy is integrated with HR policies. This can be evaluated by a

number of criteria such as; including the HR specialists on the board; direct access to CEO through formal reporting mechanism; presence of a written personnel strategy; HR strategy being translated into a clear set of work programmes; (Budhwar and Sparrow, 1997; Budhwar, 2001; Lawler, 1995; Golden and Ramanujam, 1985) consultation of HR personnel (from the outset) in the development of corporate strategy (Budhwar, 2000; pp. 145), and informal networking of HR manager with key senior executives (Sparrow and Marchington, 1998; McGovern et al., 1997). Although, these initiatives are considered important,, there is limited evidence to demonstrate that these will guarantee successful implementation of HR policies.

There is limited evidence of HR policy integration with corporate strategy from U.S organisations (Misa and Stein, 1983). Other examples is from Budhwar's (2000a) study of the UK manufacturing sector that reveals that senior managers are realising the importance of HR and its integration with both business and corporate strategy to improve the quality of work and performance. Budhwar's (2000) study reveals that senior managers believed that integration helped them in the evaluation of business plans by highlighting the needs of both business and HR and making the implementation of plans effective and efficient. It also helped HRM grow and become more strategic. Senior managers believed that the integration of HRM into corporate strategy resulted in improved industrial relations, meeting employees' needs, cost reduction and tackling organisational issues. Kelly and Gernard's (2007) study reveals that strategic decision making can be threefold one that can take place at the chief executive officer group and not just on the board of director's level; two, informal as well as formal routes of strategic decision making; and three, a business focus rather than the advocacy of specialist function in strategy formulation.

Although HR-corporate integration is perceived to be helpful for the organisations, HR has relatively failed to get a strategic role in many firms. It is argued that for HR to become a credible, business partners at both the senior management level and operational level will require more than a change in title and attitude (Sheehan, 2005). Othman (1996) argues that there is little empirical evidence of vertical integration in practice. Budhwar (2000) suggests that HR's presence at a strategic level in an organisation

can ensure that all the resources are given enough consideration during goal setting and resource allocation. Hence, HR's presence at the top can lead to vertical integration in practice. Despite arguments, however, to support HR's presence at the top, HR executives have historically not been seen as strategic business partners (Lawler, 1995; Lawler and Mohrman, 2003). It is argued that companies neglect human resource requirements during the planning of business activities and often base their decisions on the financials and marketing data (Golden and Ramanujam, 1985).

Golden and Ramanujam (1985) have categorised the researchers advocating the integration between human resource management and business strategy into two predominant categories based on their approaches. One group of commentators (such as Ferris et al., 1981; Walker, 1980, 1981) have opted for a reactive role for the HR function, that views organisational strategy as the driving force to determine HR management strategies and policies, focusing on developing specific HRM strategies to fit business objectives. This school of thought centres on the concept of a fit based approach, that HR policies such as selection, training, and compensation should be tailored to match the company's growth and objectives. According to Gratton et al (1999) this approach is the 'matching' of organisation's stage of development with the human resource strategy. Gratton et al (1999) argue that the classical 'top-down' approach may fail to take into consideration the dynamics and complexities of an organisation. Therefore, 'fitting' or 'matching' the human resource policies with the business strategy can ensure that HR policies not only fit with the organisation's internal environment but also the external environment. The second group of commentators; Alpaender and Botter, (1981), Lengnick-Hall and Lengnick-Hall, (2009); Tichey et al (1982) suggest that HR should also play a more central and proactive role by its involvement in the formulation of corporate as well as HR strategies.

As discussed previously in section 2.2, however, one underlying assumption of the matching model is that organisational strategy precedes human resource strategy (Truss and Gratton, 1994). For instance, Golden and Ramunajum (1985) based on their empirical study present four types of linkages which can exist between business and HRM strategy;

“administrative linkage”, “one-way linkage”, “two-way linkage”, and “integrative linkage”. Administrative linkage is where the HR department is only concerned with performing administrative activities and is not involved in the strategic planning process. Additionally, senior management do not consider the HR function as a core function for their organisation.. “One-way” linkage suggests a sequential relationship between HRM and strategic business planning (SBP). According to Golden and Ramunajam (1985), this can take two forms such as: HRM to SBP and SBP to HRM (p. 437). More commonly, business planning would lead to human resource policies rather than the reverse. One-way linkage suggests that the HR function designs a policy or programme to help implement the goals and objectives of the organisation. This is a one-way relationship where the organisation’s strategy feeds the HR policies and programmes. On the other hand, two-way linkage describes mutual and joint relationship between SBP and HRM. HR would have impact on strategic business planning and vice versa. (Lengnick-Hall and Legnick-Hall, 1988). Lastly, an integrative linkage, suggests the most advanced and an interactive and dynamic relationship between the HR and strategic business planning. Such relationship can take place at both the formal and informal levels of an organisation.

Golden and Ramunajam’s (185) study resonates with the earlier developmental phases of strategic human resource management. These are labelled as four phases: “administrative linkage”, “one-way linkage”, “two-way linkage”, and “integrative linkage”, became a basis to be used by other leading researchers such as Ropo (1993), Budhwar and Khatri (2001), Gratton et al. (1999) etc. Golden and Ramunajam’s (1985) study, however, only utilised interview data from HR managers and there is a need to conduct interviews with other levels of employee. Further criticism of including single respondents in the study is from Ropo (1993) who calls for more in-depth understanding and description of the linkages and multiple levels of responses. Gratton et al (1999) also assert that whilst, many assertions regarding business strategic integration with HR policies ‘have been made on the basis of either one or two case-studies or surveys of personnel managers or simply no empirical data at all’.

Farnham (2010) suggest that there is limited empirical evidence to support vertical integration in practice. Studies on corporate and business integration have stressed the importance of vertical integration with HR policies within organisations. They have also outlined a number of benefits associated with corporate and business integration with HR policies and how these can help organisations. Studies, however, do not consider the 'actual integration process' and how the process of integration is contextualised in organisations. Analysis is also generally limited to the top management's involvement in the process of integration. It is worth considering, however, what happens in the absence of top management's involvement in the integration process? The literature also lacks recognition that other actors, such as line managers, may also provide useful direction to the HR department for the formulation or integration of HR policies.

Overall, it is found that the literature lacks detailed considerations of the integration process such as explorations on the process of integration, how HR policies are likely to be integrated with the corporate and business strategies and how this process may result in HR policy changes. The next section considers the literature on HR strategy formulation.

2.6 HR Strategy Formulation

Following on from the literature review on the corporate and business strategy integration with HR policies, it is now imperative to understand the literature surrounding the formulation of HR strategies and the role of HR managers play in the formulation process. Although researchers paid attention to the problems faced by HR specialists, little attention given to the actual process of formulation HR strategies (Truss et al., 2012) and how an HR-strategist would set about the process of formulating an HR policy (Storey, 2007; Truss et al., 2012). This is an important omission and hence more research is needed to understand this issue (Truss et al., 2012). This section first outlines the various tools that are considered important for the formulation of HR strategies. The chapter then considers some of the factors and the role of HR managers in the development of HR policies. The chapter

then examines the use of universalistic and contingency models and sheds light on their applicability and identifies the main gaps in the literature.

The prescriptive accounts of textbooks suggest that the formulation of strategy is a 'logical rational process' where organisations could conduct a PEST (political, economic, social and technical) or SWOT (strengths, weaknesses, opportunities and threats) analysis, and conclude 'a course of actions which would of itself be the strategy' (Tyson, 1997 p. 278). PEST and SWOT analysis are thought to provide an integrated and analytical approach to understand the environment in which an organisation works (Johnson and Scholes, 1993). It is stated that a 'PEST' analysis or 'SWOT' analysis of an organisation is considered a logical rational process in terms of the formulation of strategy (Tyson, 1997). 'PEST' analysis is considered important as it helps with the macro level analysis vital for strategy formulation (Farnham, 2010; Johnson et al., 2008). Organisations are expected to take into account the external forces acting upon them (Farnham, 2010, Truss et al., 2012). Thus, the formulation of HR strategy is dependent on matching organisational capabilities with the environment.

Johnson and Scholes (1993) present two major problems associated with this notion towards strategy formulation.. Firstly, it is difficult to understand different influences of environment acting upon an organisation that may contribute towards strategic decision making. Secondly, it is difficult to understand the historic and future external environmental influences on an organisation. Apart from the external inferences, internally organisations will also be influenced by factors such as organisational structure and culture, geographical location, technology and staffing levels (Truss and Gratton, 1994; Truss et al., 2012). Lundberg (1985), however, argues that the where external inferences and notion 'fit' with corporate strategy are given due consideration in the strategy formulation literature, internal context of an organisation such as organisational history, culture, leadership, and their impact on strategy formulation remains underexplored.. Tyson (1997) also suggests that PEST and SWOT analysis provide a linear approach to strategy formulation. Although it is stated that the HR policies are likely to be conceived through careful alignment with business strategy, in reality, HR strategies are likely to flow from business strategies dominated by market

and financial considerations (Armstrong, 2000). Organisations approach strategy formulation differently, depending on the types of markets they operate in, culture, management style, external context (Farnham, 2010). Hence, organisations are likely to be influenced by a range on internal and external issues (Truss et al., 2012).

Central to the notion of strategic HRM and strategy formulation is the notion that HR managers need to become strategic partners or business partners with the top managers (Pfeffer, 1994; Ulrich, 1997). This is deemed more desirable rather than the administrative role for the HR department (Truss et al., 2002). Little is also known about the actual role of senior HR managers and the HR department, and how they are engaged in both HR policies planning as well as acting as a support system for line managers (Hunt and Boxall, 1998; Truss et al., 2002). Existing studies are primarily focused on large scale surveys (Hunt and Boxall, 1998) and may fail to take into account the complexities of the relationship between the top managers, HR managers and line managers. Within the prescriptive literature on the role of the HR department, scholars have sought to differentiate between strategic and non-strategic interventions (Truss et al., 2002).

The study by Tsui and Gomez-Mejia (1988) conducted in 900 large companies in the U.S, reported that 73 per cent of top HR executives were present on their firm's executive management committee. Ferris et al. (1991) argued that the U.S acknowledged the role of HR managers for all overall organisational effectiveness. They suggest that the relationship in the U.S for HR managers is more strategic than the U.K. Several other authors have also demonstrated different roles and expectations from the HR department. Sparrow and Marchington (1998) suggest that HR managers failed to understand the demands of their new role and lacked confidence to be strategic business partners.

The focus on HRM is particularly on the development of the management of the team (Legge, 1989). The study by Hunt and Boxall (1998) suggest that some HR managers might be involved in strategic decision making, most by their own 'will' prefer to remain involved with the implementation of strategic change and the recruitment and development of staff and managers. Boxall

and Hunt (1998) suggest that HR managers may feel an increase in work pressure, concentrating on their defined roles as HR manager as well as actively participating in strategic decision making. The survey by Hope-Hailey et al (2005), reports that HR professionals are increasingly having a strategic role in the business. The idea, however, of HR specialists focusing their energy to align the HRM strategy within the business strategy might mean that they are moving their focus away from employees. Ulrich (1997) suggests that HR professionals should be both, strategic and operational. Ulrich (1997) also suggests that there is confusion amongst academics over the roles of HR managers and line managers. The HR-department is torn between becoming a strategic-partner for the 'top' and providing a 'support' role for the line. In a need for becoming 'strategic-partners' with the top managers, the responsibility of the operationalization of HR policies is now falling on the shoulders of line managers. Ulrich (1997) suggests that line managers are increasingly becoming more responsible for implementing HR policies than HR managers. Caldwell (2003) reports a role ambiguity and 'role conflict' within the role of HR managers because of the competing demands of the senior managers and employees. Ulrich (1997) suggests that successful HR departments would ensure that both the operational and strategic roles are fulfilled. This suggests that there are increasing demands from HR professionals (Truss et al., 2012).

Further to this, organisations may have different types of strategy formulation processes, such as top-down approach, bottom-up approach, interactive approach and semi-autonomous approach (Farnham, 2010). The *top-down approach* is driven by corporate management, integrating the corporate's direction and performance targets. Senior HR managers are generally considered strategic partners in the creation of HR policies with the top management. *Bottom-up* approach is which takes place at a business-unit level. This is then passed upwards for approvals and further integration with the strategies of other business units. This kind of strategy may lack unity, coherence and consistency. Interactive approach is managed jointly by the corporate and business units, lastly, semi-autonomous approach, which is a virtually continuous approach at the levels of each business unit specifications (Farnham, 2010).

Overall, the literature surrounding strategic formulation presents various propositions for the formulation of HR strategy. Tyson and Witcher (1994) comment that these different approaches to HR strategy formulation reflect different ways to manage change and effectively bringing people part of the business in line with the business goals. Lundberg's (1985) presents a model for strategic formulation. This model is based on a case-study organisation in America. The core of their model is based on the notion, that the strategy of an organisation is influenced by 'dominant coalition'. The dominant coalition usually consists of the management team; the most powerful group in the organisation. It is this management team, which is involved in the day-to-day operations of the firm. The nature of the dominant coalition is influenced by a number of factors such as; organisational history (for example, the vision of the founder), values and attitudes, competition, and other internal departments.

Armstrong(2000) suggests that coherent and integrated HR strategies are only likely to be developed through the understanding of the 'top team', Furthermore, the role of the HR director is extremely important as playing an active role as 'business partner'. The effective implementation of HR strategies is then dependent on the 'involvement, commitment and coordination of line managers and staff (pp. 75). In the process of policy formulation, Mintzberg (1994, pp. 111) presents the notions of managers getting 'their hands dirty' digging through ideas, and vision being unavailable to those who cannot 'see' through their own eyes. According to Mintzberg (1994) effective strategies are formulated through the softest forms of information gathering, such as collecting gossip, hearsay and other forms of intangible sources of information. Failure of capturing this information has resulted in the managers opting for information such as market-research, accounting statements and opinion polls (Mintzberg, 1994). Kaplan and Norton (2004) argue that strategies are developed over time. There will be several factors of the internal and external environment that organisations may consider before formulating a strategy. Therefore, the challenge is in understanding the best blend for the strategy to be used at that time.

Theoretical developments in HR strategy:

The above sheds light on some of the dominant views about formulating a strategy. Within the HRM domain, there are a variety of theories and approaches, but there is no consensus on what constitutes an 'ideal' HR strategy or what works in every case (Farnham, 2010). It is, however, important to understand how the organisations may adopt different HRM perspectives to adopt HR policies. Delery and Doty (1996) classify three perspectives to categorise HR strategies; the universalistic, the contingency and the configurational approach (Schuler and Jackson, 2008). These are considered extremely important to understand the way people may be managed in organisations (Truss et al., 2012).

The Universalistic Perspective:

This suggests that there is 'one set of best practices' that will work in all organisations, regardless of the circumstances (Farnham, 2010, Pfeffer, 1998). The assumption under this is that there is a linear relationship between organizational performance and HR practices. The best practices are universally applicable and successful and that the success of an organization can be best measured by its financial indicators such as profits, or market share (Boselie et al., 2001). Pfeffer (1994) identified seven HRM practices as universally applicable for performance: employment security, selective hiring of new personnel, pay for performance, extensive training, self-managed teams/decentralized decision making, extensive information sharing and reduced status differentials. These were also labelled as bundles of HRM practices (ibid). The universalistic model presents a valuable contribution to debates around SHRM; however, it has been criticised for being atheoretical as no underlying theory has been proposed to explain how and why some practices might influence performance more than others (Truss et al. 2012). Lepak and Shaw (2008) also argue that the universalistic perspective fails to take into account the influence of the external context on organisations.

The Contingency Perspective:

In contrast to the universalistic approach, contingency or best-fit approaches are based on the notion that the way people are managed in organisations will vary according to circumstances (Truss et al., 2012). The underlying assumption is that the 'impact of HR practices on organisational performance is dependent on the fit or alignment with a firm's internal and external contingencies (Farnham, 2010). The central theme is that a 'good fit' between strategy and HR strategy will be associated with superior performance (Guest, 1997, Truss et al., 2012). The emphasis of the contingency perspective is more on the vertical fit, which is the alignment with the strategy than the horizontal fit, i.e. between the HR practices. Although this provides an important model in the SHRM domain, it is criticised for a number of reasons. Truss et al (2012) suggests that this model fails to take into account that organisations are large and complex, and will have different groups of employees working on different levels.

Configurational Perspective:

The '*configurational perspective*' holds that it is not sufficient to address the vertical fit of HR according to which, to be most effective the HR practices should be bundled together (Delery and Doty, 1996). According to some researchers the practices should be bundled together to devise a universalistic set of best practice (Truss, 2001). The core idea is that HRM practices perform better when they are aligned with the organization's business strategy, internal resource, capabilities and external environment, referred to as 'vertical fit' and are mutually aligned to form a synergistic and complementary package referred to as the 'horizontal fit'. However, arguments suggest that the HR policies can 'never' be replicated from one context to another (Purcell, 1999; Truss, 2001).

Although these models have focused on the relationship between HRM and only a few studies have sought to explain the intermediary relations linking HRM and individual outcomes (Truss, 2001). Although there are arguments on the use of best fit and best practice models, but little research has done in order to assess how HR policies are actually formulated (Kim and Wright, 2011).

The literature review surrounding the HR strategy formulation presents some notable gaps. Much of the literature surrounding strategic formulation ignores some of the complexities of the strategy setting process. The literature of HR strategy formulation is mainly based on text book accounts concerning PEST and SWOT analysis. Hence, there is a need to consider the detailed formulation, implementation and employee experiences of the core HR policies (Huselid and Becker, 2011). There is a lack of empirical data to understand the actual policy formulation process and the factors that are considered by organisations during HR policy formulation. Hence, more work is needed to understand how HR policies are formulated, what factors are taken into consideration during the formulation of HR policies, who is responsible for the formulation process and finally the role of the HR department in this.

The next section considers the implementation of HR policies and the role of line managers in the policy implementation process.

2.7 The Implementation of HR Policies: The Key Role of Line Manager

This section will consider the implementation of HR policies with line managers. As stated in previous sections 2.1 and 2.3 and 2.5, Line managers are considered key players in the delivery and implementation of employment policies (McGovern et al., 1998). Line managers here are defined as both those who are placed at lower and middle management levels of the organisation, and those who are responsible for managing a team (Storey, 1992; Marchington and Wilkinson, 2008). The literature also deals with line managers as 'first-line' or lower-level' line managers, ignoring that almost *all* managers at different levels, will be implementing HR activities (Hall and Torrington, 1998). Hence, it is stated that to concentrate on only the devolution of responsibility to lower level managers, is looking at a 'tiny part of a big picture'.

As discussed previously, the strategic HRM perspective presents two core elements; strategic integration with organisation's business policy (Brewster

and Larsen, 1992; Budhwar, 2000) and the implementation of HR policies with line managers (Boxall and Purcell, 2008). The strategic decisions related to HR policies are the core responsibility of HRM specialist(s) who are often in partnership with the senior management. The “operations” or “transactional” activities such as recruitment, appraisal, pay, health and safety, training and development and discipline are devolved to line managers for implementation (MacNeil, 2003, Perry and Kulik, 2008). This responsibility for line managers to implement HR policies is referred in the literature as ‘devolution’ (Budhwar, 2000; MacNeil, 2003; Truss et al., 1997). The devolution of HR responsibilities to the line is considered a key aspect of modern HRM (Schuler, 1992, Legge, 2005). It is because line managers hold a ‘central position in realising core business objectives and their impact on subordinates’ motivation, commitment and discretionary behaviour’ (Gilbert et al., 2011; pp. 550).

The boundary between HR and the line is continuously shifting, and ‘there is no one accepted model’ of the activities that should be undertaken by line managers or the HR (Truss et al., 2012). The general view from the HR managers and line managers is that it is the line manager’s duty to own the activities of selection, appraisal and development of their subordinates as it is line managers that are involved in the day to day activities of employees (Truss et al., 2002). In clarifying the role for HR specialists and line managers, Heraty and Morley (1995) suggest that the HR department is more concerned with the formulation, training plans and devising a strategy whereas, the decisions surrounding the training for needs analysis will be done by line managers. There is an increased pressure on line managers to manage the team as well as perform other activities endorsed to them by the HR department. However, there is ‘little evidence of organisations providing formal training to enable their line managers to undertake the role of facilitating HRM outcomes (MacNeil, 2003).

It is well-known that line managers are considered pivotal to implement HR policies (Legge, 1998; McGovern et al., 1997; Gratton et al., 1999). Line manager’s role, attitude, behaviour and practices are crucial for the importance of human resources to be integrated with the firm’s strategy (Guest, 1987; Gratton and Truss, 2003). Line managers’ involvement in

'coaching and guidance, communication and involvement have a positive influence on overall organisational performance' (Hutchinson and Purcell, 2003 in Watson and Maxwell, 2006 pp. 1154). However, it is suggested that line manager's commitment to people's management is dependent on support from strong organisational values which place emphasis on the fundamentals of people management and leadership (Hutchinson and Purcell 2003). The experience is also dependent on the leadership behaviour of line managers, which shape employee attitudes and behaviour and provide direction. Line managers might not only transmit the values of top management but also reflect the 'informal' culture of the organisation (Truss, 2001).

Furthermore, the relationship between the employee and line manager is garnered not only from the HR policies but also through the work climate, either positively or negatively (Purcell and Hutchinson, 2007). HR practices as perceived or experienced by employees is due to the enactment of their line managers. It is noted that there is a difference between the intended and implemented policies by line managers (Purcell and Hutchinson, 2007). Line manager's need well designed HR practices in order to motivate, reward and deal with performance issues. Employees are also likely to be influenced by the HR practices as well as their experienced with the line manager's leadership behaviour. Poorly designed HR policies can also be concealed by good management behaviour, whilst, good HR practices can cause negative experiences due to poor line management behaviour (ibid). These activities are then said to be influenced by the leadership behaviour of the senior management which plays an important role in establishing organisational climate (Bowen and Ostroff, 2004). It is also important to understand how these line managers are in turn managed by their own managers (Hall and Torrington, 1998). This provides as a role model for line managers and demonstrates the commitment of senior management.

The study by Truss et al. (2002) indicates that the line manager's involvement in the implementation phase did not guarantee successful implementation of HR policies. Truss et al. (1997) also identifies limited incentives for line managers to be involved in HR activities. Interview data collected by Renwick (2003) of three different work organisations in the U.K

present mixed results. Line managers were found inadequate in doing the HR work and often took decisions that were later reverted by the HR. Line managers also lacked credibility and responsibility to carry relevant HR work. It is considered that line managers often lack training, interest and complain about work overload, priorities and self-serving behaviour (McGovern et al., 1997; Whittaker and Marchington, 2003) over HR policies. Apart from this, it is argued that line managers consider HR concerns as an additional activity to their actual role in the organisation (McGovern et al., 1997; Whittaker and Marchington, 2003) which results in line managers investing less time in the HR activities (Perry and Kulik, 2008). Cunningham and Hyman (1995) and Renwick (2000) also indicate lack of training and competence among line managers to implement HR policies.

Similar to this, Larsen and Brewster (2000) report three main reasons for the lack of training in a European wide investigation. Firstly, that senior managers think that line managers already possess technical knowledge. Secondly, senior managers believe that line managers would be able to conduct HR activities through their practical experience. Thirdly, line managers were not offered any training prior or after the HR policy devolution by their senior managers. MacNeil (2003) points this to be worrying that line managers are expected to learn HRM roles experientially, 'particularly in the absence of evidence of senior management encouraging them to reflect on their performance, or of the line manager's performance actually being monitored in organisations' (pp. 298).

Even though scholars view the devolution of HR responsibilities to line managers as an important characteristic of modern HRM (Legge, 2005) but Keegan et al (2011) notes that 'diversity prevails when it comes to exactly how line manager involvement in HRM takes shape (p. 3086). There is ambiguity over what this role might be in practice (Truss et al., 1997) and how the policies might be implemented by line managers. There is a lack of research in HRM over the role of line managers in comparison with other HR areas, such as line managers' involvement with business strategy (Truss and Gratton, 1994). Although a bulk of research has been conducted on devolution of HR policies with line managers, however, the literature presented here highlight some concerns. For instance, the role of line

managers in people management, enacting HR practices and employee experiences of these have not been emphasised in the literature. This is also a consequence of the huge volume of research in the last 2 decades, which relies on single-respondents in multi-employer research projects (Paauwe and Boselie, 2005; Purcell and Hutchinson, 2007). However, the roles of the HR manager and line managers as part of the HR function role are often not clearly thought through.

Gilbert et al (2011) suggests that the HR devolution research is concentrated towards the HR department's point of view and fails to capture line managers' opinions. Perry and Kulik (2008) suggest that an important 'measure of the success of a devolution strategy is its effect on people management: does devolving people management activities to the line result in better management of an organisation's employees? (pp. 263). In essence, it is important to study the, benefits, challenges, issues, and strategies for HR and line managers to partner in the design and delivery of HRM policies and practices (Truss et al., 2012).

2.8 Conclusion

The literature review first examined early theory and foundations of SHRM. Given that the main aim of the study is to understand the HR strategy planning and implementation process, attention was given to understand the earlier models and concepts surrounding these; which were focused towards the hard and soft models, with little attention given to policy implementation. Resource based theory was presented as a means for firms to create competitive advantage by having a focus on their internal resources (Golding, 2004). Although the literature does not present with a HR planning model as such, consideration was given to the various definitions and HR strategy process. Intensive review of the literature suggested that the HR strategy process, primarily consists of integration of business plans with HR; vertical alignment or integration (Guest, 1989; Lengnick-Hall and Lengnick-Hall, 1989); horizontal alignment or integration, i.e. coordination among various HR policies (Snell, 1992; Wright and Snell, 1991) and the implementation of HR policies with line managers'

Gratton and Truss (2003) suggest that the perfect alignment of these three processes; vertical integration, horizontal integration and implementation are vital for the success of the system. Bratton's (2003) model of strategy management was presented to understand the concept of strategy making in an organisation. It was deduced that 'corporate integration, formulation of HR policies with elements of fit and implementation of HR policies with line managers are important steps in the strategic HR policy planning process. The alignment of these three was suggested to lead to competitive advantage for the firm. Therefore, the stages of vertical and horizontal integration and the action or implementation stages were deduced as HR strategy process. Currently there is no research that addresses these three processes together with detailed consideration given to the role of actors; leaders, HR managers and line managers through qualitative research. There is a dire need to conduct more evidence based research on these three areas (Truss et al., 2012). For instance, there is no study to date that taps into the details of the top to bottom chain of HR policy planning and implementation and considers the role of actors in this.

The literature first considered corporate and business strategy integration. This is considered to be a core aspect of Strategic human resource management. The literature sheds light on the importance of the integration of corporate goals and objectives with the HR policies. It is thought that integration with mission and vision can provide the HR department with a direction for the formulation of HR policies. Although the existing literature presents the importance of the integration process it limits itself to the importance and benefits of the integration process. Limited attention is given to how this process is actually contextualised in organisations and the top management or leadership's involvement in this. There is currently a dearth of empirical data on the actual integration process and what happens in the absence of corporate and business strategy integration, how this may bring out HR policy changes in the organisation? Who are the main actors involved in the process?

Secondly, the current literature provides limited evidence of how HR policies are actually formulated and who is responsible for HR policy formulation. Scholars suggest this to be entirely a top management activity; between

senior managers and HR managers. The literature largely ignores the role of line managers' involvement in the formulation of HR policies. Hence, more research is needed to understand how these are formulated and the responsibility for policy formulation. HR strategy formulation literature is mainly based on text books accounts of PEST and SWOT analysis and fails to capture the actual policy formulation process and the factors that are considered by an organisation during HR policy formulation. Researchers have also called for more research work and interview-based data from HR managers and top managers to understand the HR policy formulation process.

Finally, HR strategy implementation literature considers line managers pivotal for HR policy implementation. There is, however, ambiguity over how line managers might be engaged in the implementation of HR policies. Furthermore the literature pigeonholes line managers to be involved in implementation of HR policies. It ignores explorations of line managers' involvement in the HR policy formulation process. It is also acknowledged that the implementation of HR policies depends on the attitudes and behaviour of line managers. Hence, this opens avenues for research into the core HR policies, their explorations in terms of formulation, implementation and employee experiences (Huselid and Becker, 2011).

Furthermore, empirical evidence surrounding these three processes: integration, formulation and implementation, either considers the top managements' view of point or HR managers. Little attempt has been made in order to interview multiple layers of employees working in these processes. The literature concerning integration, formulation and implementation, categorises the actors, top managers, HR managers and line managers into different tiers and limit their roles in their respective acts. So far, there is limited evidence of how these three processes are contextualised and operationalized in organisations. Moreover, it is understood that there is a need to explore the processes of integration, formulation and implementation, with a detailed analysis of the role of the actors; leaders, HR managers and line managers in these processes. The literature also suggests the need to conduct qualitative research, in order to

understand the complex processes and explore inner realities, contradictions and complexities of the process and the actors involved in this.

Therefore, the main aim of the thesis is to adopt an in-depth case-study approach to understand the HR strategy planning and implementation process. Based on existing research gaps, the three main questions addressed in the thesis are:

- 1) How are HR policies integrated with corporate strategy and business strategy (i.e. organisation's mission and goals)
- 2) How are HR policies formulated, and what is the role of HR managers in the formulation process?
- 3) How are the HR policies implemented by HR and Line Managers?

Further to this, the literature suggests a need to conduct research in the developing world. Scholars are increasingly recognizing the importance of context and culture in order to understand HR policies and their implementation. Therefore, the study is conducted in a culturally unique country Pakistan. The following chapter will discuss the research location of Pakistan and the importance of doing research in Pakistan.

Chapter 3: Context of Pakistan

3.1 Introduction

Following on from the review of the literature, it is imperative to understand the context of the research. As firms are entering into more dynamic, global world of international business, there is an increasing need to conduct research in different parts of the world (Budhwar and Sparrow, 1997). Scholars are increasingly realising the need to conduct research exploring the thinking of key actors working in the field of HRM in different parts of the world, and the factors that influence their thinking (Budhwar and Sparrow, 1997; Budhwar and Debrah, 2001). Academics have presented research on different models to understand HRM practices both between and within nations (Budhwar and Khatri, 2001, Bjorkman and Xiucheng, 2002). It is recognised that HRM policies are not a source of competitive advantage unless they are aligned with cultural and other contextual factors (Ahmad and Schroeder, 2003). The existing literature also lacks research on HR policies and their implementation in MNC's working in emerging economies (Budhwar, 2012). Furthermore, there is a lack of comprehensive empirical research in the Indian context, providing reliable information regarding the suitability of HR systems available in foreign firms (Ibid). As most of the HR based research has been conducted in the Western part of the world, Budhwar and Debrah (2009) suggest a for contextual SHRM models to be based in Asian countries.

The past 10-15 years have seen an increase in the literature from the emerging economies. Countries like China and India have caught the most attention (e.g. Warner 2009; Bjorkman and Lu, 1999, a) and India (e.g. Budhwar, 2012, Budhwar and Sparrow, 2002, Budhwar and Debrah, 2004). However, according to Abdullah et al (2011) most of the South-Asian countries such as India, Pakistan and Bangladesh constitute emerging economies. Despite this importance, HRM research in Pakistan remains under explored (Chaudhary, 2013).

Furthermore, studies specifically in the South-Asian region have mainly relied on issues addressing cultural diversity of employees working in MNC's

(Abdullah et al., 2011). The existing literature also lacks research on the area of MNC management practices of HR in emerging economies (Budhwar, 2012). There is a lack of comprehensive empirical research in the Indian context, providing reliable information regarding the suitability of HR systems available in foreign firms (Budhwar, 2012). There is a need to conduct more studies on cross-comparisons between local and MNC firms, as MNCs are increasingly putting more attention to the emerging Asian economies (Abdullah et al., 2011). There is a dire need for contextual SHRM models to be based in Asian countries (Budhwar and Debrah, 2009).

The 'adoption response' of different subsidiaries implementing HR policies is dependent upon the 'internalized belief in the value of practice' (Kostova and Roth, 2002; 216). Therefore, it is interesting to understand the process of HR strategy planning and implementation in local and MNC firms, as these have mainly been investigated in western settings before. This chapter realises that the cultural and other contextual factors play an important role in HR planning and implementation process. Therefore, there is a need to gain better understanding of the South-Asian context, in this case Pakistan.

Therefore, Pakistan is chosen as the research location. It is expected that the understanding of HR strategy planning and implementation process, in Pakistan, will reveal interesting insights on not only the process but also bring out cultural and contextual factors. This is likely to increase understanding of HR strategy models and their applicability in the developing countries. Also, Pakistan is culturally closer to India. Hence, it is likely that evidence revealed from Pakistan may have similar impact in an Indian-context.

The chapter first considers the economic and business environment of Pakistan. This sheds light on some of the historical context and provides background to some of the major economic changes in the country. The current economic ranking of Pakistan is presented, followed by the socio-cultural factors and organisational characteristics. Pakistan constitutes a unique culture and rich history based on Indian traditions and Islamic influences. These are brought to light and their influence on the organisational structure is discussed. The core HRM characteristics in

traditional and MNC organisations in Pakistan are presented, followed by the impact of MNCs in Pakistan, and in other emerging economies. The chapter lastly, presents the background to the banking sector of Pakistan and the importance of doing research in the banking sector.

3.2 Pakistan's Context

3.2.1 Economic History and Business Environment

Pakistan gained independence from the Great Britain in 1947. Pakistan made some remarkable growth during the 1960s. The country faced a downturn in the economy due to nationalization during the mid-1970s after losing Bangladesh in 1971 and being close to recession. According to Khilji (2002) Pakistan's economic policies can be termed as liberal. The only exception was the period of nationalization in 1971-7 that hindered the growth of the economy. The economy recovered during the 1980s via a policy of deregulation, as well as an increased inflow of foreign aid and remittances from expatriate workers. The sectors were privatized during the early 1990s and Pakistan opened its trade borders to the world (World Bank report, 2012). At the same time privatization began, which included the denationalizing of public sector enterprises (Khilji, 2002). Multinationals have been waiting to capture this opportunity to capture the market through the expansion of the services or diversification of products. The government also encouraged the business-driven culture and encouraged the use of professional and modern management practices (Khilji, 2002). However, Pakistan faced economic sanctions and isolation by the Western governments in May 1998 after conducting nuclear tests this resulted in a significant drop in workers' remittances, export growth, negative and the IMF and the World Bank suspended their assistance and poverty rose to 32% (CIA report, 2013).

Pakistan suffers from economic mismanagement, which is generally due to the political instability in the country, bad economic policy formulation, martial laws and the major wars with India which adversely affected economic growth. Inflation, political instability and currently terrorist attacks remain a problem in Pakistan. According to the CIA (2013) figures inflation is

among the top concerns among the Pakistani public which has increased from 7.7% in the year 2007 to 12% in 2011, before declining to 10% in 2012 (CIA report, 2013).

3.2.2 World Rankings

Pakistan is ranked as the 27th largest economy in the terms in terms of purchasing power (IMF, 2012) and the 45th largest in absolute dollar terms (IMF, 2012). In the ease of doing business index ranking provided by the World Bank (2012) Pakistan ranks 107th which is above India 133rd position. Pakistan is placed in the 'seven hottest emerging economies' (IC report, 2008). Furthermore, Pakistan is placed in the 'Next-11' countries after 'BRIC' constituting Brazil, Russia, India and China. Next 11 is suggested to have the highest potential for becoming world's largest economies in the 21st century (O'Neill et al., 2009; O'Neill and Stupnytska, 2010).

3.2.3 Socio-Cultural Variables

Tayeb (1995) has argued that Pakistan's socio, political and economic institutional arrangements are vested in national culture. Khilji (1999, 2002, 2003) suggest that Pakistani context can be explained by understanding the national culture comprising several key influences such as religious influence of Islam, lasting impact of the Indian traditions from the sub-continent prior to the partition of 1947, the colonial legacy of the British raj, and finally American influences. Religion is of prominence in Pakistan as it was the basis of independence. Although 96 per cent of the population in Pakistan are Muslims (CIA website), the country is largely influenced by Indian traditions such as roles expected of women, children mannerisms (Khilji, 2002). Islam has been able to change some perceptions which are currently existant in the Indian society such as the cast system (ibid).

3.2.4 Organisational Characteristics

Research indicates that socialisation is influenced by various social institutions such as family education (Khilji, 2002). There is also increased bureaucracy and evidence of authoritarian management style in the Indian context (Ratnam, 1998). Elders and teachers are treated with much respect and are referred to as 'Sir' or 'Madam'. This has extended family culture,

which then has several implications. Firstly, calling seniors 'sir' or 'boss' or 'madam' creates an authoritarian style of management and secondly, calling colleagues 'bhai' (brother), baji (sister), or Saheb (sir) makes an association, friendships, or family-like atmosphere, and a bond between the work colleagues. This community and family-like working culture is prevalent in organisations (Khilji, 2002). However, according to Khilji (2002) relationships formed at workplace take precedence over rules and influence HRM decisions of hiring and promotions. Organisations often have a family-like working style and are often ready to do favours for each other. This scenario can be seen as a family-structure, with a paternalistic working culture, where bosses are seen as the head of the family and colleagues as siblings or friends. Eldridge and Mahmood's (1993) study reveals that Pakistan PSEs (public sector enterprises) employees preferred an authoritarian management style and a sense of communal belonging. However, association with fellow colleagues also binds employees to organisations.

Iqbal's (2009) research on managerial styles in Pakistan reveals differences in the attitudes and expectations of three levels of employees, managers, supervisors and workers. The research reveals large power distance, highly directive and paternalistic behaviour by senior management. Furthermore, research indicates that senior managers are more likely to be involved in decision making process than the other two levels of employees, based on a strong hierarchy and inability of employees to question their seniors. Gill's (1998) comparative study also found that Asian managers were more controlling as compared to the American and British managers. This goes in line with Hofstede (2007) study which suggests that Pakistan has high power distance index and low on individualism, demonstrating that by far Pakistan is a collective society. However, on the other hand, Khilji (2002) also reports American influences in Pakistan (Khilji, 2002) through globalisation, deregulation and economic hardship. Khilji (2004) also argues that the increase in the MNCs in the Pakistani market has increased the level of competition. This in turn has introduced a normative corporate culture and better HR policies. This has led to the process of transformation in local and public organisations as well (ibid). The HR policies adopted in Pakistan's public sector and MNC firms, will be discussed in the next section.

3.2.5 Core HRM Characteristics

This section discussed the core HR characteristics in the local and foreign owned firms. Khilji (2002) suggests that the first influence on legal systems and the management structure of the country is from the colonial rule of the British Raj. Specifically, the culture within Public sector enterprises (PSEs) is a replica of the colonial era, comprising a bureaucratic, centralised system, that is not responsive to public needs (ibid). The impact of the colonial era has also had an impact on the role of trade unions. Candland (2007) argues that labour representatives in India were advisory roles, whereas the region comprising Pakistan today was denied this right. Hence, this sowed in the seeds of a democracy in India, while, Pakistan became authoritarian. This led to a weakened industrial relations system in Pakistan, further led by the privatization of firms in 1991.

According to Khilji (2002) a typical Pakistani organisation will have more rigid HRM practices. Decisions are mostly made by the government-appointed committees. Government appointments are based on recommendations from seniors or relationships or through political influences. Rigid rules and regulations lead to a lack of creative management and people are often promoted based on their seniority than capability (Khilji, 2002). Low incentives do not encourage employees and wages and salaries are not as competent as offered by the multinationals (Khilji, 2002).

Although there are associations available such as the Pakistan Society of Human Resource Management (PSHRM) to promote the importance of human resource management to be considered as a strategic partner in firms, organisations still fail to reap benefits because of the lack of planning. This has led to a failure of fair systems, of training and career development plans of individual employees (Qureshi, 1995). Where this suggests a highly bureaucratic environment and rigid HR policies, Ratnam's (1998) study in India, on foreign subsidiaries observed that the HR practices of MNCs were not as unique as some of the domestic Indian businesses. The study also revealed that the Indian public sector was still popular with young professionals, despite the pay scales and benefits being low as it provided them with wider job knowledge. However, Budhwar et al (2006) suggest that

the HR policies such as; recruitment and training etc in local firms in India are subject to cultural, political and economic influences. Furthermore, Qureshi (1995) suggests that management has generally failed to provide systems that are fair, followed by training and career advancements of employees. Relationships between the managers and their subordinates prevail in the work environment, which leads to the unfairness and misuse of the system (Khilji, 1999). Furthermore, despite having a good infrastructure, there is a lack of planning to implement the training and assessment policies (Khilji, 2002) which is subject to the relationship and connections between the top management and failure to transfer these to the line management level.

In the study by Aycan et al (2000) found that India, Pakistan, China and Turkey scored highest on paternalism, whereas, Germany and Israel scored the lowest. With respect to Power distance, India, Pakistan, China, Turkey and Russia scored the highest and loyalty towards the community was seen more in India, Pakistan, China, Russia and Turkey than in countries like Germany, Romania, Canada, USA and Israel. It is suggested that in paternalistic cultural contexts, managers assume that employees expect close guidance and supervision rather than autonomy and power. Managers implement HRM practices based on their assumptions on the nature of the task and employees (Aycan, 2005, pp. 1087). This in turn leads to lower job enrichment and empowerment in performance management (Aycan et al., 2000). Hence top management or leadership behaviour is largely paternalistic towards its employees.

So far, the chapter has reviewed the importance of doing research in a developing country context. As stated previously, this is likely to bring cultural and contextual issues of HR strategy planning and implementation process, which is dominant in the developed side of the world.

3.3 MNC's Impact and Practices

Research in India suggests that market liberalisation has direct implications for SHRM (Krishna and Monappa, 1994). MNCs are seen as training grounds for the local market (Khilji, 2002). Similar findings are from

Ratnam's (1998) study on Indian MNCs, who found that MNCs tend to provide intense training and development to the workforce. MNCs were also expected to set-trends for the local firms to follow. Training and development and other sophisticated HR policies have increased the pressure on the private-sector firms. The elite-class has tended to focus on obtaining jobs in the MNCs (Chaudhary, 2013). It can be established that MNCs have been able to trigger the pressure and competition in the local markets. Open market and reforms in the Indian market has increased competition and has increased pressure on all the functions of the organisations (Bhatnagar and Sharma, 2005). Ratnam (1998) study on the multinational firms in India reveals that MNCs were providing fewer jobs but better wages. Whereas, the public sector firms are known for improving the physical and social infrastructure of employees.

Budhwar (2012), however, suggests that MNCs must take the Indian context into account. This is considered crucial for the success of MNCs, as this is often the difference between survival and extinction (Schuler et al., 2009). It is argued that the MNCs' 'one size fits all' approach to operations in emerging markets may not be a sensible approach (Sparrow, 2012). Thus, Evans et al (2011) suggest that MNCs are increasingly in a dilemma of either being globally consistent or locally responsive to the needs of the local market. Budhwar (2012) suggests that both approaches have a number of benefits. For instance 'being globally consistent can help to lower costs, result in better control and coordination, cross-subsidisation and integration of resources, strategies and competencies' (pp. 2517).

Farndale and Paauwe (2007) present empirical findings of case-studies of MNCs operating in Europe. Their findings reveal that ABB (Engineering and electrical engineering) firm applied a global HR strategy, with the main locus of power at corporate HR level. In contrast, Ikea applied local-HR policies with a decentralised approach. The main power was at the subsidiary level. Furthermore, organisations such as Unilever, Siemens and P&G, were found to apply HR strategies with elements of a global HR strategy and leeway for local HR strategy (Boselie, 2010). The next section discussed the context of Pakistan's banking sector and the importance of doing research in the banking sector.

3.4 Banking Sector Context

Most HRM research is carried out in the manufacturing sector. Hence, Guest (2011) has called for research to be carried out in the service sector such as retail or banking. It is suggested that by doing research in the banking sector, research might be able to take into account perspectives from multiple sites. Furthermore, the banking sector is considered extremely important particularly for a developing country. The allocation of credits in developing economies is dependent on the banking sector (limli, 2004). There exists little research evidence on the banking sector in developing countries (limi, 2004). Pakistan's banking sector is particularly interesting as it has been through several reforms. Most interesting is the nationalised era of the mid-1970s under the framework of the Banks Nationalization Act 1974 (limi, 2004; Khalid, 2006). One of the case-study banks used in the thesis, MCB was also nationalised on the 1st of January 1974, along with 13 nationalised banks in Pakistan in 1974 to make credit availability to high priority sectors of the economy (Haque and Kardar, 1993). The nationalised banks were consolidated into 6 major national commercial banks (Khalid, 2006). MCB, remained in the public sector as a nationalised commercial bank for a period of over 18 years, and was privatized under the banking reforms in the late 1980s (MCB Employee handbook, 2010). However, by the end of the 1980s, it was evident that the objectives for the nationalisation of the banks were not met (ibid).

As in the case with other developing and transitional nations, major banking reforms were introduced in the late 1980s (Hardy and Patti, 2001; Raza et al., 2011). The banks at the time of nationalisation suffered from high levels of bureaucracy, overstaffing, unprofitable branches, poor customer service and a high ratio of non-performing loans (Qayyum, 2007). Efforts were made to liberalise interest rates, strengthen central bank supervision capacity, standardise accounting practices and auditing systems, lift barriers to competition and to privatize public financial institutions (limi, 2004; Hardy and Patti, 2001). Privatisation of banks began in the early 1990s. By that time, the public sector banks dominated the market with 92.2 per cent share,

with the remaining belonging to the foreign banks (Khalid, 2006). Only twenty three banks were allowed to work, out of these, ten were domestic and the remaining were international and foreign banks (Qayyum, 2007).

Further reforms were introduced by the IMF (International Monetary Fund) in the year 1997 and the 2002 (Ahmed and Qayyum, 2008). With the new reforms in place, permission was granted to set up new banks in the private sector (Khalid, 2006). Private Banks were also allowed to increase their market share. Further reforms were initiated in the year 2002 to increase the financial strength of the banking sector (Raza et al., 2011). Followed by the reforms, the share of the public sector banks declined to 41 per cent by the end of 2002, while the private banks share rose to over 45 per cent starting from nil in 1991 (Raza et al., 2011). State Bank of Pakistan has issued licence to over 28 banks in the last 15 years which suggests the remarkable growth of the sector (ibid). Like other developing countries, Pakistan has welcomed the advent of MNCs in the local market. This is specifically done in order to increase technical knowledge and management know-how (Khilji, 2002). The advent of the MNC and new private banks in the sector has led to increased competition in the banking sector.

As discussed in this section, reforms initiated by the government led to the liberalisation of the economy. MNC banks entered into the Pakistani market, which led to increased competition, this has had a major impact on Pakistan's banking sector. Although, there is limited evidence of MNC and local bank comparison in Pakistan, however, research conducted by Khilji (2002) suggest that MNCs have been able to introduce corporate culture in the industry. The next section will consider the impact of MNCs in Pakistan and will draw from other research in other developing countries. Therefore, the thesis makes use of a mixture of MNC, local and public banks in Pakistan.

3.5 Conclusion

This chapter discussed the importance of conducting research in Pakistan. The context of Pakistan was brought forward. Socio-cultural, economic and organisational norms were discussed in the light of existing research.

Pakistan is an under-researched yet culturally unique country. Therefore, there is a need to conduct empirical research in the region. Furthermore, the introduction and entrance of MNCs has increased competition in the developing countries, more specifically, in countries like India, China and Pakistan. Hence, it is interesting to study comparisons between local and MNC firms operating in Pakistan. The chapter then presented the context of the banking sector and highlighted the importance of doing research as it has been through several reforms. Overall, the thesis aims to add to the cultural dimensions and provide richer understanding of influences; institutional and cultural settings may have on HR planning and implementation processes. The next chapter considers the methodology adopted for the thesis.

Chapter 4: Methodology

4.1 Introduction

The previous chapters discussed the literature review and the context of the research location. This chapter will address the research methodology and design of the thesis. The main aim of the research is to understand the complex process of HR strategy planning and implementation, and the role of the actors involved in the process. Hence, the methodology adopted in the thesis is considered keeping in mind the research questions posed.

The chapter opens with the main research questions and how these will be addressed through the methodology adopted. It then presents with the methodological framework, the epistemological and ontological stands. The research design, adopted in the thesis is then outlined which is based on a single-industry, multiple case-study and semi-structured interview approach. The adoption of the case-study approach is justified in the context of the given research questions. It further sheds light on the use of multiple-case studies in the HRM literature, and how these have helped provide insights to some of the complexities of the scenarios. The research location is then presented, which reflects the contextual contribution of the thesis. The five case-study organisations are introduced, followed by the data collection strategy which includes the field work challenges and ethnographical considerations. The merits of adopting semi-structured interviews are discussed as a primary data collection technique. Interviews were conducted from top managers, HR managers, middle, line and non-managers. This adds to the richness of the data and helps explore *'top-down'* and *'bottom-up'* scenarios of HR policy planning and implementation. This also helps elicit contradictions and tensions at the workplace, by employees working at different levels. The major themes of interviews are then presented. Ethical considerations, data analysis and data quality issues are considered in relation to the thesis.

The main aim of the thesis is to understand the processes of HR strategy planning and implementation. The thesis does not aim to test hypothesis or establish correlations or present effects on organisational performance. The

thesis aims to cascade the layers of HR policy planning and implementation processes and understand these and the role of the actors in this. The thesis adopts a qualitative intensive approach, which helps understand social complexities, contradictions and tensions at different workplaces. It also helps illuminate the problems and issues faced by the different employees working at different levels in the organisations studied. This chapter also demonstrates how quantitative methods are unsuited to answer the questions posed and gain perspective on the inner realities that are considered to be vital for the thesis. There is a need to develop more understanding of the perceptions, experiences, and realities of the processes and the actors working in the process. All questions posed by the thesis point to the adoption of the qualitative study. The justification and details of these are now discussed.

4.2 Aim and Nature of the Thesis

The aim of the thesis is to understand the strategic HR policy planning and implementation process. The thesis does so by employing multiple-case studies and semi-structured interviews. Furthermore, interviews are conducted with multi-level employees, involved in the planning and implementation of the HR policies. Literature review presented in chapter 2 was able to highlight the need for more qualitative research to explore the complexities and understandings of the processes. The use of inductive research helps explore these and bring out the interactions, perceptions, and realities of HR planning and implementation. The thesis explores this, through detailed understanding of these at five case-study banks in Pakistan. The main aim of the research is to understand the following three main questions:

- 1) How are HR policies integrated with the corporate strategy and business strategy (i.e. organisation's mission and goals)
- 2) How are HR policies formulated, and what is the role of HR managers in the formulation process?
- 3) How are HR policies implemented by HR and Line Managers

The adoption of qualitative research has helped explore the inner realities of the planning and implementation process of HR policies. The adoption of the methodology and justifications of the methods adopted are now discussed.

4.3 Methodological Framework of Intensive Research

It is important to make certain philosophical assumptions before the formulation of research questions (Creswell, 2008). These philosophical assumptions are often based on the 'concept of specific paradigms' presented by Kuhn (1970). These paradigms are important in showing that there can be more than one set of basic beliefs or paradigms about reality and what is counted as knowledge. A paradigm here is defined as a basic belief system that guides action; namely the ontological question; which is formed by the nature of reality and, what is there to be known about it, epistemology; which defines the nature of relationship between 'the knower or would be knower and what can be known?' (Guba and Lincoln, 1994 pp. 108) and finally the methodological question; which deals with the strategy that the inquirer follows to go about finding out whatever he or she believes can be known. According to Denzin and Lincoln (2000) all research is interpretive and it is guided by the researcher's set of beliefs and feelings about the world and how it should be understood. However, each paradigm makes a particular demand on the researcher, to take a stance on the philosophical assumptions to interpret the research. To understand the philosophical assumptions adopted by a researcher, it is important to see the major elements of each paradigm (Creswell, 2008).

"Positivism has the elements of being reductionist, an emphasis on empirical data collection, cause-and-effect oriented, and deterministic based on a priori theories" (Creswell, 2008, pp.20). Hence this calls for the positivist-deductionist approach. Easterby-Smith et al (2012) suggest that positivism contains two assumptions, firstly at an ontological level, that reality is external and objective; and secondly at epistemological level, that knowledge is only of 'significance if it is based on observations of this external reality' (pp. 57). While this approach lends itself for more quantitative approach, which are appropriate for statistical analysis. ,

however, this approach may lack explanatory power needed to explore complex processes (Hesketh and Fleetwood, 2006). It is argued that there is little research done, that explains what goes on inside an organisation (Fleetwood and Hesketh, 2006). As Paauwe (2004: 36-7) writes, 'we need a theory to assess the relationship between a set of HRM policies and practices and to explore how these relate, interact, or are influenced by the 'context'? Truss (2001, p. 1127) also suggest that 'more qualitative research is needed to study the phenomenon of HRM, utilizing multiple sources that tap into the rationale behind decisions that are made'. Hence, although using a quantitative approach has its own merit but there is a need to present deeper and richer understanding of the processes of HR strategy planning and implementation.

Although, Wall and Wood (2005) make a case for large-survey scale and longitudinal study. Hesketh and Fleetwood (2006) and Paauwe (2009) present the need for more in-depth interviews and case-studies to explore the complexities of the HR related processes. It is suggested that HR based contextual research will give more attention to the processes that shape HR practices at workplaces. This is expected to make important contributions to a relatively neglected area of inquiry in the HR literature (Paauwe, 2009). In order to capitalize on this, and in order to understand the connections and relationships between senior managers, HR managers and line managers, the applicability of positivist-deductivist inquiry is found to be weak. This is not to shun the positivist approach, rather the applicability of an interpretive qualitative research is deemed more compatible with the posed research questions.

Qualitative research seeks to discover, and identify underlying concepts and relationships between them (Frankfort-Nachmias and Nachmias, 2007). Qualitative studies are thought to bring out the contextual information, as well as the complexities, controversies, tensions and realities of the social process. Hence, a qualitative interpretive study is found most suited for the thesis. Qualitative research also seek to answer what is happening and why (Denzin and Lincoln, 2000; Lincoln and Guba 1985) and aims to understand the deeper meaning to generate richer understanding of the accounts.

The aim of the thesis is to unpack the processes through which HR policies are created and implemented. Consequently the research project aims to treat the respondents as knowledgeable and able to understand and construct their opinions and beliefs about a particular matter or situation. It also considers the respondents to draw from their perceptions and experiences to make sense of the questions posed and understand the manifestations of social processes in any particular locale (Giddens, 1984). In essence, this thesis deals with the experiences, perceptions and intentions of the different levels of employees and how they are engaged in the contextualisation of HR strategy process. It is important to understand the 'how' and 'why' questions of the engagement of the different actors; leaders, HR managers and line managers with the process of HR strategy planning.

On the ontological level, the essence of realism is that there is a reality independent of the mind. Realism is the opposite of Idealism. Realism theory suggests that only the mind and its contents exist (Saunders et al., 2011). In management research realism becomes clearer with two forms of approaches the first, direct realism and second, critical realism. Direct realism; take things for their face value (Saunders et al., 2011). Whereas, critical realism argues that the experiences are sensations, images of the things in the real world and not the things directly. Hesketh and Fleetwood (2006) suggest that it is a set of very abstract statements about the way the social world is and methodological commitments are driven from this. This was predominantly adopted by the most recent work of Maxwell (2012) and the work on understanding the links between HRM and performance by Hesketh and Fleetwood (2006) and Fleetwood and Hesketh (2008; 2010). Critical realism is 'a philosophy of social sciences that shares with positivism the belief that there is a reality, both natural and social, which is independent of human knowledge' (Morton, 2006). The central idea of critical realism is that the natural and social reality needs to be understood as an open system.

Critical realism provides a way of 'meta-theorizing the connection between HRM and performance'. Critical realists, make use of open and closed systems. 'Systems are defined as 'closed' when they are characterized by

event regularities and 'open' when they lack event regularity (Hesketh and Fleetwood, 2006:685)..Closed system is a very rare phenomenon especially in a social world. We do not live in a social vacuum. Therefore, events and irregularities are a part of the social world. Hence, the social world appears to be open. It is not the aim of the thesis to consider the 'closure' of the system. Rather, it suggests that the organisations exist in an open-dynamic world. Management research concerns the social world which is more complicated than the natural scientific approach assumes. The thesis deals with the social world and constitutes human agents and social structures which are complex and may vary based on various internal, external fit, organisational and other institutional factors. Hence, the critical realist approach is deemed to be most compatible with the thesis. The next section outlines the research design of the thesis.

4.4 Research Design

The research design is based on the three rationales below:

1) Single industry base approach

The thesis uses multiple-case studies in a single industry. Previous research on HRM has used inter-industry settings such as Purcell (1999) and Dyer and Reeves (1995). It suggests that industry-specific research can lead to generalisations which are much needed in the HRM literature (Becker and Gerhart, 1996; Khatri and Budhwar, 2002) It is expected that the single industry setting will be able to bring out industry specific scenarios and help create generalisations (Khilji, 2002).

2) Multiple sources of evidence:

The thesis employed multiple sources of evidence. Guest (2011) highlights the importance of conducting research from multiple sources. The thesis used multiple sources of evidence in three ways. Firstly, interviews were conducted from employees working at various levels such as: top managers, middle managers, HR managers, line managers and non-managers. It is suggested that previous HR research has not focused on the importance of information that could be obtained from

senior managers and the CEOs. Furthermore, Marchington and Grugulus (2000) mention the 'missing voices' pointing towards the omission of employee experiences. Therefore attempt was made to incorporate interviews from multiple levels of employees. These employees were working at different levels in various departments such as sales, finance, retail, operations of these banks. Secondly, multiple case-studies were used. The thesis employed two private owned, one state owned and two MNC banks. Interviews were conducted at multiple sites i.e. head office as well as various retail branches of these banks. Apart from this, documentary evidence such as annual reports, employee handbooks, company's internal documents, online resources, company websites and newspaper articles were sought at every opportunity. This also helped tackle the validity issue which will further be discussed in section 4.12.

3) Semi-Structured Interviews:

Semi-structured interviews were conducted with all levels of employees. This enriched knowledge and understanding of their experiences and the strategic planning process of the HR activities. Employees were given the freedom to express their opinion on the role of HR, their role in the firm, problems faced, the inception and formulation of HR policies.

4.5 Case Study Approach

According to Yin (2008) there are three conditions to consider when choosing a method for research. Firstly, it depends on the type of the research question posed. Secondly, the extent of control a researcher may have over actual behavioural events and thirdly the degree of focus on current as opposed to historical events (pp.8). Yin (1994) also stresses that 'case studies' are particularly useful for addressing the 'how' and 'why' questions. Moreover, Yin (1994) also advocates the use of case-study methods as they have the ability to describe the real-life contexts and they might be used to enlighten the situations in which the intervention being evaluated has no clear, single set of outcomes (Yin, 2008, pp.20).

Hence, in order to answer the 'how' and 'why' questions and given the exploratory nature of the thesis, case-based approach is adopted for the investigation. Three variations exist in terms of intent of the case analysis: the single instrumental case study, the collective or multiple case studies, and the intrinsic case study (Creswell, 2008). In a single instrumental case study, the focus is an issue or concern, which then elaborates to illustrate the issue (Stake, 1995). In multiple case study approach, the focus remains on an issue or concern, but across multiple sites. This is done in order to present multiple perspectives on the issue. The final type of case study design is an intrinsic case study which focuses on the case itself, as the case itself presents an unusual or unique situation (Stake, 1995).

In order to gain a richer understanding of the three main research questions, and to gain multiple perspectives on the same issue, the multiple case study approach is found to be the most feasible. Although, a case-based approach is the most suited, there are some common criticisms attached to it. Yin's (1994) main concern of criticism of case-study research comes from Positivists. In particular, it is argued that case-studies lack rigour, are difficult to generalise and produce piles of data. Mitchell (1983), however, argues that multiple case studies can produce valid and illuminating research and a small number of cases can make generalizable claims about the wider society. Therefore, multiple case study approach helps tackle the generalizability issue, for which qualitative research is often criticised. Case-studies are different than experiments that are conducted under special conditions and organisations work in a dynamic environment multiple cases, in various organisations. Hence, using the same concept might reveal some insights, and understanding on policy integration, formulation and implementation process in different organisations. The most important 'is to explain the presumed causal links in real-life interventions that are too complex for survey of experimental strategies' (Yin, 2008, pp.19).

The literature on HRM presents with interesting case-studies. These have sought to explore the complexities and HR practices and have added to the understanding of the field. Truss et al (1997) study of 8 case-study organisations in the U.K, found that the rhetoric adopted by the organisations frequently adopt the softer, commitment based models, while

the reality experienced by employees was more concerned with the 'hard' control based approach. They argue that it is this distinction that needs to be taken into account while conceptualising HRM.

One of the notable case-studies is by Truss (2001) on Hewlett-Packard. This is an interesting case-study which uncovers some of the complexities and controversies of HRM and its links with organisational outcomes. It contributes to the debate of HRM by analysing in detail the HR policies and practices of the case-study firm. The study adopted an exploratory approach and collected data from multiple sources such as HR managers, line managers and non-managerial staff. Truss's (2001) study was able to explore and unravel some of the complexities and shed light of the 'rhetoric' of the organisation to the 'realities' of the workplace.

Geary (1992) investigated three American electronic firms in the Irish Republic. Through detailed and critical analysis of the three American firms, Geary (1992) was able to explore that the adoption of HRM strategies led to *rigidity* and status divide in the workplace. This exploration and insights was only possible through the detailed analysis of the case-studies. Furthermore, Gratton et al (1999) presents with multiple-case studies of nine leading edge firms. The case-studies seek to understand the impact of contextual features on HR strategy process, and the links between intended business strategy and realised interventions. The study provides a more realistic view of organisational life and provides in-depth understanding to the complexities of organisations. In their study they not only report the failure of implementation but also explore the reasons behind the failure and the gaps between rhetoric and reality. This study concludes that the processes of HR strategy and implementation are complex and have differences between the planned and implemented HR poly interventions. The study also sheds light on the processes that can act as a source of competitive advantage for the firm.

Further to this, Gratton and Truss (2003) develop their 'three-dimensional model' using the 9 leading edge firms to understand the intended and realised interventions. This study helped explore that organisations work differently and may have processes that are unique to them. Furthermore,

adopting a longitudinal case-study approach helped understand the evolution process of the organisation.

Within the international human resource management literature, Khatri and Budhwar's (2002) case-study of nine cases sought to explain the strategies HR issues in the Singaporean context. HR function was found to be playing a more significant role but the role was seen secondary in some organisations. They suggest that HR managers need to acquire a new set of HR competencies to manage HR activities. Through the case analysis the study was able to explore the lack of communication of HR strategies and these being created in isolation. However, they called for more research to unpack some of the links that can lead to increased competencies of the HR department and form a link between the top management and the HR. Khilji's (2002) study on Pakistan's MNC firms provides understandings of the socio-cultural variables that may influence HR policies. Through the adoption of case-study approach, exploration is led into the organisational characteristics and other cultural and contextual influences of organisations. This is an important study as it plays an important role in developing the much needed literature for under researched countries such as; Pakistan. Through intense analysis of the interview data, the study is able to explain and highlight the interplay of socio-cultural, contextual and organisational factors in workplaces. The study explores the realities, contradictions and complexities of multiple levels of employees and their interactions.

These studies present with useful insights into the realities of the complex HR processes and their contextualisation's within workplaces. Hesketh and Fleetwood (2006) and Paauwe (2009) call for more in-depth case-based studies to capture the inner realities of the HR systems. Hence, the thesis seeks to explore and unpack some of the complexities, contradictions and inner realities of HR strategy planning and implementation process and explore the relationships between the actors involved in the process through multiple case studies.

4.6 Research Location

Qualitative research studies are often based in natural settings. Choosing a site is one of the most important and challenging parts of doing any research work. In order to look for an ideal location for research, Marshall and Rossman (1995) note:

Where (1) entry is possible; (2) there is a high probability that a mix of process, people, programmes, interactions, and structures of interest are present; (3) the researcher is likely to be able to build trusting relations with the participants of the study; (4) data quality and credibility of the study are reasonably assured. (p. 51).

The research location was Karachi, Pakistan. The researcher was born and brought up in Pakistan and is familiar with the culture. Consequently, the researcher had some personal contacts for access in some of the organisations. Pakistan is the 7th most populous country and is one of the developing countries in the world. There is little evidence of strategic human resource management research within organisations in Pakistan. Much of the literature in Pakistan revolves around Khilji's (1999, 2002). Also, Human resource management is quite new to Pakistan. According to Khilji (1999) HR in Pakistan is going through an infancy stage. There are lots of new practices being introduced especially by the Multinational organisations as they are known for innovating and introducing new policies and procedures and targeting young professionals. Khilji (2002) suggests that a typical Pakistani organisation will have more rigid HRM practices. However, Ratnam's (1998) research in India, observed that the practices of MNCs were not as unique as thought, as some of the domestic Indian businesses were also pursuing the same human resource strategies as well. However, research based in this region mostly concerns literature on multinationals and are based on survey data. Therefore, this lends itself for further research in private, state and MNC firms in Pakistan. The next section introduces the case-study organisations used in the thesis.

4.7 Case-Study Organisations

4.7 (i) Muslim Commercial Bank (MCB)

The first case-study bank is MCB. It is one of the 'Big-6' banks in Pakistan (Dawn news report, 2013). It was established in Calcutta, India in July 1947 (pre-partition) as a public limited company by two of the most enterprising business houses of pre-independence India, the Isphahanis and Adamjees. Post-Partition, the Head Office of the bank was moved to Dhaka in 1948 and then to Karachi in 1956. It was one of the 13 major banks that were nationalised under Bhutto's regime in 1973 for a period of 17 years. Since privatization, MCB has gained a significant market share in the banking industry of Pakistan. It has a workforce of over 14000 employees with a domestic network of over 1,193 retail banking branches and 688 ATMs across Pakistan with a customer base of 4.7 million (approx.) The bank has won many awards including the Euro Money Award for the last five years, best bank in Pakistan award, MMT, Asia Money, SAFA (SSARC), The Asset and The Asian banker award (MCB, official website). The expansion and growth in the organisation, is largely credited to the vision of the chairman of the bank. In recent years, the bank had gone through major restructuring, elimination of policies that were inherited during the nationalised era, and formulation of new policies and procedures for the bank.

Access to MCB was through contacting various employees in the loop. This was an intense process. But the point of contact was established with the Head of HR on LinkedIn. This contact acted as a gatekeeper. Further access in the organisation was sought through this contact. This opened the doors for other interviews to be conducted in the HR department. Attempts were made to extract as much information from the HR department on the development of HR policies, their evolution over time and the relationship between HR and line managers and senior managers. Interview was also conducted on one of ex-CEO of MCB, which led to further insights on the development and planning of HR strategies. Documentary evidence, mission statements, performance appraisal forms, employee handbooks and other documents were sought at every given opportunity.

4.7 (ii) State Bank of Pakistan (SBP)

State Bank of Pakistan (SBP) was chosen as a case-study bank as it is the Central bank of Pakistan. It has a unique structure and characteristic that makes it an interesting study. Before independence, SBP was the central bank for both Pakistan and India. On 30 December 1948 the British Government's commission distributed the Reserve Bank of India's reserves between Pakistan and India. Hence, the State Bank of Pakistan was formed by the founder of Pakistan in 1948 to serve as a central bank to regulate the bank notes, monitor reserves to secure monetary stability in the country and generally to operate the currency and credit system of the country. However, in the year 1997, full 'autonomous' powers were given to SBP, which gave the bank exclusive authority to regulate the banking sector and to conduct independent monetary policy as well as set limits on government borrowings from SBP. Hence, SBP not only regulates the money in the economy but also is responsible for being a regulatory body, supervising the banking sector of Pakistan. All the banks working in Pakistan must comply with the regulations of SBP and are supervised by yearly audits by the bank.

"Its primary functions include issue of notes, regulation and supervision of the financial system, bankers' bank, lender of the last resort, banker to government, and conducting monetary policy. Other main functions include management of Foreign Exchange Policy & Regulations of the country under FERA Act and custodian and manager of the Pakistan's Foreign Exchange Reserves." (SBP, company documents)

SBP has a traditional work structure. Bureaucratic and centralised headed by the governor of the bank, followed by the central directors, the secretary, finance division, Government of Pakistan – and seven directors, including one director from each Province, to be nominated by the federal government ensuring representation of agriculture, banking and industrial sectors. Each governor is appointed for the period of 5 years (SBP, company documents).

Access to the bank was through the assistant director of HR on LinkedIn. The first meeting was arranged with the director of HR in SBP. This meeting was the starting point for the access. The researcher explained in detail about the research project. Similar to MCB, the access for interviews was

limited to the HR department. Limited access was given to interview non-managers. This may present the bias of the HR department, in picking the candidate for the researcher. All attempts were, however, made to ensure that details were generated through extensive interviews with the respondents and through the detailed explanations sought from the respondents. Furthermore, limited access in the bank can be explained through the cultural and organisational structure outlined in chapter 3, which suggest that Pakistan's organisations are based on high-levels of bureaucracy and lack of trust in the line management (Iqbal, 2009).

4.7 (iii) Standard Chartered Bank (SCB)

Standard Chartered Bank has a long established history that dates back to the mid-19th century. The bank has over 80,000 employees with its presence in over 70 countries across the globe. Although the bank set its base in the U.K in the year 1853, the group earns around 90 per cent of its income and profits from Asia, Africa and the Middle East, from its wholesale and consumer banking businesses (SCB, Official website). The bank takes pride in setting its bases in the world's most dynamic and growing markets. Standard Chartered is listed on both London and Hong Kong stock exchanges, and ranks in the top 20 companies in the FTSE-100 by market capitalisation (ibid).

The bank has an established history of its presence in the South-Asian and the Asian-Pacific region since the year 1958. It has since gained a tremendous share in Pakistan's market, especially after the acquisition of Union Bank Ltd in the 2006, with the largest ever transaction of US \$487 million in Pakistan's banking history, currently making it the fastest growing bank: 5th largest bank in Pakistan in terms of profits and revenues and the largest foreign bank in Pakistan (SCB, company documents). SCB has over 9000 employees in Pakistan, with 162 branches in 29 cities in the country. Its core businesses in Pakistan are in consumer banking and wholesale banking. The bank is also the first foreign bank to start its operations in Islamic banking (SCB, official website).

In Pakistan, the bank has won several awards for its excellent performance over the years. Such as; "Best Foreign Commercial Bank in Pakistan" award

by Finance Asia; "Best International Trade Bank in Pakistan 2009" by Trade Finance Magazine, a publication of Euro money; "Best Foreign Exchange Provider" Award from the Global Finance Magazine for 2010; Triple A awards for the 'Best Debt House in Pakistan' award by The Asset; "Pakistan Deal of the Year – 2009" award by the Islamic Finance News; 'Awards for Excellence', London 2009, by the Global Custodian; Consumer's Choice Award for being the "Best Credit Card Provider in Pakistan" by the Consumer Association of Pakistan (SCB official website).

Standard Chartered has been able to integrate with Pakistan's culture and has placed itself amongst other private and local banks in Pakistan. The bank prides itself in being a 'global bank' and greatly shares the idea of having a 'one bank' culture. This is also reflected in the case presented by Truss et al (2012). This culture is deeply embedded in the organisation endorsed by a 'value system' of the bank. The company's five core values are courageous, responsive, international, creative and trustworthy. These values are an integral part of the bank. They are also a part of the performance management system and hence every employee must demonstrate these five core values, in order to qualify for a performance appraisal along with meeting its objective targets. These subjective values are judged by their line managers, which are assessed through their day-to-day activities in the organisation.

Access in SCB was through separate personal contacts. The first interview was with the relationship manager of HR who spoke in length about the structure of the HR department in SCB, various HR policies, their evolution, performance evaluation system and the core values of SCB. Subsequent interviews were through a schedule arranged by the RM-HR in the head office and in retail branches, further interviews were through snowballing and convenience. Access was also granted to interview branch managers and non-managers in the retail branches. Multiple retail branches were used to get multiple perspectives from employees working at different sites, based in Karachi.

4.7 (iv) Barclays

Barclays is the 6th oldest bank in the world, established in 1690. It has its headquarters in London and has spread its operations over 50 countries. It was regarded as the 7th largest bank in the world (Global finance, 2012) in terms of assets. Barclays started its operations in Pakistan in the year 2008, under a licence to operate for 14 years (Hussain, 2008). Barclays is a fairly new entrant in Pakistan's market and has struggled in recent years to make a place for itself there. It had a promising start and recruited 518 employees, opening 16 retail branches in 3 cities. It has, however, cut back its operations in the year 2010, firing 120 employees and closing down consumer banking. It now operates with 8 retail branches with its' head office based in Karachi.

It has a relatively small HR department with 10 employees, responsible for recruitment, performance management, training and other responsibilities for the bank. The HR policies in the bank come as a group policy from the head office in London. The HR department has some freedom to customise some policies as per the local setting of Pakistan.

Barclays was the most difficult to access. The researcher used several approaches to get access for Barclays. Emails were exchanged for over two months through various gatekeepers. A number of personal contacts (both working within Barclays and outside) were used to initiate access. Furthermore, the researcher also made several phone calls to the HR department, explaining in detail about the research project. The first meeting was with the HR director, where access was negotiated. However, this access was limited to conduct interviews with the HR department. The researcher also conducted some informal interviews with line managers and middle managers working in the bank.

4.7 (v) Bank Alfalah (BA)

Bank Alfalah Limited started its operations in Pakistan in 1997. It is the former BCCI (Banking Credit and Commerce International) which was formed in 1972 by Agha Hassan Abedi (Passas, 1996), described by Bank Alfalah's employees as the 'most charismatic and charming leader'. BCCI was formed by a jointed investment of Sheikh Zayeb bin Sultan Al Nahyan, the ruler of Abu Dhabi and from a 25% investment by Bank of America.

BCCI was registered in Luxemburg with its headquarters based in Karachi and London and became the world's 7th largest private bank in the 1980s with over 400 branches in 78 countries and over 30,000 employees (Sikka et al, 2001). BCCI was a high-profile bank. Passas (1996) terms BCCI as an institution 'with powerful allies and friends' (p. 58). Despite, several rumours of money laundering, in the early 1980s BCCI, was doing business with powerful organisations and individuals associated with the government. However, BCCI's rapid expansion was questioned (Herring, 1993). The Bank of England commissioned Price Waterhouse to conduct a much broader investigation, while the U.S authorities continued to investigate the allegations that BCCI had covertly acquired control of four U.S. banks. The report from Price Water-House indicated a massive, global fraud and money laundering (Herring, 1993). It was the first international bank to be convicted for money laundering. This caused a reputation loss for BCCI, and lower morale among employees (Passas, 1996).

With these charges the bank had to close its world-wide operations in 1991 with the Karachi head office being taken over by Habib Credit and Exchange bank to conduct audits. During this time, Agha Hasan Abedi, suffered a heart attack and died a few years after the banks closure. The bank had over 2,000 employees at this time, which were taken over the Habib credit and exchange bank (HCEB) for auditing but the results remain inconclusive (Sikka et al. 2001). Hence, the bank was cleared from the charges, while employees in HCEB suffered with poor HR policies, stagnant salaries, and lower morale. The operations were then taken over by the Al-Nahyan group of Abu-Dhabi, who then appointed the Board of Directors from the same lot of employees.

During the interview sessions in Bank Alfalah, employees often spoke about the inspirational and motivational side of Agha Hasan Abedi. The charisma and leadership of Agha Hasan Abedi are often referred to in various research papers (Passas, 1996). The Bank had a unique culture and spirit. Employees at Bank Alfalah often spoke about the enthusiasm and passion of Agha Hasan Abedi. Employees at Bank Alfalah thought that they were largely motivated because of their leader. Majority of employees at Bank Alfalah, believe the conspiracy theory, that BCCI was targeted because it

was from the 'third world' also reflected from the research of Passas (1996). They also spoke about Agha's meetings and discussions with its employees. Where, 'nothing related to banking was discussed'. The meetings would last hours and Agha would never talk about deposits and profits. It was stated, that he would only engage in talks about opening up branches and ventures in new countries and motivate employees with his charisma to become the number 1 bank in the world. It is this drive that remains with employees to date. Employees at the time of BCCI felt as one family, which is still very much the culture of Bank Alfalah. A lot of HR policies in Bank Alfalah are inherited from BCCI. Bank Alfalah currently has over 8,000 employees, 471 branches retail branches with an international presence in Afghanistan, Bangladesh and Bahrain.

Access to Bank Alfalah was through a personal reference to the CEO. The researcher was referred to the HR department, which scheduled all the interviews in the bank. The interviews were scheduled for 30 minutes to 90 minutes, but in some cases lasted longer than the scheduled time.

4.8 Data Collection Strategy

As stated in the previous sections, the research was conducted at 5 case-study banks. Of which, two were private-owned (MCB and BA), two multi-nationals (SCB and Barclays) and one state-owned bank (SBP). This presented with a good mixture of organisations; with different background, working style, hierarchical structure, set-up and history. The research took place in Karachi, Pakistan during the period of March 2011 to April 2011. The city was specifically chosen as Karachi is the financial hub of Pakistan and the head offices of the above mentioned banks are based there. This was vital for the research as all the top-management and middle management staff were based in the Head office as well as line managers and employees working in various departments. Most importantly, the HR departments of all the banks were based in the head office of these banks. The research was also conducted in various branch banking sites of these banks in Karachi, Pakistan. A mixture of high and middle class commercial areas were used. This allowed a good variation for conducting interviews at

the Head Offices of these banks as well on the branch banking side which dealt with operations. This also helped explore different perspectives and employee experiences. On the other hand, choosing multiple sites of retail branches helped understand the differences in the set-up of the branches, and their relationships with the head office. It was also interesting to study the differences and similarities between these branches within a bank and across these banks. These were vital aspects for the validity and generalizability perspective (Creswell, 2008).

The data was collected simultaneously in all the banks studies. The head offices of all the banks except Barclays were based in the close proximity, which gave an added opportunity to arrange different meetings within the same day. Also, the exposure from one bank to other in the same day gave a good perspective on the various operational ways and procedures of the banks. Taking heed from Gratton et al (1999) special attention was given to the culture of the place, interaction of employees with one another, the feel, and motivation of employees, their behaviour and working styles, the lay out of the floors etc. The researcher also made efforts to develop and maintain contacts with the respondents even after the interviews were over.

Some tensions were noted with the enactment of HR policies and the reaction of employees in the banks however, Bank Alfalah endorsed a '*family-like*' working atmosphere. Colleagues were treated as family members and were invited at home or in social gathering as were treated as close friends. The open –plan seating arrangement, paved way to chats and jokes among colleagues. For instance, during prolonged visits to the HR department, and wait between interview sessions, an employee was a constant target of jokes. This showed a special bond shared between employees as it demonstrated the warmth and affection with each other. This also reflected on the 'extended family' culture as stated by Khilji (2002). On the other hand, Barclays and SCB endorsed a corporate culture, in terms of discipline and behaviour of employee interaction with one. This goes in line with Khilji (2002) findings, which suggest that the MNC banks have introduced a corporate culture in Pakistan's banking sector.

Employees were asked about their experience within the bank and the emergence of the human resource management policies. The understanding of the evolution process presented with a good perspective on the emergence and creation of the HR policies within each bank, it also allowed to familiarise with the way each bank worked and their hierarchical structure. For example, it was evident during the interviews that the HR policy evolution for Bank Alfalah was through the incredible input, feedback and efforts of line managers, whereas in the other banks it was more of a top-down approach. Although, this can be criticised for being reliant on the employees' memory of the events (Gratton et al., 1999), but it presents interesting insights in itself. It demonstrated that employees were able to retain key events and moments throughout the history of their career or within the banks. Some incidents reported by one employee were also validated by other employees, who had worked in the organisation during the same period of time or later and have experienced the changes. Hence, this helped tackle the validity issue. These experiences and events also played an extremely vital role in building the empirical chapters.

4.8.1. Documentary Material

As per Gratton et al's (1999) advice documentary material was collected and assessed throughout the course of research. The documentary evidence originated from a number of sources. The thesis used a combination of internal data sources such as company profiles, employee handbooks, HR policy documents, annual performance review, and policy document. Apart from this, sources such as mission statements, annual reports, memoranda and other communiques, proposals progress reports and other internal documents were also used to collect relevant data. The thesis also made use of external data sources such as research reports, seminars presented by previous CEO's, supplementary information from employees, company websites, CIA reports, IMF website, world bank reports and newspaper articles were also thoroughly sought, which helped validate data and added deeper level of understanding. This body of documentary material helped capture detail accounts, form case-studies and validate information collected from interviews.

4.9 The Use of Semi-Structured Interviews

Semi-structured interviews were employed as a primary data collection technique. It is widely acknowledged that interviews give an opportunity to the researcher to gain a richer understanding of the accounts (Burgess, 1982). It is further stated that interviews provide the researchers with the opportunity to probe direct questions, uncover new clues and prompt for explanations. The main aim of the interviews is to gain an understanding from the respondent's perspectives which is vital for research as it presents not only their viewpoints but also the reasons for having that particular viewpoint (King et al., 2004).

Jones (1985) highlights a number of issues to ensure that the interview sessions are successful. It is outlined that some key questions and themes are vital for interviews to be successful. Also, it is important that the researcher thinks about reshaping and tailoring the interview questions, depending on respondent's position or response. Semi-Structured interviews were designed based on the literature review and to stimulate employee responses on the posed questions. A range of issues, including questions of employee experiences in the organisation and differences between this and other organisation they had worked in, previous background, experiences of the HR policies in place, experiences with other employees such as their line managers, their interaction with HR, evolution of HR policies over time, their input in these, perceptions on the role of HR, their feedback on HR (please refer to Appendix A-D for interview themes).

Employees working at different levels were interviewed such as; top managers, middle managers, branch managers, line managers and non-managers. The questions at these levels varied. For instance, questions with top managers revolved around business strategy integration, their connections and interactions with HR and involvement with strategy planning. With the middle managers, more focus was given to the business-level strategy integration with HR policies, their experiences with HR, problems faced, the role of HR. With line managers, these were more focused towards the various HR policies in place, the responsibility of these,

experiences with HR and their perceptions on HR and finally, with employees, the focus was more on their background, their interaction with their line managers, experiences of HR policies in place. Multiple sources of evidence also helped shed light on the contrasting views of senior managers, HR managers, line managers and non-managers and tap into the realities of these. Respondents were encouraged to provide additional information. Explanations and examples were sought at every possibility.

The approach of 'laddering' was used to instigate and 'get more' from one question. A combination of both, laddering up and laddering down were adopted (Easterby-Smith et al., 2012). Laddering *upwards* helped get more from one question. For instance, in a response from an employee on '*I do not have much interaction with the HR*', the question from the research would be 'why there was limited interaction between the respondent and the HR'. In another instance, the respondent suggested 'that he did not have trust in the HR department', the researcher's further asked the reasons for this asking the 'why' questions. This technique helped extract more information from the answer. In many instances, respondents were asked to provide examples of the scenarios. These 'why' questions, helped probe the statement further and make the respondent think about their actual motivational levels. However, the over-use of '*why*' can spoil the interview questions (Easterby-Smith et al., 2012). The researcher was conscious of this and adopted laddering *down* technique and asked respondents to present with examples of incidents. For instance, if an employee made a statement about the 'negligence of the HR department towards the employees', the researcher would ask 'if they have experienced any incidents where HR department had showed their negligence?' In another instance, the respondent suggested that 'it was extremely important to make connections with line managers'; in this case, examples were sought, from the respondent to explain 'why' the connections was important and 'how' these connections helped employees.

These examples were also important as they presented with the *actual* accounts of incidents. These presented with real life scenarios and helped explore some of the tensions and complexities within the workplace. These helped gain extremely insightful details and specific examples on core

incidents reported. The technique of laddering also helped to move away from the statements and get insightful information and a fuller account of events.

A total of 44 employees across these five case-study banks were interviewed. This included 9 top managers, 17 HR managers, 10 line managers and 8 non-managerial staff across all the banks (please see interview schedule in Appendix F). Each interview lasted from 30 minutes to a maximum of 100 minutes. Approximately 70 hours semi-structured interviews were recorded.

4.9.1 Top Managers Interviews

A total of 9 interviews were conducted with the top managers across all the banks. This included the CEO of Bank Alfalah and senior and top executives at other banks. The interviews were conducted in the head offices of these banks. The interviews with top managers were designed to explore the integration of corporate goals and objectives with HR policies. This also reflected the vertical integration of corporate goals, mission and vision, and if any efforts were given in aligning these with the HR policies. It is asserted that the integration of HRM into the corporate strategy can provide a number of benefits such as problem solving for organisational performance, equal consideration to employees working at different levels and achieving sustained competitive advantage (Purcell, 1989; Truss et al., 1997; and Budhwar and Sparrow, 1997). Top managers along with HR specialists can integrate the HR policies with the external and internal environment, overall mission and goals of the organisation. Therefore, the questions with the top managers started with the emergence of the mission statement and vision of the organisation. Questions also tried to explore the efforts played by the top managers in integrating these with the HR policies. Top managers were also asked to reflect on their previous roles as line managers, and the evolution of HR over the years. In many instances, the top managers spoke in detail about their experiences, their initial duties, and the evolution of HR activities. Questions also revolved around the consideration given to the HR department and the role of HR managers as understood by the top managers. This was done in order to understand the relationship HR shared

with the top tiers of the organisation, i.e. whether HR was considered a strategic partner and what was the expected role of HR department.

Scholars have stated that the level of integration can be evaluated by a number of criteria, such as including the HR specialists on the board, direct access to CEO through formal reporting mechanism, presence of a written personnel strategy, HR strategy being translated into a clear set of work programmes, (Budhwar and Sparrow, 1997, 2001; Budhwar, 2001; Lawler, 1995; Golden and Ramanujam, 1985); consultation of personnel (from the outset) in the development of corporate strategy (Budhwar, 2000a; pp. 145), and informal networking of HR manager with key senior executives (Sparrow and Marchington, 1998) and career background of HR managers (Beer, 1997). Therefore, questions were posed regarding the relationship shared between the top managers and HR and their representation on board. This also revealed some key insights not only about the integration of HR policies with corporate goals but also how the HR policies evolved and were developed over time and the role. Main themes of the questions are presented in Appendix A.

4.9.2 HR management Interviews

The interviews with the HR personnel's were conducted at the head offices of the banks. 17 HR managers were interviewed. These included senior HR managers, relationship managers, HR directors, and other HR personnel's. The interviews were designed to understand the HR structure at the banks, the evolution of HR policies, HR policy formulation and implementation process. HR managers were also interviewed about their relationships and interactions with the top managers, their role with the board of directors and their role in the overall strategy of the business. Questions were also posed about the formulation of HR policies, their evolution over time, the evolution of the role of HR in Pakistan and within the organisation. This was done in order to gain an understanding of the factors that played an important role in the development of these policies and the growth of the HR department. Questions also revolved around understanding key players in the formulation of HR policies. This helped explore the 'top-down' or 'bottom-up' approach to policy formulation in firms. HR managers were also encouraged to speak in

length about their experiences of implementing these HR policies and to speak about their experiences with line managers and non-managers. These questions were designed to explore the role of HR in providing support to line managers for HR policy implementation and to the non-managerial staff. Questions also explored the four core HR policies; training and development, performance evaluation, recruitment and selection and reward and retention programmes – their formulation, evolution and implementations. Themes of the interview themes are presented in Appendix B.

4.9.3 Line Management Interviews

Interviews with line managers were conducted at all sites during the research. A total of 10 interviews were conducted with line managers. This included middle and front line managers. These were generally the business heads, branch managers and operational managers responsible for managing a team. These interviews were conducted at various sites, including head-offices, and different branches across Karachi. Access to line managers across the banks was provided by the HR department. However, subsequent interviews were gained via the snowball sampling method. In most cases, the interviews lasted 40-70 minutes and took onsite of these banks.

Line managers are considered key actors in the implementation of HR policies. The interviews with line managers were important to develop an understanding on the realities of the HR practices. It was important to tap into the complexities and tensions faced at line. They in effect act as linking pins between the HR department and their subordinates. The interviews were therefore designed to assess the role of line managers and their responsibilities towards the implementation of the HR policies. The questions also revolved around gaining an understanding of their experiences of the HR practices and their interactions with the HR department. The interviews were designed to tease out any conflicts with the HR department over the implementation of HR policies. Line managers were encouraged to speak about the problems faced during implementation and about their relationship with HR managers and their subordinates. The

questions were designed to explore the tensions at the operational level. Examples and explanations were sought at every possibility to understand the conflicts and differences in opinions from the accounts of HR managers and line managers. They were also encouraged to speak in length about their experiences as a management trainee officer, the evolution of HR over time, problems that they faced with their line managers. This helped develop insights of their responsibilities of HR policies and their perceptions and experiences of the HR department and the support, training and help received in their day-to-day operational activities. The major themes of the interviews are in Appendix C.

4.9.4 Non-Managers Interviews

In addition to the line manager's interviews, non-managers; such as those working as graduate trainee officers, sales, customer and retail executives were also interviewed. A total of 8 interviews were carried out with the non-managerial staff. These interviews lasted between 60 to 90 minutes. The interviews were conducted to gain an understanding of the employee experiences of the HR policies. These were important to understand the conflicts, problems and tensions faced by employees working in these organisations. The interviews were designed to understand the relationship of non-managers with their line managers as well as the HR department. Explanations were also sought over their commitments, relationships with line. The non-managers were asked to provide with examples of these conflicts to elaborate the realities faced by the non-managers. This helped shed light on the rhetoric and realities of the HR policies. Interviews were semi-structured but were coupled with the approach of laddering, which helped gain further understanding of the issues and problems faced by the non-managers. The non-managers were asked questions of core HR policies, and their experiences of these. This helped illuminate the contradictions from the accounts of HR managers and line managers. Non-managers were often found to be vulnerable and presented the realities of the operational side. The data collected from the non-managers is presented in section 7.5. These have helped explore the inner realities of the HR policy implementation. These interviews were extremely useful as they bring out the tensions faced by the non-managers and elicit the relationships with their

line managers and the HR department. The interview themes are presented in Appendix D.

4.10 Research Ethics

All the ethical considerations provided under the university's ethical requirements were considered. Following the guidelines presented by Stake (1995) all participants were made clear that they were under no pressure to provide information to the questions, they were free to opt out of questions during the interview at any point they felt uncomfortable. Under the university's ethical requirements, an information sheet was provided to all the participants, explaining the research project and their role as the respondent. This provided with a list of possible questions the participant may have. This explained in detail about the research questions and the questions that the respondent's may expect. A consent form was attached with the information sheet which made sure that their rights were protected and that the data would be anonymised. All participants were informed that all the data will be kept confidential. They had the right to withdraw at any stage. All transcripts were kept anonymous. Respondents were informed that the data would not be shared with other respondents. Permission was taken from the respondents to use a digital voice recorder. The recorder was switched off, in case respondents felt uncomfortable with it and did not want their interviews to be recorded. In such cases, the researcher took hand written notes.

4.11 Data Analysis

All the interviews were recorded digitally. Using Bryman and Burgess (1994) and Patton (1990) guide to data analysis procedure was adopted to analyse the data from field work.

An important point mentioned by Bryman and Burgess (1994) about qualitative data analysis is essentially about 'detecting, defining, categorising, theorising, explaining, exploring and mapping the data' (p.177). Fundamental to this is the 'framework' to help these aims and outputs to be

achieved. It is stated that framework provides a well-defined, systematic process of charting and sorting material as per their themes and key issues.

- **Familiarisation**

It is stated that before the process of sifting and sorting the data, the researcher must immerse themselves in the data. Given the back to back schedules of interviews in the banks, it was not possible for the researcher to transcribe the data alongside the fieldwork. However, the researcher would listen to the tapes after getting back from the field work. This gave a good perspective on the respondents view point on different situations. It also helped gain an overall perspective of the work culture, atmosphere, and problems faced by the respondents. It is stated that the analyst does not only gain an overview of the richness, depth and diversity of the data but also begins to conceptualise the information (Bryman and Burgess, 1994). It made the researcher aware of the on-going problems and tensions. This approach helped the researcher proactive and reactive as it equipped with information, needed to conduct other interviews within and across the organisations.

- **Transcription**

After finishing the fieldwork, the researcher spent the first few months transcribing all the interview tapes. The interviews were conducted in both English and Urdu. A word-to-word transcription was produced for each interview, in English. The process of transcription was an extremely laborious and tiring process, but it proved to be the best way to retain key information and context in the memory. The researcher would listen, pause, rewind and transcribe all the data. A lot of time was spent reading the transcripts and then listening to the tapes again to make sure all the transcripts were a true record.

- **Thematic framework**

After transcribing all the data, the researcher began to write concepts within these transcripts. The concepts emerged from the data. At this stage, the researcher would mark the concept as per the issue discussed in the transcript. At the end of the each transcript, 10-15 concepts would emerge. The first version of these is generally description and heavily rooted in a

priori issue (Bryman and Burgess, 1995). These were applied to several transcripts when the categories were refined and became more responsive to emergent and analytical themes. These were then typed as concepts on MS Word, to identify the reoccurring concepts from each transcript. These raw data codes led to the 'inductive-deductive process', which was to identify common codes in order to link these together in themes. This coding technique allowed, identify patterns and recurrent codes. Judgements were made about the data and linkages between each concept. It is stated that this sort of analysis is not a mechanical process but requires logical and intuitive thinking (Bryman and Burgess, 1994). After all these concepts were jotted down, they were clustered together under main headings. These main headings were assigned a code, and then the concepts within each heading would be assigning a code belonging to the main heading. For example: concepts relating to background information on organisations were brought together. 'A' code was assigned for background information on the banks. This contained concepts related to the context of different banks. The second code 'B' was relating the first research question 'integration'. This contained subsequent codes such as 'B1'; integration with mission and vision. Hence, 3 main codes were related to the three main research questions; integration, formulation and implementation. The remaining 2 codes, formed background or contextual information related to the organisations and the last code was on employee experiences. A sixth code was also formed, which contained codes that were not related to the thesis but could be used for future research work. The final template of all the codes used in the thesis presented in Appendix F.

After all the codes were tagged in the transcripts, they were compiled under each code. This required copying and pasting that text from different transcripts under one code. For example, the researcher would look for text related to code A2 - value system and then copy and paste that into one file. Although, this can be criticised for detaching the paragraph or selected text from its meaning, but special care was taken, while doing this and if the paragraph was related to a situation or context, that whole information would be copied into the code. All of these codes were then brought together under the three research questions. It should be noted that 5 main codes were

generated. Within these, 50 codes were related to the content used in the thesis. These also had 15 sub-codes. The themes were then analysed in the empirical chapters, which further led to the creation of themes and sub-themes that were emergent from the data. The themes were then analysed in the empirical chapters, which further led to the creation of themes and sub-themes that were emergent from the data.

4.12 Data Quality Issues

Efforts were made to ensure data quality issues were addressed. Saunders et al (2011) mention three quality measures in relation to conducting semi-structured and in-depth interviews. These are related to validity, generalizability, forms of bias and reliability.

Creswell (2013) suggest that qualitative research is essentially about striving to understand the deep structure of knowledge that comes from meeting participants, and probing for detailed meanings. Creswell (2013) defines validity in qualitative research as an attempt to assess the “accuracy” of findings as best described by the researcher and participants. Although, various scholars have presented a range of strategies to maximize validity, Creswell (2013) primarily suggests that the strength of data remains in using multiple sources of evidence and developing trust with respondents, this was achieved in the thesis. Lincoln and Guba (1985) suggest that gathering data from multiple sources and respondents helps capture various perspectives to support evidence. The thesis made use of multiple sources of evidence by interviewing employees: leaders, HR managers, line managers and non-managers. These participants were working at various levels, in different departments at the five case-study banks. Furthermore, interviews were conducted at the head offices of these banks as well as various branch banking sites which included a mixture of high and middle class commercial areas. This allowed a good variation for conducting interviews at the head offices, which mainly looked after the administrative side as well as the retail branches which dealt with operations, sales and customer side. Capturing multiple perspectives from the respondents as well as employing multiple case-studies helped in detailed investigations of scenarios. Multiple case-

study approach helped understand the similarities and differences between the banks, whereas, conducting interviews at multiple sites of retail branches helped understand the differences in the set-up of the branches, and their relationships with the head office.

However, one important issue of qualitative research is regarding external validity. Johnson (1997) suggests that external validity is important when a researcher wants to generalise from a set of research findings to other people, settings and time. But generalisation is not the main purpose of qualitative research. Johnson (1997), however, argues that rough generalisations can be made to other people based on their similarities, settings and time. Johnson (1997) suggests that to help generalise, researchers need to provide information such as the number and kinds of respondents in the study, their selection criteria, contextual information, methods of data collection and data analysis techniques used. Furthermore, Miller and Brewer (2003) suggest that sampling techniques such as snowballing and judgemental sampling (the researcher selecting the most appropriate respondents based on their requirements) can help ensure the representativeness of the findings and facilitate generalisations to other cases or fields. The thesis employed convenience, snowballing and purposive sampling strategies. As discussed previously (in section 4.7) respondents were asked to refer to other respondents who wished to participate in the research. Secondly, the HR departments in the banks such as SCB and BA were requested to allow interviews with employees working at various levels in the banks. This allowed get multiple perspectives from multiple levels of employees.

Mitchell (1983) suggests that multiple case studies can help generalise findings about the wider society. The thesis employed a multiple case study approach, the sample included two private owned, one state owned and two foreign banks. The respondents were working at various levels and departments across these banks. Thus, the thesis is able to generalise some of its findings to the banking sector of Pakistan. For instance, all the case-study banks had the four core HR policies: recruitment and selection, performance appraisals, training and development and reward and retention. This provides the potential to generalise to other banks in Pakistan.

Similarly, line managers in all the banks were responsible for implementing HR policies, the same can be generalised to other banks. Generalisations can also be provided for the banking sector of other developing countries. For instance, two of the cases employed in the thesis of Barclays and Standard Chartered Bank, were following group practices. These HR practices were being followed by countries clustered in the same group as Pakistan such as India, Bangladesh and Sri Lanka. Hence, the thesis can also suggest that similar HR practices and HR policy structure being followed in other regions. Apart from this, the thesis at a theoretical level also borrowed from the studies based in the Indian and South-Asian context. Hence, the findings presented in the conclusion chapter can be generalised to the South-Asian region. For instance, scholars have documented, rigid HR policies, unfair treatment of line managers, and authoritarian management style. Some of these were also found in some of the case studies in the thesis. Thus, the thesis can offer generalisations to other South-Asian settings. Overall, although, the findings may not be entirely replicable to other settings, however, the 'Actor-Process' model presented in the thesis, and the contextualisation of the links between the three actors: leaders, HR managers and line managers can offer generalisations to other settings. It is argued, however, that more research is needed to generalise further findings to other banking sites in the Western side of the world.

One of the major threats to validity is researcher's bias (Creswell, 2013). It is also stated that the interviewers might create a certain *bias* to impose their own beliefs and frame of reference through the questions posed which is called the 'interviewer bias' or inability to develop trust, or lack of interviewers credibility, referred to as 'interviewee bias'. To deal with these problems, the approach of laddering was used to get insightful details from the questions posed. The approach of *laddering* also helped attain respondents trust. The approach of laddering up and laddering down (as explained in section 4.9) not only helped extract more information and detailed answers from the respondents but also helped develop trust. The approach of laddering helped engage with the respondent and not be detached and robotic during the interview. This proved vital for the research and the respondents showed trust in the researcher. Apart from this, prior to

the interview, all the respondents were brief about the nature of the project. An information sheet along with a consent sheet was provided to the respondents. They were also assured that the data will be kept anonymous. Furthermore, while analysing the data, multiple perspectives of accounts were considered. Contextual information was woven together, with the explanations of the respondents. Documentary evidence such as: company reports, employee handbooks, HR policy documents, company annual reports, newspaper reports, company profiles, online sources were thoroughly sought, which helped validate data and added deeper level of understanding.

Saunders et al. (2011) also suggest threats to validity in terms of translation. Although, most of the data gathered was in English, however, in some instances respondents also spoke in Urdu to explain some scenarios. Hence, all the transcripts were translated into English from Urdu and then back translated into Urdu to minimise the errors. These were then checked again to validate the transcripts. In case it was difficult to translate a word into English, the closest meaning was mentioned in the transcript along with the Urdu word in the bracket. This was done in order to ensure that the correct meaning was not lost in translation. These interviews were transcribed and then compiled under the broad headings that were emergent from the data and themes previously gathered from the literature review.

These themes were then coded in each transcript and were then compiled together. So each code had data from different levels of employees from different departments. In some cases for example, corporate strategy and mission integration with the HR policies, the codes were only relevant for senior managers. In this case the code only had data from senior managers. These codes were then categorised under each theme of the research questions (please refer to Appendix F for the codes)

Another issue surrounding qualitative research is reliability, which often refers to the stability of responses to multiple coders of data sets (Creswell, 2013). It is concerned with whether alternate researchers would reveal similar information (Easterby-Smith et al., 2012; Silverman 2009; Saunders et al., 2011). It is argued, however, that findings from research are not

necessarily intended to be repeated, since they reflect reality at the time the data was collected. It is noted that organisations are dynamic and complex and hence the aim is to understand and capture the complexity of the topic (Saunders et al., 2011). Creswell (2013), however, suggests that reliability can be enhanced by obtaining detailed field notes through a good-quality tap recorder and by transcribing the tapes. To ensure reliability and to capture the details of the interviewee responses, a Dictaphone was used to record all the interviews and field notes. A word to word transcription was formed indicating trivial, but crucial pauses and overlaps (Creswell, 2008). All the transcripts were coded (please see appendix F) and compiled in the main themes leading onto the research questions, this also helped deal with the anonymity of the data set.

Moreover, it is stated that the interviews should be collected until a data and theoretical saturation is achieved (Strauss and Corbin 1998; Pawson, 1996). Glaser and Strauss (1967), point that theoretical saturation occurs when the researcher receives similar responses repeatedly. Hence, data was collected until a saturation point was reached and responses were being repeated. The research conducted 44 interviews across the five case-study banks. Respondents spoke in length about the questions posed and shared illuminating insights and interesting examples with the researcher. Each interview lasted from a minimum of 30 minutes to a maximum of 100 minutes. A total of 4,200 minutes of data was gathered. Bloor and Wood (2006) suggest that most researchers follow a pragmatic approach to theoretical saturation and cease data collection when the responses begin to repeat. Hence, after capturing perspectives from various respondents, and detailed interviews with employees, the other responses were being repeated, the researcher adopted a pragmatic approach to cease data collection as the responses gathered presented rich, detailed information and were being repeated.

4.13 Conclusion

This chapter discussed the methodological standings adopted in the thesis. The chapter first discussed the adoption of qualitative approach for the

thesis. It was suggested that the qualitative approach to inquiry is more appropriate for the research questions. The research uses a multiple-case study approach. This chapter reflected on the use of multiple-case studies, its advantages and the use of case studies in the HRM literature. The background and current standings of the five case-study banks was presented. The adoption of semi-structured interviews, was the most appropriate for primary data collection, this was coupled with ethnographical approach to develop case-studies and documentary evidence. The ethical considerations, data quality issues and analysis of the transcripts were addressed. To conclude, this chapter has outlined the methodological approach adopted for the research work. In addition to providing information on the cases adopted for the research, it also presents insights of the 'processes of developing the case-studies. It highlights the researcher's experiences and challenges of field work and data gathering techniques. The following three chapters present detailed analysis and discussion of the thesis data generated by this methodology.

Chapter 5: Integration of HR Policies with Corporate and Business Strategy

5.1 Introduction

This chapter addresses the first research question: how are HR policies integrated with the corporate and business strategy (i.e. organisation's mission and goals). The aim of this chapter is to understand how the organisation's mission and vision were integrated with the HR policies, the role of leaders and HR managers in this process. Within the strategic HRM literature, vertical integration; i.e. integration of business plans, mission and vision with the HR strategy is seen to be vital to organisational performance. In this regard, how can HR policies facilitate the organisation to attain its objectives and goals? How does this integration occur in practice, and what is the role of leaders and HR managers in the integration process? Under what circumstances might integration fail to occur and what are the consequences?

In this chapter these questions will be addressed in the following sections; firstly, integration of mission and vision in organisations with HR policies and the role of the leader and HR managers in this. The changes in the HR policy structure as a result of vertical integration. This uncovers the process as well as the HR policy developments that were seen in the organisations as a result of integration. It also explores that relationship between leaders of the organisations with the HR department. Exploration is provided on the evolution of the HR process. It helps unpack the differences seen in the organisation before and after the process of integration as well as the change in the actors involved in the process. It also explores the process of integration, the involvement of the leader in this, and their relationship with HR managers, building the argument towards the 'actor-process' model. Finally, the chapter looks into organisations where integration fails to occur. The reasons behind this and other actors that may play a role in case the leader failed to give directions to the HR department. This then sheds light on the weakness of this link between the leader and the HR, and elaborates on other links such as between the HR and the line that may play an

important role in such a case. The chapter unravels the complexities and provides an in-depth understanding of the process in different firms. This chapter identifies when and why integration occurs and when it might fail. The chapter shows that whilst integration of HR policies is clearly a leadership driven process, the nature of this leadership, the relationship between leaders and HR, and the effects of this relationship on outcomes are all complex and contingent.

The majority of the material discussed in this chapter draws on interviews from CEOs, top managers and HR managers, and considers presentations, case-study material, speech data, company brochures, employee handbooks and other documentary evidence retrieved from the participating workplaces.

5.2 Integration with Mission and Vision

This section provides an outline of the process of corporate and business strategy i.e. mission and vision's integration with HR policies. The section also highlights the role played by different actors in the process of integration. It first considers the integration of company's mission and vision with the HR policies and the importance given to this by leaders and senior management. It also considers the evolution of integration within the banks and the ways in which the HR policies were integrated with the mission and vision. It was argued in the literature presented mainly in section 2.5; that this is an important aspect of Strategic HRM. It also presents a basis of differentiation for HRM from the older Personnel Management. This means that the new role of HR requires the professionals to understand how HR fits with, and supports the organisation's mission and goals (Dyer, 1999).

The section first explores the cases of two banks Muslim Commercial Bank (MCB) and State Bank of Pakistan (SBP). In both the banks, it is found that the input from the leader of the organisations played a key role in integrating HR policies with corporate's mission and vision. This then provided the HR with a direction for the formulation of HR strategies. It also led to restructuring and formalisation of the HR function. The section then outlines

other cases, where integration was found to be missing and elaborates the role of other actors in this.

It was established during the interviews that the leadership of the two banks; SBP and MCB placed immense importance in the integration of the mission and vision with HR policies. This importance can be studied from the interview statements by the top managers at both these banks, as well as the changes that the banks went through during and after the integration process.

“Human resource management should be derived from the vision, mission statement and strategy and flow from the business plan of the organisation. In the absence of such integration and flow there is bound to be a tension between the achievement of business objectives and optimal utilization of human resources”

(Governor, State Bank of Pakistan, *Speech abstract- 2005*)

The above statement underlines the importance of integration of HR policies with the mission statement and vision of the organisation. Moreover, it also reflects the importance given to the integration of the vision of the bank and the mission statement with the HR policies, especially during the tenure of this governor. The importance given to HR department has varied over time. The director of HR at SBP stated that the period of 1999-2005 were critical years for HR development in the bank. It became a critical function in SBP during the tenure of the governor X, in the years 1999-2005. It was established that the HR department can play a critical role in delivering the business objectives. Second stage reforms initiated by the governor X (1999-2005) which were a transition from the first stage of reforms, also called the ‘1st Generation Reforms’ between the years 1994-1999. The bank’s focus during these years (1994-1999) was to improve the business side. During that time HR was mainly responsible for managing the payrolls and providing some support to the operations. In general, the HR department was dealing with the admin side of the organisation. There was only some recruitment done at the middle management level by recruiting some CAs. However, no other recruitment except for clerical staff was done at this stage. State bank of Pakistan then started State Bank officers

Training Scheme (SBOTs), in 1998, improving their compensation structure and introduction of ACR 'annual confidential report' for performance evaluation reporting system.

In the year 1999, however, formal planned changes were introduced by the then governor X, who was keen to improve the HR department. The governor came up with a new mission and vision statement of the bank

“Our vision is to transform SBP into a modern and dynamic central bank, highly professional and efficient, fully equipped to play a meaningful role on sustainable basis in the economic and social development of Pakistan”

(SBP, Company Documents)

And the mission:

“Our mission is to promote monetary and financial stability and foster a sound and dynamic financial system, so as to achieve sustained and equitable economic growth and prosperity in Pakistan”.

(SBP, Company Documents)

The above mission and vision gave the bank a direction. The governor produced a concept paper which initiated the way for SBP to be transformed into a dynamic central bank. Restructuring of the HR function was seen as central to the achievement of this vision. The second generation reforms included 15 key points for the HR department. These reforms were also the basis of the new HR structure. The HR professionals were gathered and explained about the importance of having a core HR function and the importance of integration of HR policies with the mission and vision of the bank. It was also considered to be a 'lesson learnt' from the mistakes of the past 4 years of the 1st Generation plan failure. The governor initiated a formal and planned change process forcing a monitoring and evaluation framework.

Key features of the 2nd Generation reforms were in line with the mission and vision of the bank, they included the following: 1) technology up grading, 2) business process re-engineering, 3) improvement in physical environment 4) organisational restructuring 5) human resource-internal capacity building and

6) training and development. Technology up grading, meant the installation of PCs (desktops, laptops), servers, intranet and internet facility, ERP solutions for accounting, HR and inventory control, data warehousing, real time gross settlement system (RTGS), video conferencing facilities and a fully networked organisation across the country through fiber-optics. Business process re-engineering led to reduction in organisational layers and introduced a 3 tiers set-up, delegation of powers, introduction of business planning process, strengthening of the internal audit system, and risk based audit methodology. During this time, the work stations were remodelled, and the physical environment was improved. The workers were assigned individual cabins rather than open hall seating. The bank went through a major interior renovation.

The HR department was considered an important player to train employees, to adopt the use of technology and for building internal capacity. The HR department charted a training programme for existing employees, to upgrade their skills. It is worthy to note that the public sector organisations in Pakistan, as stated in section 3.2.4 and 3.2.5 suffer from high levels of bureaucracy (Eldgrie and Mahmood, 1993) and rigid HR policies (Khilji, 2002). Also, as discussed previously in section 3.4, government employees in Pakistan suffer from lack of will for training. This was also reflected in the statement of the director of HR:

“We had to see that this is a government organisation. Employees here take things for granted. When these changes were coming through, we had to do a lot of work! Not just in regards to creating training modules but also changing the mind-set of employees to take these training and to learn the use of technology”

(Director of HR, SBP)

The HR policies were earlier based on a system of hierarchy, life-long working culture and seniority based pay. The new generation reforms introduced HR policies such as; performance based pay systems, training, and formalised recruitment practices.

The governor X, of SBP took personal interest in HR progression and their alignment of policies with the mission and goals of the organisation. SBP's

HR department started revamping the old HR structure and formalised changes for new HR policies. It is worthy to note that, the tenures of the governor in the State Bank last for a period of 5 years. Hence, during these five years, the bank underwent some major HR policy changes.

“He played an extremely important role in improving the HR function. We never received so much attention before. The present governor hasn’t paid as much attention to the HR function like the previous one... but we are trying to improve”

(Director of HR, SBP)

After 2005, however, the HR department hasn’t been formally integrated with the overall corporate goals. But the liberation and autonomy given to the HR department during that period has enabled the HR department to improve on some of its HR policies.

“We don’t feel as connected as before with the overall business plans”

(Assistant Director of HR, SBP)

It was explained that until the year 2005, the goals were seen to be aligned or moving in the direction of being aligned with the vision and mission of the organisation. But that focus was taken away when the new governor took charge of the bank. This resulted in lack of communication, interaction and rapport that the HR department shared with the previous governor.

This is an interesting finding. It reveals that the process of corporate and business strategy integration isn’t an ever-lasting process. The process of integration may be dependent on the recognition and initiatives by the leader. Hence, leaders of the organisations may have to do additional efforts to integrate business and corporate strategies with the HR policies. If the leader does not consider HR to be a vital function for the organisation, then they may not provide directions to the HR department. The HR department then may feel disconnected with the corporate and business strategy. It can thus be understood from the case of SBP, that with a change in the leader, the focus from HR was switched. Although, the autonomy and powers assigned to the HR department from the previous leadership allowed them

to form and improve on the HR policies. But, it lacked the 'motivation' and 'direction' that was provided by the previous leader.

"We are making some progress, but it is very slow... clearly there is a lack of direction!"

(Director of HR, SBP)

This suggests that the initiatives from the HR department are dependent on the approvals and input from the leadership. Hence, the leadership of the organisation has to do efforts to align and integrate HR with the direction of the organisation. This argument is further iterated from the case of MCB. In the second case-study organisation; MCB, the mission and vision was re-created by the chairman of the bank to change the 'shape of MCB'. After MCB's privatization in 1991, the bank suffered tremendously from government led policies and corruption (please see section 3.4 and 4.7i, for more details). The ex-CEO of MCB stated:

"The recruitment process was heavily politicised. I would receive a call every other day from one minister or the other to recruit their relatives, we simply had to oblige!"

This led to the recruitment of some individuals that were un-qualified for the roles. The bank suffered from the politicisation and the lack of human resource department. There was no concept of integration with the mission and vision and improvement in the HR policies.

"We even didn't have a HR department! We had an admin role for the HR which only looked after the payrolls"

(Ex-CEO, MCB)

The chairman of the bank wanted to change this culture and perceptions of the bank such as; eliminate the life-long work culture, seniority based pay and introduce sophisticated HR policies. He wanted to see the bank in the 'top league'. In a way, this also led to the 'repositioning' of the bank, and improving its brand image.

“He (the chairman) wanted to see the bank at the top! He was doing everything he could, right from making tallest building, to renovation to contributing in HR and its people”

(Head of HR, MCB)

The chairman constructed a new mission statement and vision for the bank, which gave the team a focus and a direction for the team to follow. The emphasis was given to professionalism, innovation and effectiveness of the financial solutions.

“We are a team of committed professionals, providing innovative and efficient financial solutions to create and nurture long-term relationships with our customers. In doing so, we ensure that our shareholders can invest with confidence in us.”

(MCB, Company Documents)

The vision overarched the ambition of the chairman, to become the top financial service provider.

“To be the leading financial services provider, partnering with our customers for a more prosperous and secure future.”

(MCB, Company Documents)

The HR department was seen as a key player for the achievement of these goals. It was seen as an important player with the top management. The changes were initiated in 1999, but the bank went through massive restructuring between the years 2002-2011. The bank's chairman was seen as keeping a close eye on the HR operations and believed that it was important that the corporate goals were being translated into practice by effective communication and new policies being created.

“The HR policies were created from the vision of the chairman of this bank. He wanted to see this bank in the top league and so he recruited a set of top professionals including me. He knew that HR was the only department that could change the shape of the bank. I then, made policies that matched with mission statement, goals and the vision of the chairman.

(Head of HR, MCB)

Attention was given to the recruitment and training of graduate trainee officers and retention packages (these will be discussed in detail in section 5.2.1). The recruitment system was formalized, new testing procedures were introduced, performance appraisal systems were improved, benefits were tied to the goals, and computers were installed.

“My job here is to hire the set of professionals and to create training schemes, so they become experts in their fields, know their products well and maintain long-term relationship with clients. We have trained each and every staff member and you can see that this bank has changed its face in a matter of years, just because of its HR policies”.

(Head of Training, MCB)

In fact, it was not only reflected in their HR policies but changes came from entire new set-up; a newly constructed head-office which is the tallest building in Karachi. It also led to the renovation of the bank’s retail branches. As mentioned previously, the bank suffered from political hiring during the nationalised era on the 1970s (further discussion is presented in section 3.3 and 3.4) Hence, in order to change its image, it had to go through an image makeover. This meant, hiring of professional staff, as stated by Chaudhry (2013) the ‘elite-class’ recruits from the top business schools, generally head towards the MNC banks. Hence, in order to become attractive for young graduates, there was a need to change the bank’s inner and outer image. This was also seen as the modernization of the bank and moving away from the older practices. The head of HR mentioned that he received a call from the chairman himself, with an offer to join the bank and work with him to change the face of the bank. Attention was given to formalise the HR structure and do formal recruitment to recruit professional staff.

Thus, it can be seen that important HR changes in both the banks; SBP and MCB were through the integration of HR policies with the corporate and business plans. However, these were initiated by their leaders. In the case of SBP, with a change in leader, the integration process was disconnected and thus, HR policies were not being aligned with the mission and vision of the bank. As in the case of MCB, the realisation of integration and change for

the HR policies, were initiated by the chairman. In contrast to these, the senior management in Bank Alfalah felt that their mission statement was very 'generic' to be integrated with the HR policies. The mission statement and vision was developed as a basic exercise that comprised of top executives analysing their 'SWOT' (strengths, weaknesses, opportunities and threats) and coming up with a general statement for the organisation. The senior management did not feel connected to it and often mentioned that they could not relate to it unlike other foreign banks that try and embed their mission statement in every employee. It was mentioned that the mission and vision was created three or four years after the formation of the bank.

"When I joined the bank, almost a decade from now, they did not have a mission statement or vision statement as the bank was at the formulation stage at that time. After three or four years, we got a consultant to come and speak to the management. Together with him it was a very participative process, something like 20 senior executive we attended a 3 day full time programme in which we did swot analysis, this and that and we came up with the mission and vision statement. So it was a fairly well participative and well contributed document.

(CEO, BA)

The CEO suggested that this mission statement could be used by any organisation because of its generic nature, which allowed flexibility to expand in various ways. The CEO stated that the mission statement was where they 'wanted' to see the bank. But, this was not aligned with the HR policies. The mission statement developed after a 3-day full-training programme for the executives. The mission for the bank was to:

"To develop & deliver the most innovative products, manage customer experience, deliver quality services that contributes to brand strength, establishes a competitive advantage and enhances profitability, thus providing value to the stakeholders of the bank"

(Employee Handbook, Bank Alfalah)

It was stated by the CEO that generally all the organisations work towards making products, manage their customer expectations and deliver quality

services. These three things are vital for any business to survive. Also, the main aim of the business is to make profits and thus, this mission statement caters to that. Unlike, the previous two cases, of SBP and MCB this mission was not made to implement any changes for the organisation but as a formality. Where the mission was seen as being generic, the vision too was considered to be generic.

“To be the premier organization operating locally & internationally that provides the complete range of financial services to all segments under one roof.”

(Bank Alfalah, employee handbook)

For instance, the CEO believed that the vision was not at all unique, as any organisation would aspire to become a premier institution.

“Although the mission statement is generic in nature, but you have the capacity to expand it to the way you want to expand it. For example, we wish to be a premier institution now that does not have any boundaries.... you can’t put any demarcations to the level of how premier you wish to be. So it is such openness... that from there you can deduce specific targets for each division, department, unit operating that these are the targets that we want you to achieve in 2009 and 2010 and these are the standard we want you to achieve, which are basically improvements obviously. So in a way it translates itself into an every JD (job description) so to speak”.

(CEO, Bank Alfalah)

Senior management working at various other levels had similar thoughts. The management of the bank felt that it was more important to look at the short-term than the long term goals of the bank. Similar to this, the Head of HR also considered the mission and vision to be fairly general. HR policies were generally created through market scanning, observing competitors’ offerings and through the feedback of line managers. It was revealed that the HR department did not feel connected to the business and corporate strategy. The rapid growth of the organisation was perceived to be the main reason behind the lack of integration between the corporate goals and the HR policies. The bank had seen immense growth over 13 years, growing

from 3 branches into 386, although it was a general aim of the bank to grow, the management never predicted that the bank would grow so quickly.

“We couldn’t stop and say ... ok do we have a good succession planning place? Is it aligned with our objectives?”

Head of HR, Bank Alfalah

Bank Alfalah’s case suggests that lack of corporate and business integration was due to the lack of input from the leader and the top management. It can thus be seen that Bank Alfalah’s top management felt disconnected with the mission and vision of the organisation. Hence, the HR department also felt disconnected from this. Previous examples of MCB and SBP were able to shed light on the integration of corporate and business strategy due to the leaders. It is important, however, to understand that other actors may also play an important role in case if the leader of the organisation fails to integrate HR policies with corporate plans.

The literature presented in section 2.5, mainly, presents with a number of benefits associated with integration of HR policies with the corporate plans and goals. Although, previous cases of MCB and SBP suggest that the HR can undergo some major changes due to this, however, the literature lacks explanations on the absence of such integration and the involvement of other actors such as line managers that may play an important role in the integration process. The literature presented in section 2.4, mainly suggests integration to be a ‘top-management’ activity. There is no consideration given to the role of line managers in this. The case of Bank Alfalah, however, suggests that in case of lack of directions from the leaders or senior managers, line managers may play an important role in providing HR department a direction towards HR policy formulation to integrate HR policies. For instance, it was found that the HR department was taking feedback from line managers to create and formalise HR policies. Much of the changes in the HR policies, such as formalisation of the HR department and the major HR policy changes, were through the input and feedback of line managers. Although these HR policies were not integrated with the mission or corporate goals, but they were integrated with the value system of

the bank. The involvement of line managers in the HR policy formulation process will be discussed in section 6.4 and the integration with the values of the bank will further be discussed in section 5.3

Both the multinational banks Standard Chartered and Barclays were also less integrated with their mission statement and vision of the bank, at-least at Pakistan's level. The case could be different with the regional HR heads. The HR function within the bank was seen as helping towards the everyday operations and supporting employees rather than the 'formulation' of policies. The HR department had more 'admin' related role than concerning integration or formulation of HR strategies. The top management was more interested in meeting their yearly goals.

"Our objectives come from the chairman. Well actually it goes down to the board, and then regional head then the countries and then it come down to us. So whatever it is we just have to follow"

(Senior Vice President, Operations, SCB)

"We do give our feedback, but it is limited. You know SCB has a unique structure in a sense that is a foreign bank, so we have our respective streams. Most policies come from the group level. So generally speaking the policies are driven from the global head and are just implemented here. However, at country level, we do make some modifications, we do give feedback but, in a nutshell, the nature of the policy and guidelines they are there already".

(SVP Operations, SCB)

Barclays was operating in similar fashion to Standard Chartered in terms of their HR policies being dictated from the regional head. The HR department of Barclays were not involved in integrating HR policies with the mission and goals of the bank.

"It all comes from the group. We just do the market scan and take feedback from the market and convey it back to the group".

(HR Business Partner, Barclays)

Line managers input in the integration or formulation was also limited. These policies were coming from the regional or group heads. Line managers or

senior management had no input towards the HR policies and their integration with the corporate plans and goals. The HR departments based in Pakistan was responsible for sending market surveys to the regional heads. The final decision for the HR policy inclusion or exclusion remained with the regional heads.

This section has explored different scenarios for the process of integration and the role played by different actors in the process. Literature surrounding corporate and business strategy integration with HR policies presented a linear approach to this. It is found that the process is more complex than initially thought and may vary between different organisations. It was found that the leadership played an important role in providing the HR department a direction to integrate corporate and business strategy with HR policies. Furthermore, it is revealed that this direction from the leadership is of extreme importance for HR to formulate and update HR strategies. Contrary to much of the literature, which limits the role of top managers to integration, this section suggests that although this is dependent on the initiatives by the leader, however this may not always be the case. Other actors such as line managers may play an important role in providing the HR with a direction to form HR policies although these may not be integrated with the overall business plans. Nonetheless, these may incorporate elements of the value system or ground realities which may be important for HR policy formulation.

Through this, the section has explored some of the cases with a presence and absence of integration. This section mainly presented with an outline on the process of integration and the role played by different actors involved in the process. It is now imperative to elaborate some of the HR policy changes as a result of corporate and business integration. The next section brings out from the cases of SBP and MCB that went through major restructuring due to the integration of corporate and business strategy with the HR policies.

5.2.1 Restructuring and HR Policy Development

This section specifically deals with the two case-study banks SBP and MCB. This is done in order to explore and understand the major restructuring and HR policy changes that took place due to HR policy integration with the corporate and business strategy.

As stated in the previous section (5.2), the integration of corporate strategy with HR led to overall structural changes. For instance, the governor of SBP initiated formal and planned changes. As discussed previously in section 5.2 key features of the 2nd Generation reforms were in line with the mission and vision of the bank, these were set up in the previous section. During this time, the work stations were also remodelled, and the physical environment was improved. The workers were assigned individual cabins rather than open hall seating. The bank went through a major interior renovation. The figure 1 below presents a view of the office environment before the organisational changes.

Figure 2: SBP office picture before restructuring, year 1998)



Photo courtesy, State Bank of Pakistan © 2011

The above figure 1 does not only represent the office environment before the second generation reforms as discussed in section 5.2 but it also reflects the lack of professionalism in the bank. Hence, efforts were diverted to not only improve the inner structure of the organisation but also train employees with the technological and softer skills. The figure 2 below reflects the improvements due to the second generation reforms.

Figure 3: SBP office space after restructuring, year 2002

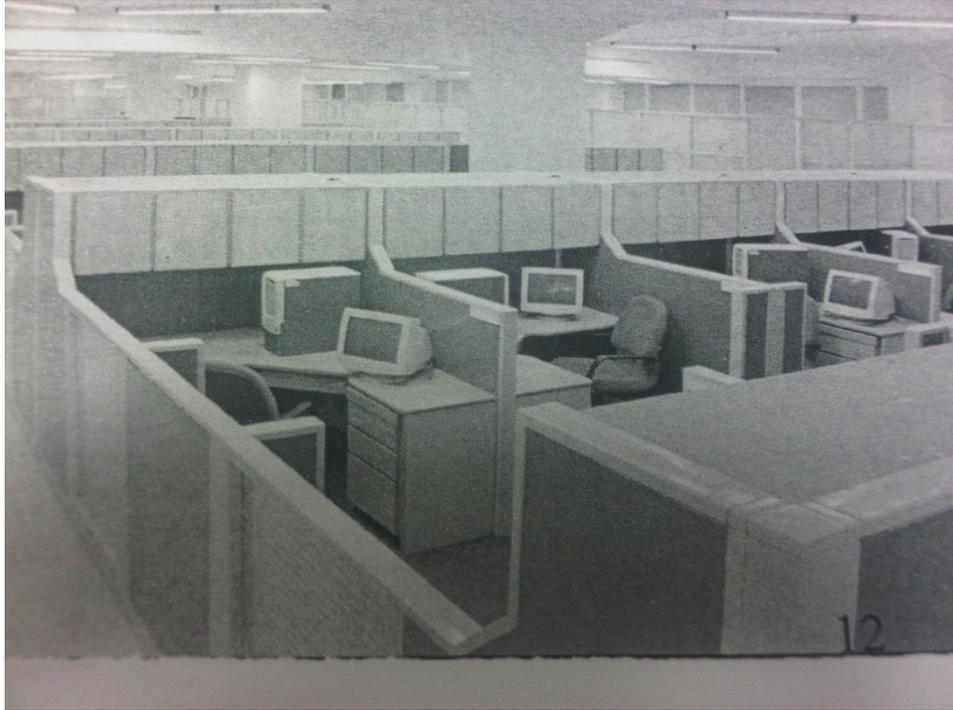


Photo courtesy, State Bank of Pakistan © 2011

The above figure 2 presents a view of the office environment after the improvements of 2002. It can be seen that efforts were made to make the environment formal and professional. The office set-ups were a way to improve the environment of the organisation, as well as the mind-set of employees. This was also followed by organisational restructuring. Core and non-core functions were segregated. Human resource function was focused towards internal capacity building. HR policies were designed based on the international 'best practices such as recruitment, performance management system, training, rewards and retention schemes'. HR audit control was outsourced to external consultant. The more immediate actions were the capacity building through merit based induction of professionals at all levels. The bank had stagnant recruitment for over two decades. Hence, there was a need to develop on the capability and train existing employees. Early exit and retirement incentives were introduced, older performance management system was revamped, compensation policies were revised and a reward and recognition system was put in place. The new appraisal system was carried out by two supervisors on the basis of an objective scoring model

and the findings were discussed with the staff member. The new performance management system was utilized for the individual's development plans in which the training needs were identified and planned. The compensation packages were also revised to reflect the comparator norms and it was closely aligned with the market practices. Although it was considered that being a public sector organisation, SBP could not match the compensation packages of the private sector banks, the relative security and prestige of the 'Central Bank' extent made up for that shortfall.

"A reward and recognition system has also been put in place which ranges from a simple thank you note to a monetary reward for innovative ideas, product development and process re-engineering".

(Governor Speech Abstract, SBP)

A succession planning programme was introduced under which the managerial jobs were internally posted and applicants were screened, interviewed and short-listed. A 'severance' package was also introduced for early retirement that allowed individuals to exit the organisation with full monetary benefits.

"This package enables us to recharge the organisation with new skills that are needed and to let go those whose skills are no longer in demand"

(Governor Speech Abstract, SBP)

About 300 officers out of 800 were sent abroad for overseas training, attachment, study tours and seminars. They were expected to share their knowledge with other staff members on their return. Liberal policies for study leave, deputation, advanced degree courses were encouraged among staff to acquire knowledge and upgrade themselves in their professional fields. The reason for this training was to build internal capacity as the recruitment was stagnant for years. One of the reasons of stagnant recruitment was the life time employment system the bank endorsed. Therefore, there was a need to upgrade the training skills of employees working within the bank. The HR along with the governor also introduced a continuous training and

skill up gradation scheme, which all officers received. The training included post-induction, foundation, intermediate advance training in central banking, management and soft skills. HR audit was also carried out by an external consulting firm under which job descriptions were prepared for each job describing the content and competencies required.

“This was followed by the preparation of an inventory of skills present in the SBP. Jobs and skills were matched and mismatches were identified”.

(Director of HR, SBP)

All these changes were brought in to connect the business and corporate strategy with the HR strategies. These changes were made in order to generate competitive advantage with employees. The aim of the organisation was to hire professional and qualified staff along with training the existing staff to improve the efficiency of the bank. As already discussed, the bank's structure prevailed in life-long working culture, seniority based pay etc. Hence, in order to make the organisation efficient and a model for other banks, it was important to make these changes. It was clear from the governor of the bank, that the HR department was a vital department where these changes could be initiated.

It can be seen that the human resource department at this time was seen as a vital department to initiate the changes seen to be necessary to achieve the overall vision of the company. Experts were brought in from outside to assist and train the younger officers in the tools and techniques of HR management and the department was also further strengthened by pooling in staff from other core departments. It was perceived that:

“The respectability and acceptance of this department by the staff will reinforce credibility in the system”

(Governor Speech Abstract, State Bank of Pakistan, 2005)

The HR department of SBP gave credit to the previous governor for his efforts in changing the shape of HR. The director of HR for instance, attributed the key success factors of this to a few important factors, such as;

the professional board of directors, the separation of core and non-core functions, ownership by the top management, access to the governor to lower tiers through open door system and an open mind policy and the right sizing activity that the bank went through. Also, the effective handling of the CBA/trade unions was considered to be an important issue. Hence, meetings were held with the trade unions to understand their view of points and explain future directions.

“We met with the trade unions and explained them what we were planning to do. We had to take their consensus and generate trust so that employees would trust us with the new HR policies. Otherwise, they would have never accepted the new HR policies”.

(Assistant Director of HR, SBP)

The assistant director of HR suggested that there was a need to generate employee trust in its HR department than on the unions. The HR department stated that the new HR policies were discussed with the trade unions so that we could develop a trusting relation not only with the unions but also with employees.

“We told the union that the introduction of these HR policies is only going to benefit employees”

(Director of HR, SBP)

It was thought that by introducing performance based pay, training and career progression, employees would feel committed and motivated towards the organisation. However, with the change in the governor, and the focus shifting from the HR department, further progress was slow. The director of HR stated that the HR department was dependent on the initiatives by the top management. Although with the help of the previous governor, the HR department was made autonomous. But approvals were taken from the top management to carry on the initiatives that were initiated by the previous governor. But these were often declined.

An example to refer to the lack of implementation of the changes after the year 2005 is reflected from the still existant ‘culture’ of seniority based pay. This was reflected from the example given by the head of benefits. It was

indicated that the 'chai wala' or the 'tea boys'; mainly clerical workers or responsible for serving tea and coffee in the office, due to their service in the bank for the last 20 years were at a certain grade in the bank. This was higher in both grade and salary than a freshly recruited MBA. Apart from this they were also receiving loans and other incentives. Where efforts were made during the period of 1999-2005 to change some of these policies, but due to the lack of push and direction from the Governor, some of these were still prevalent.

Nonetheless, the changes brought in during the years of 1999-2005 were seen as key for major HR restructuring. This was due to the importance attached to HR by the leader. HR received a lot of attention and a lot of initiatives were introduced and aligned with the goals of the bank. It became a vibrant and dynamic organisation and it is now respected for its professionalism.

Although, the HR policies have not changed much after the year 2005, SBP went through a recruitment process which was stagnant for the last 20 years in the year 2011. Around 50 men and women from all over Pakistan through a highly competitive process, the idea was to recruit fresh MBA's and have them undergo a massive training course of about 6 months in different cities. These 50 MBA's were recruited through a very challenging and competitive recruitment process, after lots of testing procedures and interviews conducted by senior management. Middle level managers and professionals such as CA's were also introduced to the bank. Fixed-term contracts and external advisers and consultants were hired for short durations to set up systems and train the staff members. Higher retention packages were offered to those who acquired experience at SBP.

This reiterates that the HR department in the bank may not be as formally connected with the mission and vision of the bank, but is engaged in making some progress within the HR department. Nonetheless, this presents a significant difference to the changes that took place before the year 2005. Therefore, it can be seen that the integration with the business and corporate strategy may be a short-term thing, dependent on the direction and input of the leader. With this being changed, the HR may disappear into

the background, and become a support system for the organisation rather than a strategic partner.

A similar case was observed at MCB, where the chairman of the bank, wanted to change the brand and image of the bank. The bank's chairman was seen as keeping a close eye on the HR operations. It was important that the corporate goals were being translated into practice by effective communication and new policies being created. In fact it was not only reflected in their HR policies but also changes came from entire new set-up, whole new head office which is now the tallest building in Karachi and the renovation of the bank's retail branches. This was also seen as the modernization of the bank and moving away from the older practices. The head of HR received a call from the chairman, suggesting that they needed to change the 'face' of the bank. This was a part of the vision, to see the bank at the 'top'.

"He called me and said, I would like you to join the bank, as I was working in some other bank at that time and he said... I want to give you the most challenging role.... I want to make you the 'Head of the HR function' and you have to do your bit in changing the face of the bank!"

(Head of HR, MCB)

Thereafter, the bank went through HR policy changes. The chairman attached a lot of significance to the HRM operations. He was constantly overlooking the HR policies and providing the HR department with his input. During the stages of rebuilding the bank, the Head of HR and the chairman became close allies. The bank went through 'decentralisation' and formulation of new HR policies, such as; training procedures, recruitment structure and performance appraisal cycle. The chairman discussed his aspirations for the bank with the head of HR, and gave him autonomy to develop and design HR policies that were most suited for the bank. A lot of autonomy was given to the HR department to design and develop HR policies that matched with the organisation's goals and objectives.

There were some similarities between State Bank and MCB, such as; the life time employment system and seniority-based pay. There was a lot of dead

weight the bank was carrying, due to the political hiring during the nationalised era (stated in section 3.4). Hence, during the stages of rebuilding, employees were either asked to upgrade their skills or opt for a golden handshake.

“We really wanted to revamp the older looking MCB and present a whole new perspective about MCB”

(Head of HR, MCB)

The bank was serious about keeping only those employees who would deliver results for the future. For this, the bank completely revamped their old policies; right sized, went through a massive recruitment and changed the outlook of the bank. For example, their recruitment system was formalised, new testing procedures were introduced, performance appraisal systems were improved, benefits were tied to the goals, computers were installed; in-house training centre was set up and professional staff was hired (these will be studied in detail in chapter 6).

“MCB was considered to be a middle-ranged local bank, and now it is the top notch bank! Fresh graduates.... the top of the crème... even those who are offered places in the foreign banks, want to join us!”

(Head of Appraisals, MCB)

“We are in constant loop with the chairman. He likes to know what programmes and policies we are introducing and takes personal interest in them”.

(Head of Training, MCB)

The dedication to this vision can be seen by the ‘new MCB tower’ built in Karachi, making it the tallest building in Pakistan at 116 meters, with 29 levels and 3 basements.

Figure 4: MCB Tower in Karachi



It is considered to be the 'most modernised' block in Pakistan, from computerised logging systems to the best elevators, to formalised seating arrangements and new computers.

“He (the chairman) was doing everything he could. Right from making tallest building, to renovation to contributing in HR and its people”.

(Head of HR, MCB)

The ambiance looked inviting to employees. It is also a source of temptation for young graduates who were earlier keen on working in MNC banks, and are now turning their way into this newly built block. The atmosphere within the head office did play a key role in the recruitment of ‘top talent’. During an interview with a graduate trainee officer, stated

“I wouldn’t have considered joining the bank earlier on, but now... you can see what this place has to offer... I take pride in stepping from my car and entering this block!”

(Graduate Trainee Officer, SCB)

As discussed previously, the leadership can play a vital role in changing the shape of an organisation. These cases suggest that, the leadership can actually play an important role in providing the HR department with direction. These cases suggest that integration of corporate and business strategy with the HR strategies can bring major HR structural changes. It is noted from the examples of MCB and SBP that the changes were initiated by the leadership, and that the initial step towards the change was to create a new mission and vision of the organisations. The revision in the mission and vision of these organisations gave the management a new direction which then led to HR policy integration. The HR policies were then tied to these, in order to make changes in the way employees were managed.

Furthermore, the section discussed that the changes were not limited to the HR department but also the physical and organisational structure, such as decentralisation of departments. It is through the revision and development of the HR policies that the banks were able to bring changes. For example, improving recruitment policy led to the recruitment of top talent, training improvisation led to further enhancement of the human skills acquired and finally performance appraisal systems ensured that the ‘best performers’ were being rewarded. Again, all these were connected to the mission and

vision of the bank, which was to become professional bodies and to retain and attract top talent.

This section has been able to explore the reasons and changes for the corporate and business strategy integration. This section elaborates on the changes brought in due to the integration process. Moreover, it is evident that these changes were initiated through the leaders, and because of their emphasis on the HR department. The leaders in both the banks were seen as sharing a strong link with HR managers, which led to major HR policy changes.

The next section aims to explore, the absence of this integration. Some of this was outlined in section 5.2. The below will extend the discussion to provide detailed insights of the case of Bank Alfalah, where there was a lack of corporate integration. The next section will consider the role played by line managers in providing a direction to the HR department and other factors that may play an important role for the process.

5.3 Integration with the Value System

The previous section discussed integration of HR policies with business and corporate strategies with the involvement of top management. However, there were some cases which lacked corporate and business strategy integration. For instance, in Bank Alfalah the HR was connected with the value system of the bank, instead of corporate and business integration. The MNC's also presented with a lack of integration with the overall mission and vision of the organisation but were connected to the everyday values they had to demonstrate these for performance evaluations, specifically in SCB. This section will now consider these cases consider the lack of integration with corporate and business strategies.

As discussed in section 5.2. Bank Alfalah's mission statement and vision were not seen as being integrated with the HR policies. But, its 'value system' played an important role. Section 4.7(v) presented with the background of Bank Alfalah. It suggested that the bank had a legacy and a strong culture inherited from BCCI. The previous section suggested lack of

integration with mission and vision, but the CEO suggested that the organisation was connected with its value system.

“I think we played more on semantics than really the spirit that should have gone behind it. It is rare that they would really be able to come up with a vision and a mission statement that would be based on something that is very inherent or intrinsic to that institution”

(CEO, Bank Alfalah)

The use of the word ‘spirit’ is interesting as it reflects the bank’s philosophy. Bank Alfalah relied on its culture and history; with the philosophy of ‘caring for its employees’. The bank relied more on the subjective factors such as endorsing good values towards its employees than on hard factors such as meeting targets. It can also be stated that this bank endorsed the ‘soft model’ as explained in section 2.2 eliciting commitment from employees rather than relying on the ‘hard factors’ for integrating HR policies with the business and corporate strategies.

Although, attaining objectives were considered to be important. But the HR policies were not linked to the mission and vision of the bank but with the philosophy and value system. Although the philosophy of the caring bank was not a part of the vision but it was the slogan of the bank. The management considered addressing the needs of its employees it would lead to higher performance and commitment for the organisation with little need to communicate hard goals and objectives. This style of management was inherited from the founder of BCCI. Although, some of the policies even the ‘caring bank’ were very much a part of the old BCCI and the visionary leader ‘Agha Hasan Abedi’. Senior managers felt that his charisma and power was still sensed in the organisation.

As discussed in section 4.7 (v) the bank was formed in the 1997. At this time, the bank did not have a formal HR department. Hence, the initial recruitment and training was done by the line and branch managers. Line managers were responsible for the key HR policies. This gave rise to major inconsistencies in the way employees were being recruited, trained and evaluated. Complaints started flooding in, which led to the formalisation of the HR department. However, unlike the previous cases of SBP and MCB

where the leaders played an important role in integration, in the case of Bank Alfalah, the formalisation and creation of new policies was through the input of line managers. The HR department took immense feedback from line managers. Hence, rather relying on the senior or top management for the input or direction, regarding policies or aligning HR policies with the corporate and business strategies, these were aligned with the feedback received from the line management.

The HR policies were then created keeping the 'caring slogan' and the history of the bank in mind. These included; the generous insurance cover including spouse and parents which goes in line with the cultural context of the South-Asian region (please see section 3.2.3 for more details). Secondly, the 'pay continuation programme' was introduced, which in case of the death or disability of the employee, would give 5 years' of employee's salary to their families. Lastly, a no-layoff policy; the bank had never 'laid off' any employee in the history of the bank (these will be discussed in detail in chapter 6). These unique set of policies were created keeping in line the philosophy of the bank.

"We do follow our philosophy and beliefs, one such is the 'caring aspect'. We have never laid off a single employee in the history of the bank. Yes we have gone through a few rough patches and no other bank, smaller or larger than us was left that did not lay off employees except us. We forgot our short term benefits for long term benefits!"

(Head of Benefits, BA)

These were suggested to elicit employee commitment. Hence, HR policies were created keeping the softer values than hard factors based on achieving targets. The case of SCB, suggested less integration with the corporate and business strategies – at least at Pakistan's level. This could also be as the regional head was situated in Chennai and the HR policies were coming to Pakistan as group policies. The HR department in Pakistan was seen as 'executing' the policies rather than being a part of integration or formulation stage. SCB had a much formalised HR structure in a sense that the HR was fully operational when SCB was first introduced in Pakistan. Being a foreign bank, it was considered to be one of the best banks to work for. Although

employees and the HR department in particular, were not seen to be connected with the mission and vision, they were very much connected with the two aspects that were tied with the performance appraisal cycle: meeting their targets and demonstrating that they have the 'values' an SCB employee must have. However, this is connected to the every-day work rather than a long-term plan or focus for the bank.

“SCB is a performance based organisation, everything is assessed on your performance, whatever you have done in the past.”

(Relationship manager HR, SCB)

Barclays showed a similar trend to SCB, in terms of their policies being sent from the regional head. The HR department at Barclays seemed disconnected from integrating the mission and goals with the HR policies. However, unlike Bank Alfalah line managers' input in providing HR with direction was limited.

So far, the section has examined the process of integration, key roles played by different actors behind this. Literature presented in chapter 2, suggested this to be a top management activity, however, through the case of Bank Alfalah, it is explored that line managers can also play an important role in this. Apart from this, the HR policies can also be connected with the values than the corporate and business objectives.

5.4 HR Representation on the Board

The presence of HRM at the board level provides importance to the HR function and enables the consideration of HR issues at the highest level (Budhwar and Sparrow, 1997). This can be evaluated by a number of criteria such as; including HR specialist on the board, integration of people management with strategy plans to ensure the priority of HR in all parts of the business, careful alignment of HR policies with the business needs, participative management, regular meetings with the board (Budhwar, 2000).

The local banks placed a lot of emphasis on the HR representation on board, and an open door policy with the CEO. HR committees were also being represented at the board level. In the foreign banks, however, the HR

department centred around policy implementation rather than representation on the board. Hence, this section considers the representation of HR department at the board. The section also considers the members of the HR committee. This is important as it provides useful information on the actor's involvement in the direction of HR policies.

At Bank Alfalah, the board attached a lot of significance to the HR function. The bank had a HRC (Human resource committee) which comprised line managers from branches, staff from the head office and human resource personnel, which would meet with the board and provide feedback and input on HR policies. The committee comprised of 10 members with different levels of employees and had regular interactions with the board and would meet semi-annually. The main job of the committee was to take directions from the board, share their plans and present their suggestions on new policies and feedback on the previous ones. Senior management also believed that they were being represented through this committee and that their suggestions were being heard. The HR department took tremendous feedback from this committee and added this to the HR policies. Also, some of the HR policies developed by the HR department asked for feedback from this committee, before being passed to the board for their approval. The history of this committee could be traced back to the formulation of the bank.

The CEO also emphasised that the central management committee of the bank also placed huge importance to the role of HR. It was considered to have a critical role. The CEO also placed the HR as a member of the central management committee, to have his input in the direction of the company, which wasn't the case before.

“From a management point as how does the central management committee of the bank think of the HR...? I think they are a very critical function, it has a great importance to it and to the point of view ok... to the extent that as last year we took on the head of HR as the part of the central management committee which was not the case for the last 12 years”.

(CEO, Bank Alfalah)

The bank had no HR department at the time of its formation, and hence all decisions were taken by line managers or bank's branch managers. Initially,

as the recruitment and all other activities, such as appraisals, bonus allocation, training was conducted by branch managers and line managers (further details will be presented in chapter 7) and HR policy formulation was due to the input and feedback of these. Therefore, this committee had most representation from branch and line managers and their inputs were taken into account. It was also stated that these employees are involved in day-to-day operations and understand the employee's needs. Therefore, the representation of employees was through this committee. Apart from this, the online portal also allowed employees to send their suggestions to HR.

MCB's, HR committee comprised 5 members of which the chairman and the President/CEO were two main members. The other 3 members comprised of other senior managers. However, unlike Bank Alfalah's HR committee, this committee comprised senior management only. On the other hand, the HR committee of SBP has representation from the HR department and not with other departments. In the foreign banks, the interaction between HR department and the group's HR department was mainly through emails with the regional office and hence do not comprise a HR committee for the board.

This provides important level of understanding. It is worthy to note that the committee had representation from different departments and hierarchies in the case of Bank Alfalah. MCB's HR committee comprised of representation from the middle and top management only. This reflects that the HR committee had feedback from the top management with little interaction from the bottom units. Furthermore, it can be seen that in Bank Alfalah line managers were engaged in the HR policy formulation process, whereas, in MCB it was more of a top level activity and in SBP this was mainly with the HR department.

This section discussed the HR committees and their departmental representations. This is important as it places emphasis on the role individuals can play in HR policy formulation. The influence of these will be discussed in chapter 6. The next section considers the interaction between the HR department and the CEO.

5.5 HR Autonomy and Interaction with the Top Management

As presented in the literature, Budhwar (2000) suggested that it is the connection between the HR and the CEO which enables HR to become more proactive, as it gets more attention at early stages. The CEO of Bank Alfalah believed that direct interaction with the HR would generate better results for the bank and that HR would be representing the bank as a whole.

“Only this morning I had a meeting with the HR and I was telling them that I want you to reconstruct the organigrama of the bank. I think the time has now come where I have to have the HR report directly to me instead of reporting to one of the group heads”

(CEO, Bank Alfalah)

The CEO attached a lot of significance to the HR function. He provided personal feedback to the HR department on performance appraisals and other HR policies. The CEO had also given a lot of autonomy to the HR. However, this change was only very recent. It was considered to be an important move and he considered HR to be wholesomely representing the entire management of the bank.

“I think this is the case in most institutions, the managing director or the president of the bank tries to see what the HR is doing”

(CEO, Bank Alfalah)

Although the CEO provided formal and informal feedback to the HR department, the creation of policies solely relied on the human resource department. The HR department in Bank Alfalah was autonomous to create and formulate policies on its own. The senior management’s job was limited to providing direction towards certain aspects.

“There is very little direction given to them.... consequently requires a minimum supervision with the senior management so... whatever they bring up to the table of the central management committee is more or less something that is palatable to everybody”

(SVP, Bank Alfalah)

This reiterates that the HR department at BA interacted with the CEO of the bank on a formal and informal basis. Nonetheless, the direction from top

management was limited, as discussed in previous sections. Hence, formal and informal access did not guarantee corporate and business integration or top management's involvement with HR policies. These were, however, recent changes and may suggest that the HR policies can become integrated with the bank's goals in the future.

Conversely, the HR department at the State Bank of Pakistan also had direct access to the Governor of the bank. They were given some autonomy to create policies but the final decision remained with the board of directors like the other banks. The Governor of State Bank took personal interest in listening to the grievances of the staff members.

"I meet with the staff of every department each quarter, listen to their problems, issues, grievances, suggestions and respond to their questions, concerns and reservations. I try to explain to them the rationale and logic behind the decisions taken or policies adopted. At the same time, any staff member can send me an email or come and see me. The easy accessibility of the top leader to the ordinary staff member, even if it is not used, reinforces confidence and trust in the organisation"

(Governor, Speech Abstract, 2005, SBP)

The above presents a preview of HR's relation with the Governor of SBP. The HR department felt "most productive" during these years as it went through a lot of changes. But as studies in the previous sections 5.2, with the change in the Governor, the rapport shared between the Governor and the HR department changed as well. The director of HR in SBP termed it as a more formal approach to the Governor, which was limited to only reporting and not interaction on the HR activities.

This can also be studied from the case observed at MCB, where the HR director was in direct contact with the chairman of the bank. The chairman attached a lot of significance to the operations of HR, was constantly seen as monitoring the HR policies and their progress and giving his own input. This significance could be traced from the re-building and revitalisation of the bank. It can be seen from the examples of particularly the State Bank of Pakistan and Muslim Commercial Bank that direct HR interaction with the CEO helped bring the much needed change. It was the result of this direct

interaction with the CEO that made the HR department an active player within the bank. This, however, may not always be the case. This is evident from the case of Bank Alfalah as direct interaction with the CEO did not guarantee integration between the HR policies and the goals of the bank. Hence, it can be said that the access to CEO may help provide HR with a direction. But it may be based on the willingness of the leader. Direct access to the CEO may not always guarantee integration and make HR an active player.

Both the multi-national banks had similar characteristics in terms of their access with the CEO. Because of the sheer size of the bank and presence in other countries, the HR was not a direct reportee to the CEO or the president but was in constant loop with the regional HR head. Coordination with the regional heads was done over phone calls or emails. Generally the HR department in Pakistan looked after the implementation of policies rather than strategy development. Policies came as a part of the group that were the same for different countries within the same regions. However, the HR department did submit a few reports on market scans and competitors' analysis. But the HR policies were formulated by the group or the regional heads. The contact was maintained through emails.

"We do email our HR regional heads with some suggestions but the final word comes from them"

(HR Relationship Manager, SCB)

In the case of Barclays, it was mentioned that employees were free to contact, their senior managers and seek advice on issues. The suggestions were sent by email to the regional head's HR office.

"All we can do is send out suggestions by email, it's not that we don't have a say... we have to provide with what the competitor bank is offering and they might take that into account, but generally we coordinate over emails with our regional HR heads".

(HR Business Partner, Barclays)

This section explained top managements' interaction with the HR department. It was established that the top management specifically the

CEO of the banks placed immense importance in the HR departments. The HR department specifically in the local banks were given autonomy and access to the CEO. It was certainly considered as a strategic partner at the top level. This, however, may not guarantee CEO's input or corporate integration with HR policies. It can be studied from the case of Bank Alfalah that interaction with the CEO did not guarantee an interactive relationship. However, in contrast MCB had an interactive relationship with the leader.

The formal and informal relationship with the CEO and the representation on the board of directors is not enough to make HR a strategic business partner. Although the CEO of the banks considered HR to be a strategic partner, senior management thought that the HR's input in the direction of the business units was limited. Thus, it is also important to analyse whether this was a one-way a two-way link with the top management. For example, the CEO was engaged in providing HR with direction but did the HR department also provided support or direction to the business heads? There was discrepancy of opinions not only between the banks but also inter banks. As established in previous sections, the CEO of Bank Alfalah saw HR as a key strategic partner of the organisation. Although, the HR held key position in the bank and was a part of the central management committee. However, no input was taken from the HR regarding the business units and strategic direction of the bank. This goes in line with the findings from Sheehan (2005), where the HR was not fully involved in the central decision making committee.

“Yes they are pretty much our strategic partners... they make new policies, sit with the board... direct employees, keep them motivated.... they support these business units to function well”.

(CEO, Bank Alfalah)

However at the business unit's level, it found was that HR's role was extremely limited.

“They need to be our strategic partners... but are they? What are they doing? They have never informed us of our goals, objectives... never asked if we have met those?”

(Head of Credit, Bank Alfalah)

According to the head of credit in Bank Alfalah, HR was 'considered' to be a 'strategic partner' with the CEO but actually had very little to do with the overall direction of the firm and providing support to the business units. HR did not define the goals and objectives for the top management. It was stated that the role of HR should have been to define the goals of individuals and question whether and why the goal wasn't met. However, the HR department was considered to be lazy, and extremely lenient with the procedures in place.

"The role of HR has been supportive role if I think about it, I think HR in Pakistan has mostly been about a service provider. A very 'dormant' service provider basically, somebody who is doing all the administrative work. It will be hard to come up with an example where HR has really stood up and said that we have actively been involved in career development and planning and I think it's more about administrative work about rolling out salaries and increments and bonuses on what have been committed to them. So it's kind of... I would say a dormant role. A person in HR needs always be on the run! They need to be dynamic, proactive.... but they are certainly not any of those!

(Retail Head, BA)

Although, the HR department was considered a strategic partner with the CEO but, HR failed to share the same rapport at the functional level. This matches with the findings presented by Golden and Ramujam (1985) which reflects that HR failed to 'fulfil' the expectations of the CEO. HR interaction with the business unit is an important issue. A particular unit's business strategy (i.e., corporate, division) addresses important issues which the HR function must consider at the time of policy formulation (Golden and Ramunajam, 1985). This means that the requirements of the business-units must be taken into account at the time of policy formulation. Another important aspect as established in the literature review is that the HR department must provide support to the business units. Case evidence suggested that the 'functional heads' felt neglected and reported 'lack of support' from the HR. As Sheehan (2005) indicates that the HR manager may be positioned at the senior committee level but if they lack business

understanding, their contribution is devalued accordingly. Although, in the case of Bank Alfalah, senior managers felt that HR was innovative and had come up with some unique HR policies that were not being offered elsewhere. For instance, it can be seen that they had a presence in the board of directors and policy formulation process at the top level. However, it failed to provide the much needed support and partnership to the functional heads.

The senior vice president of Bank Alfalah felt that the role of HR in the bank had evolved over the years; from being administrative to becoming a partner with the CEO. But the HR was stated to provide little direction to the business strategy. This suggests that HR can generally share different relationships with different levels or groups of employees working with the bank. As suggested in the study by Golden and Ramunajam (1986) that HR can exist in four stages, however, a variety of statements are considered with different levels of employees, mainly the top managers and the functional heads. This underlying assumption of the 'matching models' suggests a simple linear relationship between human resource strategy and business strategy, particularly, where it is argued as a one-way or reciprocal linkage (Butler et al., 1991; Golden and Ramanujam, 1985). But it fails to acknowledge the complexities both between and within notions of strategy and human resource management (Gratton et al., 1999). Therefore, it will be difficult to categorise HR as being purely administrative to sharing a 'one-way link'.

SCB's HR department also lacked communication with the business units. The HR policies were more in line with the corporate's overall strategy than the requirements from the functional heads. It was also limited to identifying recruitment needs with each division.

"I can hardly recall any instances where a HR manager would have asked me about my requirements! There is hardly any interaction"

(Senior Vice President Operations, SCB)

The director of finance in SBP also suggested that HR was not a partner with the units. Although during the tenure of 1999-2005 HR was connected to the corporate strategy and was being integrated with the business units,

but the HR had little interaction with the business heads. The connection was further lost with the change in the leader. Furthermore, the HR was autonomous to design their policies although the final decision relied with the board. However, no input was taken from the business unit or vice versa.

It can be seen that in most cases the HR department had limited input in providing business heads with a direction. It was also seen as providing less support to the business heads. Moreover, HR had no input in the policy creation of these business units. Although it was accepted in some banks, that HR had a strategic position, but HR did not contribute towards shaping strategies of any of the business units. The communication between the HR department and business unit was found to be limited to communicating recruitment needs and appraisal cycle.

Overall, it is found that the leadership can play a vital role in integration the corporate's mission and vision with the HR policies. In most cases, the CEO also considered HR to be their strategic partners. But, HR failed to get the same status from the business heads. Although the HR directors were represented at the board of directors however, this was mostly a one-way interaction. The leader's had a role to play in providing the HR with a direction, specifically in the cases of SBP and MCB. But, HR had limited input in providing the business heads with a direction or having an interaction with them. Overall, it is suggested that HR managers may be considered strategic partners with the leaders of the organisations, but HR has failed to some extent to provide the same support to the business heads.

5.6 Conclusion

This chapter has shown how the integration of HR policies with the mission and vision of the banks led to HR policy and structural changes. In contrast to much of the strategic HRM literature, where it is assumed that HR policies are seamlessly integrated to the corporate vision, the chapter highlighted that this link is not at all straightforward. This chapter has shown how the leaders of MCB and SBP were engaged in providing direction to the HR department, via formal and informal meetings, being involved in the HR

strategy planning process and by providing HR with autonomy to formulate HR policies. The literature surrounding corporate and business strategy integration suggest that these sorts of connections are important for better integration (Budhwar, 2000). Corporate and business strategy integration was found to be dependant on the realisation of this by the leadership. Detailed accounts were presented in which, the evolution and the process of integration in the banks were discussed. These processes and evolution of the HR department which led to better and formalised HR policies, was possible due to a linkage between the leader and HR managers, which was evident from the case of MCB and SBP. Both these relationships, it is assumed in the literature need to be positive and mutually supportive, in order for consistent and strategically focused HR strategies (Sheehan, 2005). The literature also suggested that HR policies should be integrated with the corporate and business strategies. There is little realisation that this may indeed be connected with other factors such as; the values of the organisation. The literature also suggested that integration is a top management activity. But it is explored that in such an absence, other actors such as; line managers may provide HR with a direction for HR policy formulation.

The chapter also explored the input of HR in the direction of the business. Findings reveal that the relationship is often one-way, and that HR may have limited input in the strategic direction of the firm. The role of HR personnel in integration, and the mechanisms through which integration occurs cannot be assumed in advance, and vary from context to context. Indeed, in some cases the link may be missing completely. The chapter identified the case of Bank Alfalah, Barclays and SCB where integration failed to occur. It reiterates that in the event of an absence of directions from the leader, the HR personnel may lack a common goal and consistency in HR policies. However, if line managers are involved in the process of policy formulation, then to some extent they can act as mentors for the HR department in providing them with a direction. To a large extent, this acknowledgement is missing in the literature. However, it may be interesting to understand how and why line managers may be involved in providing direction to the HR

department which was evident in the case of Bank Alfalah (this will be explored in the next chapters).

The chapter's main contribution remains in the detailed explanations and analysis of the corporate integration process in practice. The chapter explores the evolution of the process and suggests that this is dependent on the directions of the leadership. Effective vertical integration is possible through maintained and sustained relation between the leader and the HR personnel. Furthermore, in the absence of integration, line managers may play an important role, if they are connected to the senior management and/or the organisational values. This adds to knowledge by exploring the vertical integration process as well as the absence of this and the role played by the actors involved in the process. The detail explanations, adds to the richness of the data and suggests that this process is complex than thought. Although the process is clearly a leadership-driven process, but the effects of integration in practice and the outcomes would depend of the nature of the relationships shared between the actors.

Chapter 6: Formulation of HR Policies with HR Managers

6.1 Introduction

In order to address the second research question, this chapter considers how HR policies are formulated and the role of HR managers in the formulation process. The formulation of HR policies as identified in the literature is extremely important. Various tools are available (such as PEST analysis) to help organisations identify the range of internal and external factors that they should consider for policy formulation. However, there remains a scarcity of literature on how HR policies are actually formulated and how HR managers are involved in this process (Truss et al., 2012; Mintzberg, 1994).

The novelty of this chapter lies in its illumination of the role of leaders, HR managers and line managers in HR formulation: how if at all, do all of these actors ensure that HR policy formulation is in line with organisational goals and objectives? The first main contribution of the chapter lies in its analysis of the distinctive role of the HR manager. Whilst many studies have pointed to the importance of the HR manager in formulation (MacNeil, 2003; Perry and Kulik, 2008), the chapter is able to highlight some of the tensions and contradictions that result from the formulation activities of HR managers. The chapter also sheds light on the factors that lead to the creation and formulation of HR policies. This presents an understanding and influences of the external factors that may be considered during the formulation process. The chapter then presents the four core HR policies; training and support, recruitment and selection, performance evaluation and reward and retention within firms and their evolution overtime, factors considered during their formulation and the actors involvement in these. These HR policies act as examples to understand the actual formulation process within the banks. The chapter explores internal factors such as of dominant coalition which may play an important role in shaping some unique-organisational specific policies. Gaining an understanding of the HR policy formulation of these policies also help understand the involvement of the actors in the process. Cases present evidence of both; top-down and bottom-up approaches. Where the top-down approach involves the top management, the bottom-up

approach suggests that feedback and directions come from line managers. It suggests that a lack of direction from the top management in the case of Bank Alfalah gave rise to inconsistencies in the HR policies. Line managers, however, played a crucial role in providing a direction to the HR department for the formalisation and standardisation of HR policies.

Overall, then, the chapter adds to the understanding of HR strategy formulation. This chapter has been able to explore the actors' involvement and the factor consideration while planning and formulating HR strategies. This chapter considers interview data from HR managers and documentary evidence received from the participatory firms.

6.2 Market Competition

This section will provide an overview of the major factors that played an important role in the formalisation and improvements of HR policies in Pakistan. Section 3.4, presented an outline of the several banking sector reforms. Most importantly, one of them was the privatization of the banking sector in 1991 (after being nationalised in Bhutto's era). This is the time when the banks started restructuring and rightsizing and the emergence of foreign banks gave rise to formalised HR policies.

The head of HR in MCB and Bank Alfalah stated that increased competition was led due to emergence of foreign banks in Pakistan's market. With this, the local banks felt the pressure to formulate sophisticated HR policies. One of the main reasons of this was to retain and motivate employees to perform better. This was done by offering monetary and non-monetary benefits. The banks also wanted to have a professional outlook to attract new and fresh talent. Hence, it can be seen that the need to create new HR policies was due to the emergence of competition in the market. This led to a more professional set up and sophisticated HR policies which could improve employee efficiency.

This is evident from a number of cases studied. For instance, in Bank Alfalah at the time of its inception during 1997-1998 the bank had a basic personnel department, however, from 2002 onwards, with improving economy and

increased competition, the banks had to formalise their HR policies. Due to increased competition, the turnover amongst employees was quite high.

“Changes were coming throughout Pakistan. We are talking about an international scenario so now comparisons with other foreign and local banks became a priority”

(HR Manager, Bank Alfalah)

This was also due to the increase in the number of the banks especially during Musharraf’s era (1999-2008) which led to better financial conditions. The banks started investing in people and assessing training needs. There was competition among banks to recruit ‘top talent’ and therefore, the policies started to become more sophisticated.

“With banks like Standard chartered and ANZ, Citibank, Habib bank, National bank.... there was a need for improvement. That was the basic reason behind all these changes.”

(HR Benefits Head, Bank Alfalah)

Although, Bank Alfalah was formalising and adding on new and innovative policies such as the pay continuation programme or the insurance covers there was a need to do more than that. One of the senior managers gave the example of a mobile phone comparing its features to the HR policies:

“This is mobile phone, and it doesn’t bother you, but if there is a new one in the market with better features, you would want to buy it!”

(Senior Manager Credit and Risk, Bank Alfalah)

Hence, the local banks felt the need for the formalisation and improvements in the HR policies. This was due to the major inconsistencies in place and due to the sophistication of HR policies in foreign subsidiaries. The banking sector saw an influx of new entrants. This gave rise to the ‘demand’ and ‘supply’ issue. The need for more sophisticated HR policies emerged as a means to attract and retain employees. As the banking industry was booming it required young, fresh graduates as well as experienced bankers. There was an increasing demand for bankers and hence, they were in a

bargaining position. Also, both the new banks and the MNCs were offering better and more sophisticated HR policies, hence the local banks really had to strive and form a competitive edge over the other banks. This also raises an important point about the 'rising expectations' of employees from their prospective employers, thus the employers had to offer better HR policies in order to retain their employees and also add newer policies in order to 'attract' fresh talent.

Whereas, the local banks were trying to revitalise and bring changes to their HR policy structure, the MNC banks were finding it relatively easier to attract or retain fresh talent, especially at the start of their operations.

One of the branch managers of Standard Chartered mentioned that during the years 2002-2005, there were many job options. His priority was to work for a foreign firm. This was due to the professionalism and better HR policies and training structure. It also meant better impression amongst peers and possible overseas deputation. Training or deputations abroad were considered extremely important given the economic and security conditions of Pakistan.

Apart from this, another issue faced by organisations was of 'lobbying'. As suggested by Khilji (2002), the organisational values in Pakistan's society are often led by the extended family culture. Hence, employees make connections with their colleagues. This creates a lobby within the organisation, which exerted pressure on the management for increments in pay. For instance; employees would demand an increment with a job offer in hand. If the increment was declined, then they would threaten to leave the organisation with some of their colleagues.

"It was extremely difficult to retain employees. The employee would just turn up with a job offer in hand and ask us to give them an increment in the middle of the cycle. If we wouldn't then, they would tell us that they'll leave the organisation with some of their colleagues"

(Head of Recruitment, MCB)

This led to retention issues for the MNCs as well as local banks. The Market was surging with high demand for the young bankers. Therefore, it was difficult to retain young graduates. A job offer would set the employee in

bargaining position with the HR. Individual employees were given increments based on their circumstances, such as a counter offer in hand. This led to another issue of other employees coming and asking for the same. This would sometimes lead the HR to surrender to increment in terms of losing on a group of employees and the cost associated with it. This put the HR department in increasing pressure to offer better compensation packages in order to retain their employees.

“We have a sort of lobby here. For example, if I go, I might take my other colleagues with me too... so obviously HR would kneel down and fulfil my requirements. Some would wait for a promotion and appraisal within the bank and just after the appraisal cycle move to another bank which meant double promotion and higher incentive.”

(Relationship Manager HR, SCB)

Although the MNCs had to face this scenario, there were some advantages that this had over the local banks. The top range graduates would preferably go to a MNC bank because of foreign reputation, package and to gain recognition amongst the peers. Hence local banks had to do more than just match the HR policies of the competitor banks. For instance, MCB and SBP followed similar structures in terms of HR policies. Both leaders made structural changes and integrated HR policies as discussed in the previous chapter. It is also interesting to note that both the banks went through massive structural changes, in terms of changing their outlook as well as HR policies.

“There was a need to come out of the older structure of the bank being lazy and slow.... we had to create newer policies... such as formalise and make a performance appraisal system that was more goal oriented... not only we wanted to have competitive policies keeping other banks in mind but also enhance the productivity of our employees”

(Assistant Director of HR, SBP)

However, Bank Alfalah had a lower turn-over as compared to other banks due to the binding factors discussed in section 4.7. But there was a need to offer newer and unique HR policies, in order to attract fresh talent.

“We had to come up with some sort of policies that made us unique from the other banks!”

(Head of Benefits, Bank Alfalah)

The HR team sat with the line and branch managers, and linked their feedback and input to formulate and revise existing policies. The differentiation from other banks was considered important. Hence, HR policies were created considering the values and the history of the bank. These will further be discussed in section 6.4.

The section identified major factors behind the formalisation and introduction of HR policies within various banks. This is an important aspect to understand as it covers the background to the HR policy formulation. It also suggested the need of the local or private owned banks to match up with the HR policy offerings of the MNCs. The HR departments across the banks suggested that HR policy changes were brought in due to increased market competition and in order to retain and attract employees. This section outlined some of the major factors behind the formalisation of HR practices which were discussed in the previous chapter. The next section will consider some of the tools used in the banks to formulate HR policies.

6.3 Market Scanning

During the interview sessions it became evident that all the banks relied on market surveys to align their HR policies with the competitor offerings and industry practices. This was one of the important tools for HR policy formulation. The banks relied on an external survey company to conduct market surveys. The same market survey company was used across all the banks which helped identify and compare industry practices. For instance, comparison with other competitor banks i.e. analyses of existing policies in line with the competition, which helped the bank with the formulation of new HR policies or updating existing ones. This also gave the banks a tool to assess their standing with the rest of the banks and helped them to make important decisions and review their offerings. Apart from this, the surveys also helped the banks to assess their competition, create new job roles,

match salary structures, and compare grade structures and skill levels. The surveys provided the banks with a sort of guide or a reference point and comparison of their standing with the rest of market place.

*“Surveys are conducted for everything! For target bonuses, salary proposals, management trainee salary proposals... every year **** this company conducts a survey.... they come and sit with the financial institutions.. They see their job-description, and then they do salary review and then they go sit with other banks do a salary review... then we follow their reports. And then we take a decision... as to where we are as compared to the market. If we are at 25 percentile... and where we want to be as compared to the rest of the market”*

(HR Relationship Manager, SCB)

This gives an example of the reliance on surveys for various things, from salary proposals to matching job descriptions and matching position with the rest of the market. Although the banks relied on market surveys for various reasons, ‘formulation of HR policies’ and or ‘updating existing policies’ with the rest of the competition were found to be important ones.

“We look at the market surveys first and see what’s being offered and then we plan according”

(Head of Benefits HR, BA)

Thus relying on market surveys was considered important, to assess what the other banks were offering and then planning what the bank needed to do with the rest of the market. It also helped the bank find out its positioning with the rest of the banks.

The head of HR in MCB, mentioned that market surveys played an important role in formulating new HR policies, updating existing ones and also checking their positioning with the rest of the market, he stated,

“For example, if a new policy is being introduced in some other bank we will scrutinize it and weigh options and consider including it within our set of best practices”

(Head of HR, MCB)

Within the State Bank of Pakistan the reliance on market surveys was also considered to be an important aspect for HR policy formulation.

“We generally rely on market surveys to assess our package in terms of the market”.

(Benefits Head, SBP)

It can be seen that the local banks had some sort of control over the decisions made for the ‘formulation’ of HR policies, hence the reliance on market surveys, often prompted them to ‘include’, ‘exclude’ or ‘update’ their policies with the rest of the competition. On the other hand, the multi-national banks relied on market surveys to gather ‘evidence’ to be sent to the regional heads or group heads for their discretion for inclusion, exclusion or updating of certain policies. Within SCB, some were best practices introduced by the group and some were modified or tailored to match the country-specific environment of Pakistan and to match the competitors providing. For example, loan policy was introduced in SCB, which was not a part of the group policy. However, within Pakistani banks there is a concept of employee loans and hence, to cater this, SCB had to introduce staff loans.

“I can give you an example of a new policy that was formulated for the Pakistani market that is not a part of the group strategy... the loan policy. In Pakistan, all the banks are providing employees with loans.. Let it be car loan or house loan.. Therefore, SCB had to introduce the loan policy which is unique for the Pakistani market”

(Relationship Manager HR, SCB)

This statement underlines that the HR policies were not entirely country-specific but were tailored and customised only in some instances. When SCB initially started their operations in Pakistan, it had a set of practices and HR policies, however, within the Pakistani banking environment, ‘employee loan policy’ was considered to be an important retention policy. Hence, the market surveys were sent to the group heads for their approval on the inclusion of this policy for the Pakistani market.

The loan policy in this case presents a classic example on the context within Pakistan and how it needed to be differentiated from the rest of the countries

clustered in the group. Sparrow (2012) argues that introducing a global set of HR policies may not be a sensible approach. Contrary, to this, the MNCs were seen as introducing best practices across the region with very minor tweaks. It also gives an indication towards the 'introduction' of the loan policy after SCB had started its operation in Pakistan. It was after a few years that SCB had to include this policy as it was an industry practice.

Similar to this, Barclays also matched their HR policies with the competitor offerings. Although it entered the Pakistani market with a bundle of HR policies that were group or regional practices. However, customisation of these was dependent upon the market surveys that were sent to the Group office for their approvals. This ensured that the HR policies were aligned with the local environment. The final decision on specific policy inclusion remained with the regional heads of Barclays.

"We always do a market scan and say you know this is what's being done in Pakistan and so this is how we are going to amend the policy. It's then approved by the Group heads... we do ask the group office to approve it"

(HR Business Partner, Barclays)

In some specific example, the HR department of Barclays, Pakistan was given the liberty to design a retention package for a 'specific department'. Barclays is a fairly new entrant in Pakistan's banking sector. The turnover rate (official figures not provided) was considerably higher as compared to the rest of the banks. A specific example of this is related to an area expansion that Barclays was planning but faced attrition issues in a specific department. Therefore, Barclay's HR team in Pakistan introduced a new retention package for this department. This was to retain and attract employees as it was entering a new area and wanted to make its ground firm, before entering the market.

"I don't think if I can show you the policy that we have added. Because there is money involved. It was basically a retention package. And not for our employees but for specific department where we thought there was a lot of attrition. The line manager has a fairly good idea that there is a lot of attrition expected in their department. And then we plan our retention policy accordingly."

(HR Business Partner, Barclays)

This puts emphasis on aligning policies with the competitor offerings and industry practices. It also provides the MNC banks with the evidence to be sent back to the regional offices or group heads for their approvals. Apart from this, market surveys also helped the banks draw out on other comparisons such as matching salary structures, grade levels, scrutinizing and assessing training needs and allocation of new posts.

In addition, it was found that market analysis were not limited to the formulation of new policies but also seeing if any 'new' posts and jobs are being created within the market places. This demonstrates that these market surveys were not conducted to just assess HR specific needs or to 'align' them with the internal context of the organisation but were adopted in a fashionable manner. For instance, Bank Alfalah introduced a new post of 'HR business partner' not as a response to the needs of the bank but as a response to the survey results. Succession planning was also a recent addition to the set of HR policies after surveys indicated its presence in other leading banks.

"Although this role existed in the market before, but we never had it... but we felt that there is a need to have this role within the bank. Also, good banks offer a proper succession programme; we really felt we were lagging behind... so we introduced 'succession planning' and 'talent retention programmes'.

(HR Relationship Manager, BA)

The above example reiterates, that the banks were following the market surveys to introduce packages, or new posts because the 'others' were doing it. This had very little to do with assessing whether there was a requirement for it within the bank.

The localisation within MNC banks was based on the reliance of market surveys conducted by third party surveyors. This report along with evidence of their existence in other local banks was sent to the regional office (RO) or group heads (GH). These policies were often created or updated by the group heads or regional office. In very rare instances, the HR department in Pakistan was responsible for the formulation of HR policies. The role of HR

in Pakistan was limited to the 'implementation' of HR policies and to send 'market surveys' to the RO or GH.

Taken together, this suggests that these policies were not created through the SWOT or internal external factors rather through a follow the leader approach. This section has shed light on the realities of the factors considered during the HR policy formulation. The next section also considers the four core HR policies that were found to be common in all the case-study banks studied. The formulation of these policies, with consideration to various factors and the role of different actors in this, will now be discussed.

6.4 Intended Policies

The previous sections considered the main factors behind policy formulation. As in the case with Khilji (2002) it is found that there were four core HR policies across all the banks studied. These are used as examples to discuss their formulation, implementation (discussed in section 7.3) and employee experiences (in section 7.5).

Through this, the aim is to explore and understand the formulation process of the four core policies; recruitment and selection, training, performance evaluation and rewards and retention, and the responsibility for their implementation. This section will also discuss the main responsibility of the implementation of these. The literature presented ambiguity over the role of the HR and line over HR policies. It was suggested that the boundaries between HR and the line is continuously shifting, and there is no one accepted model thus far, on the role of HR and the role of line. Hence, this section also aims to understand the division of responsibility between the line and the HR.

6.4.1 Recruitment and Selection

This section will discuss the formulation of the recruitment and selection policy at the banks studied. The section will study the development of the recruitment activity, the main actors involved and the responsibility for its implementation. This is important for understanding the process of formulation and implementation.

It was found that the recruitment and selection was in some cases developed through a top-down approach, whereas, in some cases it was developed through a bottom-up approach. Similarly, there was mixed responsibility for recruitment and selection. At some levels the HR was responsible for this whereas at some levels line managers were responsible for this. These will now be studied in detail.

The recruitment levels can be divided into three main categories, i.e. recruitment for clerical staff, recruitment for graduate trainee officers at officer grade level 1 (OG1) and officer grade level 2 (OG2) and lastly recruitment for line management staff and above at officer grade level 3 and above (OG3). It was established during interviews with the HR department across the banks that the recruitment for clerical staff was conducted at line management level specifically at the branch banking side. This was a bottom-level activity. This was an informal activity conducted by the line on a referral basis; hence it will be discussed in section 7.3.1. However, the recruitment for graduate trainee officers at OG1 and OG2 levels was conducted by the HR department. The recruitment at this stage was an annual activity across the banks (except SBP) and was conducted by the HR department by formal testing and interview procedures. Hence, this was mostly an annual recruitment activity which generally included the graduate trainee scheme. It was stated by HR managers in all the banks except Bank Alfalah that the officers at line management level or above (OG3 and above) were recruited by the HR department. In case of Bank Alfalah, the HR department reported this was a shared activity between the line and HR. Even for the graduate trainee scheme, Bank Alfalah reported that line managers played an active role during the selection stages of the candidates.

The section will first discuss the responsibility of implementation and formulation of the recruitment policy at graduate trainee level. The initial recruitment in most cases specifically at Graduate Trainee level is the responsibility of HR. The main responsibility of identifying the number of recruits at OG1 and OG2 level, was based on the demand received from the middle and branch managers, and the allocated budget from the group heads in case of the MNC banks or from the top management in case of

local banks. It is important to note that the recruitment in the local banks had developed over the recent past whereas, in the MNC's it was already a very well-established system. Typically this was based on a standardised approach determined by the regional or group heads. An interesting point to note is that in banks such as MCB and State Bank of Pakistan, the policies were developed from the top and as a result of business and corporate strategy integration, whereas in Bank Alfalah, the HR policies were developed through a bottom-up approach (as discussed in section 5.2 & 5.3).

This reiterates that the HR strategy integration with the corporate or business strategy was through the top management in the cases of MCB and SBP. Hence, the policy formulation was also triggered through a top-down approach. In the case of Bank Alfalah, this was more evolutionary, and based on the feedback of line managers. Hence, this was created through the input of line managers.

The top management at SBP and MCB placed great emphasis on the recruitment of professional staff. This was keeping in line with the new objectives and integration with corporate and business strategy of the banks. The recruitment policy came as a proper strategic plan from the top managers to formulate and create sophisticated recruitment and selection methods to attract and recruit fresh talent as well as to reduce political pressure to take recruits based on referrals. For this, new testing techniques were developed and testing centres were established. For instance, the recruitment process of MCB recruitment system was formalised with the input from the chairman of the bank as well as increased competition and strategic change in the banking industry (as discussed in previous sections), new recruitment policy was made, testing centres were established in various cities and formal interview panels were formed. State Bank of Pakistan, had a stagnant recruitment for over 2 decades, hence a new programme was developed to recruit 'fresh talent' under the scheme of 'Young Professionals Induction Programme' (YIPP) which was especially introduced to hire talented graduates. Alongside, efforts were made to eliminate life-long employment system, however, such initiatives were still in their infancy stages.

Where, the recruitment policy in SBP and MCB was formed as a strategic plan from the top management, Bank Alfalah's recruitment policy was formalised through an initial 'bottom-up' approach. When Bank Alfalah took over employees of BCCI, the HR department was non-existent. The bank initially set up a board of directors, who then started placing employees from the ex-BCCI at key positions. Their assignments and salary packages were decided by the board.

"They picked up a few young individuals and placed them in very sensitive and very responsible assignments like deputy branch managers and branch managers. And then they posted junior and... less experienced staff into the new branches from the main branch. So first, they completed this kind of an assignment of placing the individuals into the right type of mix. That was there in the initial stages."

(Head of Recruitment, BA)

Further recruitment of employees at different levels was the responsibility of these key individuals. The initial recruitment of staff along with adequate powers to recruit further staff created inconsistencies in the way employees were being recruited. After complaints from line managers on the lack of a formalised recruitment structure, the HR department started to formalise the recruitment structure of the bank. The policy creation was a combined effort of the HR department and line managers. Formal testing procedures were set in place for the graduate trainee level followed by formalised interview panels to conduct selection interviews. MNC banks already had a well-established recruitment system in place. Although it had gone through several revisions due to technological and testing upgrades, overall SCB had a well-established system to recruit graduate trainee officers. Barclays on the other hand did have a graduate trainee scheme but did not recruit on a bigger scale as the other banks due to its limited operations in Pakistan.

In all the banks studied, it was stated that these formalise testing and selection procedures will help the bank attract the best talent in the market. At-least two to three interviews were conducted of the short-listed candidates, the panel included HR managers, followed by an interview with two to three middle managers and/or branch managers across all the banks

In the case of Bank Alfalah, the initial selection panel also included line and middle level managers. Selected candidates at OG1 and OG2 level across the banks were placed in branch banks or in the head offices. These would generally be called 'graduate trainees'. In the case of deployment in the Head office of the banks, these trainees would be given extensive training for 6 months in the in-house-training centres and would then be placed on a rotation policy. This is important to note as this will reflect on some tensions on the line in the next chapter of implementation. Whereby, they would switch departments and sites for 6 months each, working in different departments and branches. They would then be placed in a department for period of no longer than 2 years. This was an important policy in all the banks studied and was developed to reduce the hold of line managers.

6.4.2 Training and Support

This section will discuss the training and support activity across the banks, their formulation and responsibility for its implementation. As studied in the previous chapter (section 5.2.1), training was considered to be extremely important across all the banks studied. The chairman of MCB and the governor of SBP, made additional efforts (section 5.2), to align their mission statement and vision and recruit staff members and then provide them with the 'right' training to equip them to meet the demands of the organisation. Training modules were developed over time in MCB as a part of careful alignment of the bank's mission and vision to gain competitive advantage in the industry by training employees. Specific training modules were developed for MCB employees, as they had suffered heavily from the nationalised era. There was little or no training provided to employees. Apart from this there was a need to compete with the other MNC banks. As stated by Khilji (2002) MNCs are considered training ground for the local workforce. Hence, 'elite-class' young graduates would generally opt for a MNC organisation (Chaudhary, 2013). Therefore, to recruit and retain top talent, training was given immense importance. This was in line with the corporate vision and goals. Generally, in the organisations, the training can be divided into two main categories; formal training mainly in training centres and informal or on-the-job training which were mainly conducted by line managers.

Formal training was conducted in the in-house training centres of the banks and informal training was mainly conducted by line managers. This section will mainly focus on the formal training, as this was a formal policy created by the HR department. Bank Alfalah took great pride in training employees with the 'best training' structure in the banking sector in Pakistan. MCB and SBP developed modules from scratch keeping in view the banks goals and objectives and with the input from the top management. The integration of the bank's vision and mission from the chairman, led the bank to establish an 'in-house' training centre and the revision of policies. The training modules were not only focused towards the policies or product information, but also customer relation skills. Training system was developed after careful consideration of market surveys, competitor's offerings as well keeping in mind the product and current requirements of the banks (as discussed in section 6.2. and 6.3). Outside training specialists and consultancy groups were invited especially in Barclays and SBP to develop course modules and train employees.

Across all these banks, 6 day training sessions were mandatory for all employees and training needs were mainly identified by line managers. This was done as initially training was not considered an important part of HR policies by line managers especially in the local banks such as Bank Alfalah, MCB and SBP. According to the HR departments of these banks, training was considered a routine exercise by line managers and employees made excuses to avoid training sessions. Therefore compulsory 6 days training a year was introduced to ensure that all employees attended the training sessions.

"This is what the learning council has imposed. We have painted the picture that we have organised a training and you have excuses, that we have audits or too much work, this does not work. So that is the way how we are managing."

(Head of HR, MCB)

Privatisation of MCB was able to make many changes to the work and training structure. It had an embedded culture of employees that were not performance oriented. But privatization and increased competition led the top management to formally integrate the business and corporate strategies with the HR policies (as discussed in chapter 5). This led to the creation and

formalisation of the training structure. Market surveys also revealed extensive training programmes of other banks, especially of the MNCs. Hence there was an additional need to make a coherent training programme.

HR managers in Bank Alfalah, MCB and SBP also initiated 'self-nomination' for employees. This enabled employees to nominate themselves for a particular training programme but only after approval from their line managers. This system was established to reduce the hold of line managers with a punitive system to try and overcome perceived 'favouritism' of line managers towards particular employees. It was stated by HR managers that line managers were thought to be sending out their 'favourite' employees and so someone would end up being more trained than the others.

“Earlier, only the supervisor or manager would nominate people, either they would keep sending people who mattered or they would keep sending their favourites. So there were many people who were left out. They were never given the opportunity.”

(HR of Training, MCB)

This system made line managers accountable for their subordinates and provides reasoning of subordinate cancellations for training.

“If the supervisors did not approve, they would have to give the reason why. If they cancel the supervisor has to pay us 3,000 rupees as penalty.”

(Head of Training, Bank Alfalah)

Although, SBP also had an extensive training and skills development programme but the training needs were mainly identified for the young recruits or middle management level or above. So training centred mostly towards the young recruits than the older staff members. This was due to the long-standing structure of life time employment; it was difficult to firstly introduce such a system and to provide training to line managers and employees. With an ageing population of employees in SBP, it was found to be difficult to have them trained to fill in the performance appraisal forms and conduct the sessions. On the other hand, employees also felt threatened with the introduction of new training systems as they feared becoming more

accountable over their productivity. Basic training courses such as basic computer skills were also faced with criticisms and employees were reluctant not only to use computers but also the introduction of computerised systems. Training to conduct performance appraisals also faced much criticism; as bank had a 'seniority based pay' system. Learning to conduct performance appraisals, could mean the adoption and implementation of the performance appraisal policy, hence the senior employees of the bank resisted this change. The bank hired an external HR advisor to help make them a plan for the 'training' specifically for the performance appraisal systems, but it did not work too well with line managers and other senior managers. This points to the attitude of the government sector employees, which was highlighted in the previous sections.

"It is not just a policy we have to make and train for... it is the mind-set we are dealing with and it sometimes feels impossible to change."

(Director of HR, SBP)

The MNC banks placed additional efforts in the training programmes by handing out certificates and awards for training activities, especially, on the branch banking side, where branch managers and relationship managers felt pride in 'showing off' the training certificates. This was found to be an important motivating factor for employees to attend training sessions. These training records were also stored online so each employee would have a computerised record of the training attended. More specifically in the MNC banks, training was seen as quite lucrative, with employees boasting about their 'trips abroad' for training purposes. This was seen as 'elite' by the younger work force. Therefore, the local banks such as MCB, were trying to match with the training structure, to make it more attractive for the young workforce.

Overall, training across all the banks was intended to equip employees with the right skills to perform the job. It was also stated by the HR departments across all the banks that training was important not only for employees to 'perform the job' but also helped employees groom themselves for future challenges and career development. There were some difference between

the local and MNC banks. As in the case with the recruitment system, the training was also a well-established system in the MNCs. Training system was developed after consideration of market surveys, competitor's offerings as well keeping in mind the product and current requirements of the banks (as discussed in previous sections 6.3 and 6.3). Outside training specialists and consultancy groups were invited especially in Barclays and SBP to develop course modules and train employees. Standard Chartered's training was considered as the best in the banking sector. This was due to the emphasis given on the training courses, feedback and distribution of prizes and certificates at the end of the training sessions. This also goes in line with the findings of Khilji (2002) who suggest that MNCs are considered as training grounds for the local workforce.

"We provide a lot of training to all our employees"

(HR Manager, Standard Chartered)

Overall training was considered a 'top priority' in all the banks studied. Even through the HR department at SBP also considered this to be a priority. However, in case of SBP, due to the lack of initiatives from the leadership (as discussed in section 5.2 and 5.3) and the attitudes of employees were unable to strengthen the system to some extent. Moreover, the HR department across the banks also took pride in providing support and training to line managers to conduct relevant HR practices, the realities of this are explored in more detail in chapter 7.

6.4.3 Performance Evaluation

This section considers the performance evaluation (PE) system, its formulation, responsibility for its implementation and intentions behind the introduction. Performance evaluation (PE) was considered a significant function in all the banks studied. Variable pay, dependent upon performance was introduced a few years back in the local banks. Employees were rewarded based on their individual contribution to the achievement of overall goals. Both financial and non-financial rewards were considered important (Khilji and Wang, 2006). As with the other HR policies SBP and MCB, this was initiated by the top management. The introduction of the performance

evaluation then, led to the elimination of life-long employment system previously endorsed by the banks and an introduction to performance based pay.

Contrary to this in Bank Alfalah the performance evaluation was developed through the feedback of line managers. Initially, the sole responsibility of the development and evaluation of employees was with line managers, which gave rise to inconsistencies, in the way employees were being appraised (more discussion is provided in Chapter 7). This was also based on more subjective than objective factors. Therefore, there was a need to formalise the system.

MNCs on the other hand had well-established performance evaluation systems in place. This was introduced as a part of the 'HR policy pack' by the group or regional office. The main intention behind the introduction and implementation of this policy was also to assess employees based on the competencies and reward the performers versus the non-performers and increase employee efficiency.

There were some consistent factors of performance evaluation across all the banks, one being the MBO (management by objective), 360 appraisals (all banks except Bank Alfalah and SBP) and bell-curves. In all the banks studied, the implementation of the performance evaluation remained with line managers. HR department's role was limited to the formulation of the PE policy and implementation of the bell-curve. Intended practice stipulated that line managers initiated an open discussion with employees during both goal-setting and evaluation phases. HR department across all the banks stated that they provided enough training to line managers to conduct the performance evaluations, set the goals and conduct face to face meetings with their subordinates to discuss performance and their outcomes.

Standard Chartered's performance evaluation (PE) system was quite extensive and employees had not only to achieve targets for the appraisal but also demonstrate five core values. The company's five core values were courageous, responsive, international, creative and trustworthy. The HR department endorsed it as a 'centralised approach'. The PE system in the MNCs was a computerised system; employees were trained and assigned

targets were set electronically after mutual discussions. The deadlines were strictly followed and these targets were tracked semi-annually in one-to-one meetings with their line managers. Apart from this, the bank also endorsed a 360 appraisal, so subordinates also had to appraise their line managers. The implementation of this will further be studied in chapter 7.

Similar to SCB, the performance appraisal system in Barclays was also a part of the group policy and followed an MBO approach. However, SCB also had dedicated relationship managers for HR that were responsible for providing additional support to line managers with HR policies. In the local banks however, the point of contact was the HR department.

“Performance appraisal was much simpler in the olden days. It was merely by stating ‘good’, ‘bad’ or average’ performers, but it has evolved over time and become more mathematical.”

(Senior Vice President, Bank Alfalah)

The term ‘mathematical’ refers to its evolution over time in being more reliant on numbers as targets, rather than on subjective factors, such as personality factors. 60% weight was given on meeting performance goals discussed at the beginning of the year and 40% weight was assigned to personality factors. Hence, it can be seen that where Standard Chartered had its emphasis on achieving more targets, and being less reliant on subjective factors, Bank Alfalah, on the other hand, relied more on subjective than objective factors

The introduction of performance appraisal system in SBP was challenging for the HR department. The background to this is discussed in section 4.7. SBP had a ‘life-long working’ culture and ‘seniority based pay’. The bank faced much criticism from the staff and the unions for introducing MBO system in the bank.

“Well you see, it was not easy for us to introduce the Management by Objective, and variable pay system to the bank! People are often laid back in government organisations and productivity is low. Many threatened us to take actions with the unions! There isn’t much we can do... But we are trying slowly”

(Assistant Director of HR, SBP)

As the policy was imposed by the top management during the years 1999-2005 it was accepted by employees. The implementation of these is still much of a problem for the HR department and line managers. The assistant director of HR reported that the HR department managed to settle some of these differences by agreeing to pay staff members a basic pay and then introducing performance related pay. As stated in the previous sections (5.2, 5.3), that with the change in the leader, the HR department was not able to take further initiatives as it lacked the support from the top management. This shows a disconnected from the top management to the HR department and evident disconnect and mistrust between the HR department and line managers.

Another important factor of performance evaluation was the introduction of bell-curves. These were enforced in all the banks studied. However, their enactment varied from one bank to other. The main responsibility of the performance appraisal implementation remained with line managers in all the banks. HR department only came into play after the cycle was complete and to implement a bell-curve system. The implementation of this policy with line managers will be studied in detail in section 7.3 along with employee experiences in 7.4.

“If the HR has to promote 100 people in a year, they cannot promote 200 good performers. So they then, scrutinize, and they level it off and they take into consideration, that they would increase the salary of some, and increase grade of some, designation, etc... so they try to juggle it in a manner that everyone is motivated. Otherwise, this will lead to negative feelings.”

(Relationship Manager HR, SCB)

The bell-curve was imposed by the HR department for two reasons. Firstly, to stay within the guidelines of the bank, for instance, only a few individuals could be promoted or appraised and secondly, to encourage high performers. The bell-curves were much stricter in the MNC banks than in the local banks. For instance, Bank Alfalah's bell-curve was not followed as such as the management believed in sharing bonuses and profits with its employees. The HR department felt that this sharing and caring aspect of

the bank kept employees motivated and committed towards the organisation. In effect, it was considered the key to their success. The HR department suggested that employees were encouraged and appreciated for their efforts. In contrast, SCB's bell-curves ensured that only the most deserving candidate got the incentive or promotion. The HR department suggested that this was the best way to motivate employees. The responsibility of the performance evaluations and recommendations remained with line managers.

This section has explored the responsibility, tensions and main features of the performance evaluation system. It is understood that in some cases such as in the MNCs, performance evaluation was introduced as a centralised policy, in the cases of MCB and SBP, it was through the input of the top management and in the case of Bank Alfalah performance evaluation was developed through the input of line managers. The main aim for the introduction of this policy was to make employee target and performance oriented. Bank Alfalah introduced a performance evaluation system, after inconsistencies with its implementation with line managers and with an absence on policy guidelines. Overall, however, Bank Alfalah was seen as basing its PE system on subjective rather than objective factors like in the other banks. The main responsibility for the implementation of the PE system in all the banks remains with line managers (this will be discussed in section 7.3.3). Overall, this section has helped shed light on the formulation, reasons for the formulation, main actors behind the formulation, problems due to introduction of this and the main features of the PE system as well as the responsibility for this.

6.4.4 Rewards and Retention Packages

As discussed in section 3.4 and 6.2, the banking sector in Pakistan is highly competitive. Therefore, there is a constant need to attract, retain and motivate employees. Due to increased competition, the attrition rate or employee turnover is quite high. Hence, the HR departments across the banks suggested that there is a constant need to update and revise the reward and retention packages. As studied previously (in section 6.3.) the banks relied on market scanning to keep them updated with the rest of the

industry practice. Across all the banks some compensation trends were found to be common. For instance, it was common industry practice to offer employee loans, medical insurance and bonuses. The HR departments across the banks said they invested a lot of time and effort to design the compensation package. The MNC banks already had a pre-established compensation structure. This was in line with the group practices of the banks. However, one addition to the structure of SCB was the loan policy. As discussed in section 6.3 this was specifically designed for the Pakistani market, as a common industry practice.

“Employee loan policy was non-existent in SCB Pakistan, but we had to create this as this was common industry practice”

(Relationship Manager HR, SCB)

In addition to variable pay, profit sharing (i.e. bonuses depending upon annual performance of the organisation), certifications, small gifts such as laptops, bumper prizes to training abroad and trips overseas (specifically for MNC's). Banks such as SBP, MCB and BA, had to design a compensation package from scratch. This was due to increased competition and entrant of the new emerging banks after the year 2000. MCB revised its compensation structure to attract fresh talent. Travel schemes, car loans, insurance schemes, bonus structures were created to attract, retain and motivate employees. State Bank of Pakistan also offered non-financial benefits such as, children education; secure employment for the children of employees' and housing benefits. These were also influenced by government initiatives. In other banks, however, the compensation packages were more in line with the industry practices.

As stated previously, Bank Alfalah's HR policies were created with the 'caring' aspect of the bank. Their policies reflected the 'family' culture of the bank by designing policies that would look after the employee's family. The bank's previous culture of a 'no-layoff' policy, along with the newly designed 'pay continuation programme' and generous insurance covers, were examples of this. This goes in line with the 'integration with the value system'

as studied in section 5.3. These policies were created specifically to retain employees and maintain good will from the bank.

“We have never fired any employee in the history of the bank! Only if they have been caught stealing or any other disciplinary issue! But not under any circumstances”

(CEO, Bank Alfalah)

The bank strictly adhered to the ‘no-layoff’ policy. This policy was severely tested during the recession of 2008. Other banks such as SCB and MCB went through downsizing and cuts but Bank Alfalah held on to its employees. Bank Alfalah, faced a much turbulent time with the decline in stock prices, loss of customers and rumours of closure but the management did not let off any of its employees.

“We were going through a very rough period but we did not let go of a ‘single employee’, we thought that we will make cuts elsewhere...for instance stop our expansion or save on electricity but we won’t let go of anyone”

(Senior Vice President, Bank Alfalah)

The management of Bank Alfalah were confident that this phase was only temporary. .

“We knew that this will only last a few months or a year.. We were ready to sacrifice our bonuses and profits for our employees... and this is what happened... we came out of it and we have the most motivated staff... our turnover rate is extremely low”

(Head of Credit, Bank Alfalah)

The management felt that by sticking to the no-layoff policy even during a financial crisis created a strong emotional bond between the bank and its employees. Whilst other banks such as MCB and SCB went through massive downsizing, Bank Alfalah held onto its employees.

“We know that companies usually opt to downsize their employees as soon as there is a crisis. We don’t do that! We know that the crisis is only temporary and our employees are the ones that matter the most to us. We have a trusting relation with them”

(Senior Vice President, Bank Alfalah)

The senior management felt that the downsizing is usually the first resort for organisations but the management of Bank Alfalah felt that by not letting off its employees, the bank presented a unique example of sticking together in rough times.

These are also reflected in other policies of the bank, where looking after employees' family for 5 years in case of the death and/or disability of the employee and insurance covering spouse as well as parents. The management strongly felt that it is these policies that kept employees motivated and the attrition rate was much lower than the rest of the industry. It was said:

"We are not buying employees by giving them one good policy over the other.... we are investing in them and their families... we create a bond"!

(Head of Benefits, Bank Alfalah)

It was stated by the HR department, that these policies bind employees beyond the monetary benefits and rewards. There was a psychological and emotional connection that the bank endorsed between employees and the management, and this bond was reflected through these policies.

This section has so far outlined the core intended HR policies in all the banks, these compensation packages were designed and developed by the HR department with approvals from the top management. In case of Bank Alfalah, as in with other policies, this too was through the input of line managers.

Thus far, the section explored the core intended HR policies across these banks. The designing and developments of the four core HR policies was discussed with the role of actors and factors involved in this. The section also discussed on the responsibility of the implementation of these policies. It can be seen that the banks invested a lot of time in creating these policies. Some of these policies as stated in previous chapters were created from the integration of the organisations goals and objectives, market surveys, competition and direction from the leader. However, in case of Bank Alfalah, this was through the input of line managers. The HR department across the

banks stated that these policies were solely made to attract fresh talent, retain employees, and motivate them to perform for the organisation. The section also explored the problems with the introduction of some of the policies and tensions at operations.

6.5 Conclusion

This chapter has shown how HR policies are formulated in different organisations. The chapter first explored some of the external factors such as market competition that led some of the banks to upgrade and create new HR policies. Previous chapter 5 explored, the integration of corporate and business plans with the HR policies, this chapter further elaborated that the actual formulation of HR policies driven by market competition. HR policies were not found to be integrated with the corporate and business plans as such, rather following the leader. First, in the local banks; MCB, Bank Alfalah and SBP, HR policies were often formulated through market scanning and an opportunistic 'follow the leader' approach to ensure that HR offerings were in line with competitors. The literature suggests that the HR policies need to be aligned with their external and internal context. It is suggested that a 'good fit' between HR and the business strategy will be associated with high performance of the firm (Guest, 1997). Contrary to this, and despite the efforts by the top management to integrate mission and vision with the HR policies, it was found that the banks were following their competitor firms. The adoption of the HR policies was not matched with the internal or external context as such, but more with what the 'leader' was offering. SCB was seen as a benchmark firm, to match the training, appraisal and recruitment structure. In Bank Alfalah,, however, factors of dominant coalition such as organisation's history and values also led to the creation of some unique policies such as the pay continuation programme, no-layoff policy and generous insurance cover which were non-existent in Pakistan's banking sector. Finally, in MNCs, there was evidence of standardisation of HR policies, these were a set of 'best practices' levied by the group or regional heads of these subsidiaries. The HR departments in Pakistan could only localise these to some extent, but only after approval

from the group offices. However as suggested by Budhwar (2012) that MNCs must take into account the local and unique structure of the Indian context, there was little evidence of this. The HR departments in Pakistan did not show evidence of internally or externally aligning or considering the local environment. But as suggested earlier, that the HR policies were adopted only to match industry offering. The HR departments in the MNCs were mainly responsible to the operational side of HR. The HR policies in Pakistan in the MNCs were part of a 'set of HR policies' within a regional block of group of countries and were not localised as such.

The chapter also explored the relationships between the top managers, HR managers and line managers. By presenting the four core HR policies, the chapter explored the policy formulation, various factors for their development as well as the involvement of the key actors in the process. In some cases, the policy formulation was through the top-management. These were set as deliberate strategies. Attempts were made to formalise and upgrade the HR policies due to strict market competition. In Bank Alfalah, however, this was through a bottom-up approach. The absence of a formalised HR department, and inconsistencies in the HR policies, led to problems at the line management level. Hence, line managers were involved in the HR policy formulation stages. The HR policies were formulated through the input, suggestions and feedback of line managers along with the some factors of dominant coalition such as history and background of the bank. By presenting multiple-case studies, the chapter suggests that HR policy formulation is not linear as the literature suggests. This process is complex and is based on several internal and external factors. The relationships in the organisation and their contextualisation, and involvement in the process also contribute to the HR policy formulation.

The novelty of the chapter is in the understanding of the HR strategy formulation process and the involvement of the actors in the process. Huselid and Becker (2011) highlight the need to conduct research on specific HR policies and their formulation. The chapter was able to explore some of the factors and the actors that played an important role in this. It was found in the cases of Barclays, SCB, MCB and SBP that the HR policy formulation was strictly a top-down activity with limited input from the bottom

functions. In Bank Alfalah, however, this was an 'emergent' process. The HR policies were created through a 'bottom-up' approach and through the immense feedback of line managers. This reiterates that there was a lack of push from the top management but the policies were created from line managers. The chapter has also shed light on Pakistan's context and the role it can play in the formulation and adoption of these policies. The top-down approaches in some organisations also suggest high levels of bureaucracy and large power distance in some public and private sector firms. Whilst, the lack of acceptance of some HR policies and the problems faced by the HR department, in the introduction of these also bring out the attitudes of the public sector employees. Standardised HR policies in the MNCs also endorse the American influences and corporate culture introduced by the MNCs in Pakistan as identified by Khilji (2002), however, they may not be as unique as thought in the literature. This chapter has adds to knowledge by suggesting that line managers can also play an important role in the HR strategy formulation. Nonetheless, it is suggested that the HR policy formulation is a complex than previously thought and is not only dependent of various internal and external factors but also the relationship and connected between the leaders, HR managers and line managers.

Chapter 7: Implementation of HR Policies and Employee Experiences

7.1 Introduction

This chapter deals with the implementation of HR policies. The aim of the chapter is to understand the implementation of HR policies and the role of HR managers and line managers in this. The implementation of HR policies is drawn out in detail, while tensions and problems are analysed. The chapter explores the main responsibility of HR policy implementation, HR support structure for line managers' enactment of HR policies, and employee experiences of HR policies. Scholars have called for research to understand how HR policies are implemented rather than just reporting these (Guest, 2011). The enactment of HR policies is through gaining an understanding of four core HR policies. Previous chapter considered how these policies were formulated. This chapter will consider how the line management is involved in the implementation of these policies. The chapter also explores the responses of employees. Through this, the chapter aims to capture detailed accounts on the intended policies as discussed in the previous chapter to the realisation and the realities of these. The responses from line managers on the policies help explore the tensions and problems faced at the line. Employee experiences are able to shed light on the attitudes and behaviours of line managers and the role played by the HR department.

This chapter adds to knowledge by presenting detailed accounts and scenarios between HR managers, line managers and the non-managers. This chapter is quite novel as it includes analysis from three levels of employees; HR managers, line managers and non-managers. Through this, the chapter aims to investigate the tensions and contradictions faced by these employees at operational level. This also helps bring out the inner realities and set out the differences from the rhetoric. Employee experiences have been neglected in the literature, however, through the exploration of these, the thesis adds to the elaboration of HR policies and vulnerabilities of employees. The chapter suggests that the enactment of HR policies is dependent on the support provided by the HR department and the connection between line managers and the HR department. The chapter

considers interview data from HR managers, line managers and non-managers.

7.2 HR Department Support System for Line

This section is aimed towards understanding the support system provided by the HR department to line managers to implement HR policies. This section is also crucial in understanding the relationship shared between the two as per the HR's point of view. Thus, the chapter covers interview data from HR personnel's working at various levels across the banks. The literature presented in section 2.7 was unclear over the responsibilities of HR policies with line or HR managers. Section 6.4 was able to highlight some of the responsibilities of line and the HR department. It was established by the HR department across all the banks that line managers were responsible for conducting some HR policies. HR managers across the banks suggested that they provided a lot of support and training to line managers to conduct these HR policies. This section thus explores the support structure of different HR departments across the banks studied.

In other banks; MCB, SBP, Barclays and Bank Alfalah, the HR department was in direct contact with line managers. Therefore, this section is divided into two parts, mainly because the structure of support offered to line managers at the SCB was different than the other banks studied. This section will first analyse the support being provided from the HR department to line managers in the SCB followed by a discussed of the support and structure of HR department in the local banks.

SCB had relationship managers in the HR department, dedicated for providing support to line managers. The HR department's role was to hand over the policy to the HR relationship manager, who then acted as a mediator between the HR department and the line manager to implement the policy. It was also stated that it was relationship manager HR's (RM HR), job to facilitate any complaints from the non-managerial staff regarding any HR policies or complaints on line managers. The role of the relationship managers was to help identify the needs of line managers and/or branch managers and assist with different HR policy issues. Thus, all the queries

related to the HR policies had to be forwarded to the relationship managers. The HR department in SCB mentioned that the relationship managers were in constant touch with line managers and interacted with them on an 'on-going' basis. Furthermore, it was stated that the relationship managers were also responsible to look after any issues and problems faced by line managers working at the operational side. It was also their responsibility to take feedback and regularly visit the retail branches.

"The relationship managers are dedicated for line managers. So in case of any problems, line managers have to contact with the relationship manager"

(Relationship Manager, HR, SCB)

This was thought to have provided a better decentralised system, where line managers could opt for support.

"For instance, there is a branch manager, my role as a RM HR is to provide him support ... anything related to the HR"

(Relationship Manager HR, SCB)

It was found that they were also responsible for facilitating the line with the recruitment and identifying training needs of the staff. They were the first line of contact for line managers to provide support towards the HR policies. Line managers and the RM HRs were supposed to meet and interact on an on-going basis. It was also mentioned by the RM HR that they were always there to support the line and other employees, with HR related issues.

"We are constantly in loop with our line managers, we go and meet them ever so often and check if they require any assistance from us. We also maintain an email contact with them."

(Relationship Manager HR, SCB)

This demonstrated a dedicated personalised service provided to line managers by the HR department of SCB. As in the case with the other banks, the HR department was in direct interaction with employees. No other bank had a dedicated relationship manager looking after the needs of line managers. For instance, Bank Alfalah's HR department was still in its developmental stages. They did not have a dedicated relationship manager.

The queries were directed to the HR department in case of any problems. The HR department in the bank operated an “open-door” policy. Line managers could seek an appointment or come in their HR department to discuss any issues. This indicated direct interaction between the HR and line managers, which was mainly over emails or on telephone. Line managers were open to come and share their concerns with a specific member of staff within the HR department. Line managers were also provided with a lot of training for conducting performance evaluations. For instance, the senior vice president of Bank Alfalah stated that they provided line managers with immense training to write SMART goals for the subordinates. HR managers also suggested that line managers were provided with training to conduct the performance appraisals and to have discussions with the subordinates on a one-to-one basis. They were also trained to discuss the targets with employees and submit to the HR. At the end of the cycle their targets were matched with what they had achieved and reward was given on this basis.

“Training and support is provided for everything! From writing SMART goals to taking feedback and helping them with PE system”

(Head of Training, Bank Alfalah)

Although it can be seen that the HR department stated providing support to line managers, it is worth noting that the HR departments of all the banks were located in Karachi within the head offices of the banks. Therefore, it did put geographical constraints on other locations. The branch managers and line managers on the retail side had in all other cities had to rely on telephones or email to communicate with HR.

As mentioned previously, the other banks operated similar to Bank Alfalah. Overall, it is set out that the HR departments across the bank provided support and training to the line. However, this provides accounts from HR managers. Hence, this may depict a one-sided story. Therefore, the remaining sections will uncover perspectives from line managers and non-managers. As set-out earlier, there were some common HR policies that were the responsibilities of line managers to implement. These will now be

discussed in detail, followed by the support system by the HR department to assist line managers and line managers' opinions on the support system.

7.3 Implementation of HR Policies with Line Managers

Section 6.4 mainly dealt with the development of the core HR policies, their formulation and the responsibility for their implementation. This section considers the implementation of these HR policies. It will first discuss the implementation of these by line managers and explore some of the tensions and frustrations of line managers. It also aims to elicit the relationship shared between line managers and the HR department during the implementation of these. This section considers interview data collected from line managers.

7.3.1 Recruitment and Selection

The formulation of recruitment and selection policy and responsibility of the policy as indicated by the HR department was discussed in section 6.4.1. It was stated during the interviews conducted with the HR department in MCB SBP and SCB that the recruitment was mainly carried out by the HR department. Interview data with some line managers, however, suggested this to be a shared activity between the HR and the line.

As in section 6.4.1 this section is also divided into three main recruitment groups, clerical staff, graduate trainees and line management and above. It was found that the responsibility of recruitment varied across the banks. This was dependent on a number of factors such as; the levels of recruitment and the sophistication of the HR department. For instance, recruitment at lower levels was mostly the responsibility of the line and branch managers. For senior posts, however, in the banks such as in SBP, it was the responsibility of the HR department. There were some instances of political and personal referrals. In the case of Bank Alfalah this was a joint-partnership between the HR department and line managers. This could be due to the line manager's involvement in the HR policy formulation process, as well as the lack of formalisation of the HR department. But as in the case of SCB, it was found that even for most senior posts such as the senior vice president of

operations revealed that identifying and recruitment for his team, remained with him. This will further be discussed in the remainder of this section.

As discussed previously, Bank's Alfalah's initial recruitment was by line managers based on their personal references and preferences towards individuals. The recruitment policy formulation was also through the input of line managers as discussed in section 6.4.1. Line managers were an important part of the recruitment process. They shared a joint-partnership in recruitment with the HR department. Recruitment was done on several levels, which was an annual activity in some cases as described in section 6.4.1.

On the other hand, SBP's recruitment was stagnant over 2 decades. The recruitment of their first batch was 20 years ago for young recruits. This was due to the 'life-long working culture' of the bank. No slots for hiring were being created. But due to the integration of HR policies with banks corporate and business strategy this was formalised. There was a need to recruit and train more staff as discussed in previous chapters. Where this was through a highly formalised process for recruiting graduate employees, the recruitment at other levels such as for clerical and other officer levels in the bank was still on the referrals from 'political' parties or other influential people. The HR department stated that being a government led organisation, they had to sometimes oblige to the people in 'power'. Also, the government introduced schemes for retiring officers to get their children employed in their places (mainly for clerical jobs). Some of these individuals were placed in operations which created problems for line managers due to the lack of merit and performance outcomes. This sheds further light on the structure of a public-sector organisation as studied in section 3.4 and further evidence based in the previous chapters of integration and formulation. The politicisation and input from the political party was a major hurdle for the HR to recruit fairly. This then created problems for line managers, with under-performing staff. This further reasserts the mentality of the government sector employees, as reflected by the statement of the previous governor of SBP as explained in section 3.3 and 3.4.

The recruitment for clerical staff (tellers, cashiers etc) in retail branches for posts especially in the local banks Bank Alfalah and MCB was with the branch manager. This was an informal process, where hiring was done mainly in branches, based on referrals or an informal CV drop in. The appointment of these was the discretion of the line manager or the branch manager. For instance, a manager in Bank Alfalah recalled his role as manager of a retail bank in Peshawar. He was head hunted for the role, by the CEO from his contacts from previously having worked in BCCI. He was given full authority not only to setup the branch, but also to recruit all employees that would work in the branch.

“People were so happy there with the idea of a retail branch and employment opportunity! They initially thought I was mad! I used to wander around in taxis and rickshaws looking for a place to build a branch but when they saw it actually happening.. They were excited and thrilled. They would come in and drop off their CVs, and I would conduct informal interviews with them, more like chitchat and would hire them. I did the total recruitment of the branch!”

(Retail manager, BA)

In this case it can be seen that the branch manager was made responsible to find the property to set up the branch as well as recruit staff for the branch. Although, Bank Alfalah had no formal HR department, however, this manager took pride and ownership in this activity. It made him feel empowered and connected to the bank as he felt a part of the bigger system. This empowerment played a crucial role in setting up a team and a high-performing branch. Although, Bank Alfalah, has a formal HR department, however, the recruitment of the retail branches is still conducted by the branch managers.

In the case of other banks such as: Standard Chartered, Barclays, MCB and SBP, where the graduate trainee officers were recruited solely by the HR department, line managers and branch managers were often found unaware of the recruits that would join their team. This gave rise to conflicts, especially in the branch banking sites. For example, a branch manager working in Standard Chartered reported:

“We have been sent a relationship manager by the HR, and although she might have passed the test and the interviews, but she hasn’t got the calibre to work in sales! She never achieves her targets and it is so difficult to work with her. The HR just sends you random people every year that you have to tackle and deal with and there is not much you can do!”

(Branch Manager, SCB)

The branch manager thought that her performance affected the rest of the team and eventually the branch’s performance. This instigates the matter of not involving the immediate line manager in the recruitment of individuals for their team. Whilst, it can be argued that line managers cannot be involved in the recruitment of the staff working under them, especially graduate trainee officers, because of the volume and yearly recruitment process. It can also be argued that whilst line managers are involved in the recruitment of individuals, they take more ownership of their performance. Example of which was mentioned in the case of branch recruitment at clerical level.

For recruitments at OG3 level or above were mainly identified by the HR or line managers internally. For instance, it was reported by the HR department of SCB that ‘all’ the recruitment was done solely by the HR department (as suggested in 6.4.1). The managers were just said to identify the numbers required for their team. Contrary to which, the senior vice president of operations at SCB reported that most of the recruitment was done by the managers. This contradicts the statement of the HR department as presented in 6.4.1. The recruitment was stated to be a formal activity. However, it was revealed that the employee were mostly head hunted and identified by their immediate managers, with the HR only responsible for approving them.

“The HR would not recruit for me! They would ask me to find the individual myself.. I would then call my friends and check within my networks and would then suggest the name to the HR! What exactly is their job, if we have to do everything?!”

(Senior Vice President Operations, SCB)

Whilst, in Bank Alfalah, it was reported that the initial recruitment by HR and shortlisting by line managers, let the managers feel empowered and take ownership of the individual that they were recruiting.

“When I recruit an individual, I look for certain qualities that I would need from an individual within my team. When I sit in the interview panels to recruit for my team, I look for factors beyond the qualifications. This could be his body language, his drive to work and mainly, I want to see the thrill in him. I always ask them if they are the ‘eldest’ in the family. As I think the ‘eldest’ of the sibling is the most responsible and I have selected some individuals for my team and they are very motivated and responsible towards their jobs”

(Line manager, Bank Alfalah)

This example presents with an interesting finding. It is stated in the literature, that line managers may lack the knowledge or skill to carry on HR policies (Hope-Hailey, 1997; McGovern et al., 1997; Marchington and Wilkinson, 2007). However, it can be stated that their judgement of ‘choosing’ the right individual for the team can be crucial for the team and the overall success of the organisation and to avoid conflicts in the work place.

While the above statement presents the bias of the line manager basing their judgement on personal and socio-cultural factors. It also highlights the ‘ownership’ taken in terms of making the ‘right’ judgement to ‘select’ the right individual for the team. It was stated by line managers that they were better able to assess who they wanted for their team.

“I am better able to assess who I need for my team. How would the HR know about my requirements?”

(Line Manager Credit, Bank Alfalah)

In the cases of SCB and MCB it was also reported by line managers that they were kept away from the process and they had ‘no clue’ of who was going to join their team. This was seen as an extremely negative instance. Where, in some cases such as in the cases of MCB and SCB, line managers showed disagreements with the judgement of the HR department to recruit someone for their department and to work for them.

“We have been sent a relationship manager by the HR, and although she might have passed the test and the interviews, but she hasn’t got the calibre to work in sales! She never achieves her targets and it is so difficult to work with her. The HR just sends you random people every year that you have to tackle and deal with and there is not much you can do!”

(Branch Manager, SCB)

The branch manager thought that her performance affected the rest of the team and eventually the branch's performance. This instigates the matter of not involving the immediate line manager in the recruitment of individuals for their team. Whilst, it can be argued that line managers cannot be involved in the recruitment of 'all staff' working under them, especially graduate trainee officers, because of the volume and yearly 'mass recruitment process'. Although, the HR department as previously discussed, suggested that the recruitment activity was carried out by the HR department. It can be seen that it was very much a shared activity between line and HR. An interesting point to note is that whilst line managers in Bank Alfalah took ownership and responsibility of the recruitment process. On the other hand line managers in banks such as SCB referred to it as 'additional work pressure', if they had to recruit for their team. However, an important point to note is that when the recruitment was done by the HR department, as in the case of the 'management trainee programmes', line managers also reported tensions in operations, questioning the skills of the new recruit.

"The HR would not recruit for me! They would ask me to find the individual myself.. I would then call my friends and check within my networks and would then suggest the name to the HR! What exactly is their job, if we have to do everything?!"

(Acting Branch Manager, SCB)

This presents with interesting findings as on one hand, line managers were found complaining of their involvement in the recruitment process, on the other hand, if they were not involved, this often result in tensions (as discussed previously) on the operational side.

Contrary to this, Bank Alfalah's line managers were seen as being more involved in the recruitment process and did not complain of work intensification or tensions on the line. Truss et al. (1997) had identified limited incentives for line managers to get involved in HR activities, it can be established that line managers in Bank Alfalah were given 'formal' rights from the top management to carry out recruitment. However in the other banks this was more of an 'informal practice' and hence line managers might not be given due 'credit' for carrying out recruitment practice. Line managers

in Bank Alfalah were also involved in the formalisation of the recruitment process whilst, in the other banks it was either endorsed as a group policy or it came from the top management. It can thus be deduced that, if line managers are given acknowledgement, and made a part of the process, they might take ownership and work together with the HR department.

This section has been able to explore the main responsibilities, tensions and contradictions of the recruitment policy implemented by line managers. Previously, it was found that the HR department was responsible for doing recruitment at certain levels. However, this has been contradicted to some extent by the statements from line managers. Apart from this, at lower levels, line manager's bias and political interferences were reported. In some instances, line managers also reported work intensification and lack of time for recruitment. In Bank Alfalah, however, line managers were taking responsibility for recruitment. This can be due to the fact that HR was giving ownership and credit to line managers. Line managers were also part of the HR policy formulation process. Involving line managers in the recruitment for their teams also provided additional responsibility for their subordinates. Together, this can be seen as a shared activity, between the line and the HR. The next section will discuss the training and support provided by line managers to employees.

7.3.2 Training and Support

As discussed in section 6.4.2, training was divided into two main categories. Formal training conducted at the training centres and informal or on-the-job training mainly by line managers. Line managers were also responsible for identifying formal training needs of their subordinates. They had to fill a 'training needs analysis' form for their subordinates and nominate them for training. Employees were also required to 'self-nominate' themselves for training. In addition to this, line managers had to discuss the training programmes with their subordinates and mutually discuss which training would be more suitable for them. The HR department had set out a number of compulsory days for employees for training. Additionally, line managers also received training to conduct performance appraisals and product training. Whilst this can be seen as an evident case now, but the training in

the local banks had evolved from the older system as set out in the former chapters (5 and 6). Before the inception of the in-house training centres, specifically in the local banks, it was the sole responsibility of line managers to assess and train staff working under them. This was done in an informal way. For example, head of credit in Bank Alfalah recalled, how he trained his team as a branch manager during the early years of the bank's inception.

"You know I trained everyone from scratch... they came with very basic skills, for example my teller... I trained him myself and offered him guidance and then I referred his name to HR for promotion"

(Head of Credit, Bank Alfalah)

This training was not only based on learning new skills and acquiring knowledge about the other products banks had to offer. But training also centred on the softer skills development such as; customer service skills.

"I would teach them how to greet and meet the customers, how to dress... there was no formal training provided for this, so I had to do this on my own"

(Head of Credit, Bank Alfalah)

There were however, no set-requirements or guidelines by the HR department for line managers to provide training. This gave rise to inconsistencies in the way employees were being trained. Hence, line managers were called in and asked for their suggestions for the formulation and formalisation of the training policy and module development. .

"Employees were being trained differently by different line managers. The HR department then called us and asked for our feedback. Some of our seniors also developed module outlines with the HR department"

(Line Manager Operations, Bank Alfalah)

Bank Alfalah's line managers were seen as keen on sending their subordinates for training. It was thought that training would benefit not only their subordinates but the performance of their team.

"And you know during that one year I sent them to different seminars, training centre used to run diff seminars such as account openings, operations, credits, foreign trade.. So they all completed around they all attended about 2-3 courses. So that's the part that the training centre played"

(Branch Manager, Bank Alfalah)

Contrary to the friendliness and open-culture of on-the-job training in Bank Alfalah, the learning culture was found to be different in other banks. For instance, in the MNC banks some managers were reluctant to train new recruits or fresh graduates due to lack of time and saw this as an 'additional responsibility'.

"The HR has left everything on us! We need to do our job and meet our targets and on top of that they expect us to spend time on these new recruits and teach them basic skills – this should be the HR's job"

(Line Manager, Barclays)

Line managers in the MNC banks also reported lack of support and help from the HR department to implement HR policies. An important responsibility apart from sending subordinates to attend training sessions and providing on-the-job training was to provide emotional support to their subordinates. It was noted during the interviews with the HR department that the HR department was mainly responsible for looking after the well-being of employees, however, line managers' reported that they provided support to their subordinates and authorized leave applications in times of emotional and stress periods.

"HR does not come into play at all! We are not only responsible for providing our subordinates with emotional support but we also train them – They don't have any interaction with HR"

(Branch Manager, SCB)

On the other hand, local banks: MCB and SBP were experiencing 'unseen' division between the 'old' and 'new' bankers. Line managers thought that these new recruits would take over their jobs and these line managers and senior officials would be given 'golden handshakes'. Line managers in local banks felt that these new recruits were "flashy" and weren't focusing on work.

"I don't think they know anything about banking... they need a calculator for everything... I used to do this on my fingers!"

(Line Manager, MCB)

Where senior bankers took pride in doing all the mathematical calculations without the use of computerised technology, the newer bankers excelled in presentation skills and their use of technology.

“They (the HR department) sent us some new GTO’s (graduate trainee officers), they would come to me and ask questions... I used to tell them off... what did they learn in the university?! Why are they coming to me?”

(Director of Finance, SBP)

Overall, it was found that senior bankers considered these fresh recruits as a threat to them and felt that they might take over their posts. But there was no training conducted to address these issues. None of the banks made any effort to address these issues and to create harmony amongst these groups; where the senior employees could possibly learn from the skills of the newer and vice versa. Furthermore, line managers at these banks suggested that they ‘*would keep to themselves*’ and not interact with the ‘*younger lot*’. This had mainly to do with the ‘mind’-set’ of employees. It thus created some tensions, such as; lack of interaction between the senior employees and the fresh recruits.

This presents an interesting argument. Line managers in Bank Alfalah were empowered by the HR department and the top management to carry on on-the-job training. As established in section, 6.4.2 initially these were recruited by line managers and therefore, line managers in Bank Alfalah felt more responsible for the performance of their subordinates’. Whilst, in the other banks such as in MCB, SBP, SCB and Barclays, line managers saw new recruits as a threat and were reluctant to share their knowledge with them. Line managers also reported ‘work intensification’ due to added responsibility to train new employees. They also had a hidden fear of being downsized amidst the given conditions of the banking industry. It can be seen that when line managers were given formal powers to assist with training, along with being appreciated for their efforts they felt empowered and trained employees to the best of their abilities. This case can be observed in the examples of Bank Alfalah, however, when line managers were informally made responsible to conduct on-the-job training activities,

this led to feelings of work-intensification and creation of boundaries between the line and subordinates.

7.3.3 Performance Evaluation

Performance evaluation was found to be a core HR policy which was the responsibility of line managers to implement. However, the enforcement of 'bell-curve' remained with the HR department. Line managers, HR department and non-managers, were clear that performance evaluation had to be implemented by line managers (as stated in section 6.4.3). It was acknowledged by the HR department that a line manager or immediate supervisor was better able to assess the employee than the HR department. As discussed previously the HR department does not come into play with regards to the 'action' stage or the implementation of the performance appraisal system. This was considered an important and core responsibility for the line manager and the performance ratings are then passed to the HR for their approvals. Goal settings, 360 degree appraisals and bell-curves were a common norm across all banks, except Bank Alfalah and SBP, where 360 degree appraisals were non-existent. Local banks were found to be basing their performance appraisals on more subjective elements, compared to the MNC banks which were found more reliant on meeting targets. For example, the performance appraisal system of SCB was based 90% on achieving targets and 10% on displaying the core values of the bank.

Goal setting and appraisals were usually conducted in a one-to-one meeting between the line manager and the employee. The one-on-one discussions took place semi-annually; at the beginning of the financial year when the goals and targets were set and then end of financial year, when the targets were matched with the achieved figures. At year-end, the meeting would again take place to explain their ratings and appraisals. Line managers were supposed to observe their subordinates and keep a track on their assigned targets. These deadlines and achievement of financial targets were more an 'enforced' activity in the MNC than the local banks, where 'softer' targets were more of a priority, such as displaying the values and subjective

elements of 'links' with line manager. The meetings between line managers and subordinates were common across all the banks.

"Yes, it is the responsibility of the line manager to see how their subordinate is performing... we in the HR can only produce forms and hand it over to them and remind them of deadlines"

(Head of HR, Bank Alfalah)

Line managers across the banks were seen as taking ownership and responsibility for performance evaluations. Most line managers across the banks stated that it was not mentioned in their job contract but this was seen as a psychological contract that with a higher position. Line managers agreed that it was part of their responsibility to review the performance of their subordinate than anyone else's.

"This guy here sitting next to me, he is working with me in benefits. I know what his goals are, his targets, and his output is. Although we are all in the HR department, but the head of HR won't know his performance and his goals... I can judge him better than anyone else".

(Benefits Head, Bank Alfalah)

Within the HR department as well, managers were responsible for appraising their subordinates. It was thought that the subordinate was the closest to their immediate bosses and therefore, their performance levels could be tracked and evaluated in a better way than the HR department. This was found to be the case with most line managers interviewed. Line managers felt a sense of ownership in the implementation of the performance appraisal cycles.

Contrary to much of the literature, line managers and subordinates sounded enthusiastic and positive about the need and value of performance evaluation (Whittaker and Marchington 2003). The branch manager of SCB mentioned that part of his responsibility as the branch manager was to 'assess' the work of his subordinates. He would have an early morning brief with all the staff members. He would explain the targets for the day and "pin-point" the underperformers. He also stated that it was his responsibility to not

only look at the annual targets for these individuals but also manage them on a day-to-day basis, so that they were all achieving their targets by the end of the year.

“Of course, you are responsible for doing the appraisals... this is the responsibility that you get with a higher position”

(Branch Manager, SCB)

Line managers were seen taking responsibility vested on them by the HR. Although, there were several complaints about the amount of paper work and additional responsibility of continuously monitoring subordinates which goes with the findings of Whittaker and Marchington (2003) but these informal checks on targets and goals were seen as an important activity that came with higher position.

“Yes, there is additional work load as we need to fill in all the paper work and have a formal meeting with our subordinates but this is my responsibility as their line manager”

(Line Manager, MCB)

While in some instances, line managers were involved in motivating their subordinates by informal verbal encouragement in day to day operations. Star performers were nominated by line managers and their names were forwarded to the HR department for formal identification. It was reported that line managers on the branch banking side, would have daily meetings with the branch employees and would identify the ‘best’ and ‘worst’ achievers in the bank. This was a common practice in SCB.

In Bank Alfalah, however, it was noted that the lack of conviction from the HR led the managers to conduct this as a ‘formality’. Although, line managers helped develop the performance evaluation system but line managers stated that they were left on their own, with little guidance and support from the HR department to conduct performance evaluation.

“Our increments were always decided on a sheet of paper. The HR department along with line managers brought some new ideas, we bought in new form and a framework but still the HR department lacks in terms of embracing that framework whole heartedly. Probably

there is a need for more push a bit more follow up and a bit more strict instructions in this own framewok will be helpful. Line managers have provided their input but the HR needs to keep pushing!!”

(Retail Manager, Bank Alfalah)

Although line managers in Bank Alfalah, provided feedback to the HR department about the formalisation of the policies, they reported that the HR department lacked the conviction and will to initiate the changes. Hence, it was down to the individual line manager to conduct this.

“Performance appraisals are considered as a very irrelevant formality that you probably need to do. We only start doing the things with conviction if the originator feels that very strongly about something. Because any new concept needs time needs a push your own conviction first of all.”

(Line Manager, Finance, Bank Alfalah)

This is an important point, as it highlights the lack of conviction of the HR department to carry out the performance appraisal policy. Line managers in Bank Alfalah, also suggested that HR was in a learning stage, and was improving every year.

“The HR is in a learning stage... we are improving every year... last year we were past our deadlines for performance appraisal submission for over 4 months, this year the HR has been stricter and we are 2 months post our deadlines... next year it will be much better!”

(Line Manager Credit, Bank Alfalah)

The willingness of line managers to be persistent about the push to the HR department can be explained by the managerial behaviour and commitment with the top management. This has been explained by Hutchinson and Purcell (2003). Line managers in Bank Alfalah strongly felt connected with the organisational culture and the top management, hence, overlooked the mistakes of the HR and were constantly involved in providing feedback to the HR department.

“This bank is our family and if someone in the family is making a mistake or being lazy and underperforming then it is our job to highlight their mistakes –but be patient at the same time”

(Line Manager Finance, Bank Alfalah)

Similar to the case of Bank Alfalah, this study also reports line managers terming the Performance appraisals as a ‘paper exercise’. It is evident that line managers would generally lack the conviction to endorse a HR policy, if the push and commitment is missing from the HR department. However, the organisational values and culture may bind line managers to be persistent with their approach and overlook the mistakes of the HR.

The banks also reported tensions between the HR department and line managers due to the implementation of bell-curve. For instance, SCB followed a strict bell curve basing it to 90 per cent on meeting targets and 10 per cent for displaying the core SCB values. Conversely, Bank Alfalah followed a very lenient bell-curve, where all employees were rewarded on the recommendations of their line managers. Hence, SCB’s performance evaluations were aligned to goals and targets and individual performances of the employee. On the other hand, Bank Alfalah’s concept of performance evaluation was ‘sharing the profits’ with all employees.

It was found that line managers were mainly involved in appraising the subordinates and passing their ratings to the HR department. The HR department’s job was to then enforce a bell-curve on employees and in some cases, it was reported by the HR department that line managers were the ones to conduct the appraisal and sent their suggestions to the HR department. The implementation of bell curve system was found to be an important aspect. These two extremes led to tensions on the line which line managers had to deal with. For example, it was stated by line managers that the leniency in the bell-curve placed all employees at one platform, and hence made it challenging for them to motivate their subordinates. On the other hand, stricter bell-curve in SCB was seen as broken promises (this will further be discussed in section 7.5.3).

This strategy of sharing and making good and bad performers at equal levels were creating a discrepancy between good and bad performers. Whilst, it was encouraging the ‘bad performers’ to continue to underperform,

it was discouraging the 'good performers' to perform well. It meant that the 'performances' were not rewarded, but all employees working with different levels of performances would be treated 'equally'.

"You see it is very simple, plain and obvious. You are compromising increments and bonuses of people who are your best at the cost of people that you want to retain as a part of your charity programme. You will never be able to attract the best talent!"

(Line manager Operations, Bank Alfalah)

This sort of leniency in the bell-curve was seen as a 'charity programme', which entitled everyone to be compensated. It was seen as a de-motivating factor for several managers interviewed in the bank. Line managers suggested the need for a robust and fair reward system based on performances.

"I find it very difficult to motivate employees this way. If the HR keeps appraising everyone then why would employees strive to meet their targets."

(Line Manager Finance, Bank Alfalah)

Overall, it can be seen that line managers took ownership and responsibility for conducting the performance appraisals but there was a lack of commitment and support from the HR department. Line managers in Bank Alfalah, however, overlooked the deficiencies of the HR department and lack of consistency in the system. Line managers in Bank Alfalah demonstrated strong organisational values and suggested that they felt connected to the senior and top management. Although some line managers in Bank Alfalah showed their frustration over performance evaluations and the way these were conducted, but it was suggested that these problems were only temporary and the HR department was currently in a learning stage.

In the other instances of bell-curve enforcement, it was seen that both stricter and leniency in the bell-curve created tensions on the line. For instance, the lenient bell-curve in Bank Alfalah was seen as unjust practice towards the 'good' performers. On the other hand stricter enforcement of bell-curve in SCB was termed by line managers as 'broken promises' that

they had done with their subordinates as the HR department rejected the line manager's approved individual for the appraisal to enforce the bell-curve. In another instance of Bank Alfalah, however, the HR department did not consider the evaluations and rewarded all employees on a sharing basis (further discussion is provided in section 7.5.3). In both the instances, line managers reported negative comments for the HR department and the policy itself.

Hence, it can be seen that in both the cases, line managers had to deal with conflicts on the line. It was also stated that HR failed to provide enough support to line managers to conduct performance appraisals. Apart from this, some line managers found it difficult to go through the paper work, conduct meetings and monitor the progress of their subordinates. This section has been able to shed light and explore the complexities and the tensions of the performance evaluation process. In doing so, it has also been able to explore the relationship between the line and the HR department and the tensions caused on the line due to the lack of support from the HR department. The next section will study the reward and retention policy.

7.3.4 Rewards and Retention Packages

Although line managers were not involved in designing the compensation packages, except in Bank Alfalah (please see section 5.3 and 6.4.4). It was found during the interviews that line managers played an important role in retaining and motivating employees. It was stated that the reward and retention packages were formed by the HR department. These as suggested in the literature discussed are supposed to bind employees with the organisation.

An important perspective to note is that although reward and retention packages were not designed by the line the effects were felt in operations. For example, identifying star performers', sending for training, or trips abroad, was in most instances the responsibility of line managers. Apart from this, bonus structure and compensation package in general affected operations, which in turn was the line managers' responsibility. For example:

“Our compensation is nowhere close to the industry practice. The bank only does what is required by the group. For example, if you see everyone in the industry gets a commission for sales in branch banking except us, because it is not a group practice”

(Branch Manager, SCB)

In another instance, it was reported:

“Our bonus structure is not in line with the industry. If you see the inflation rate of Pakistan is nearly 14% and we only get an 8-10% increment... because in other countries inflation isn't that high.. Because of this, employees want to switch to other banks and we simply have no argument”

(Acting Branch Manager, SCB)

“Employees would come to us and say.. I am getting better incentives and bonus structure plus a promotion in the other bank... what also happens is that when one person leaves.. His other colleagues and friends would leave too... this then hinders our performance.. And we have to train new people”

(Line manager, Barclays)

It can be seen from the above statements that the MNC banks were following group practices, in terms of bonus and retention packages. It can be seen that the packages were not completely in line with the industry and thus line managers faced high attrition rate, which further hindered their performance level. These were in fact, in line with the group policies. These were considered to be low, given the cultural and economic context of Pakistan. Line managers found that it was difficult to motivate staff to perform and to stay within the organisation. Conversely, as discussed previously Bank Alfalah's retention structure was different to the other banks, however, it was not one without problems. Line managers faced difficulties due to the bank's 'no-layoff policy'. According to the policy, the bank could not lay off its employees. The bank adhered to this at the time of recession and also extended contracts of those over 60 years of age, and non-performers. This sharing aspect, displayed by the senior management, resulted in lack of performance and problems on the line.

“We have such a relaxed, atmosphere over here, that we never fire any individual in this organisation. Even if the person is not working properly, even if the person is not suitable for any assignment, we speak, we discuss that thing with the individual, we change the assignment, we post him somewhere else, according to his capabilities and we make him perform and if, again.. He fails to do so... so we place him somewhere where we can retain him”

(Line manager Operations, BA)

Contrary to this statement another line managers stated:

“Well if they are not going to punish and throw out a person who has repeatedly been given warnings. What will happen?”

(Retail Manager, Bank Alfalah)

This produced contrasting comments. Some line managers supported the sharing aspect, linking it to the family-like culture, whilst others were not happy with this. It was stated that this strategy of ‘sharing’ and making good and bad performers at equal levels were creating a discrepancy between good and bad performers. Whilst, it was appreciating the ‘bad performers’ to continue to underperform, it was depreciating the ‘good performers’ to perform well. It meant that the ‘performances’ were not rewarded, but all employees working with different levels of performances would be treated ‘equally’. It was also stated that these generous schemes were part of a ‘charity programme’ run by the bank at the cost of good bonus structures for ‘performing’ individuals.

These policies were criticised by line managers as not being close to the industry practices. It was also said that these failed to attract the ‘best talent’ in the industry. One line manager stated that the loyalty of employees was being bought at the cost of attracting ‘new, fresh and best’ talent.

“You see it is very simple, plain and obvious. You are compromising increments and bonuses of people who are your best at the cost of people that you want to retain.”

(Retail Manager, Bank Alfalah)

It was also reported by numerous line managers and non-managers that succession planning was not in place as managers did not want to bank to

create a successor for them. Line managers reported that there was a need to 'induce fresh blood' and revise the rewards and retention packages like in other banks.

I think it's a very negative culture. What incentive a person has beyond 60 yrs. I know so many people in this bank who are doing things.... that are harmful for the bank because they are just spending their retirement life. They are not taking any risk, they are not proposing any initiative.... they are 'dead horses' and we are paying them so much money! Why you are paying so much money when your MBA hired at 35,000 rupees can bring so many initiatives to the bank. You see your life comes from the youth in the bank. It is very important.. Energy cannot be compromised... energy is so critical!

(Line manager Credit, BA)

Non-performers or underperformers were given many chances to improve on their performance. They were also elevated up or down or moved to a different department to improve on their results. If that failed then the HR had to take some decisions about them. But the layoff policy or firing was not really practiced in the bank. Some line managers reported that it was 'hard' for them to motivate employees to perform. Also there were problems in dealing with the non-performers, since the bank endorsed a no-layoff policy, they couldn't fire an employee and recruit another individual.

This depicts some of the problems HR policies can create at the operational level. Line managers called for a more robust and thorough reward and recognition programme to attract 'fresh and young talent'. Line managers were also responsible for keeping their staff motivated and if the bank's reward structure does not match with the industry practice, it can lead to higher attrition rate which can cause problems on the line. But if the line manager's behaviour is positive towards their subordinates, this may compensate for the shortcomings of the reward and retention programme. This will further be evident from the responses of non-managers in the next section 7.5.4.

Overall, this section 7.3 has discussed the implementation of the four core HR policies with line managers. In doing so, it has explored the implementation process, highlighted some of the tensions and frustrations of line managers. This section has also shed light on the relationship between

line managers and the HR department. This will further be evaluated in the next section.

7.4 Line Managers on HR Department's Support

This section will explore some of the realities and explore hidden tensions of the line – HR relation. This section is mainly based on interviews with line managers. Thus, this section will explore some of the realities on this. As stated previously in section 7.2 the HR department mentioned providing “a lot of support” to line managers, which was found to be the case across all the banks studied. Those mainly presented accounts from the HR's point of view, however, line managers reported contrary to this. For instance, a relationship manager at Barclays presented examples from the email communication delays with HR. This can be matched with the statement made by a line manager working in Barclays:

“I think HR is just there to do the admin work... they hardly provide any support to us! We don't really have any contact with the HR. If it is it is mainly over the email.”

(Line Manager, Barclays)

It was also mentioned that the HR department, did not interact with line managers on an on-going basis, and ‘tried’ to solve the problems that they were encountering in operations. The HR department was also found to be ‘distant’ from the real ‘operation’ scenario.

“I think they are ‘too busy’ to look at our problems”

(Line manager, Barclays)

The line manager thought that HR lacked the ‘will’ to provide support with the issues that they faced with performance appraisals or handling complaints. Email communications were delayed and consultation on problems with the HR department would take days to be resolved due lack of input from the HR. In addition to this, line managers also reported that the HR department was too small to cater to the needs of employees. The HR department in Barclays comprised only 10 people that were responsible for looking after all the branch and retail banking operations in Pakistan. It can

thus be seen that the HR department was not enough to cater for the needs and provide support to a wide operation base in Pakistan. Line managers and senior managers at Bank Alfalah also reported 'lack of support' from the HR.

"Where is HR... what is their job... what are they doing?"

(Line manager Finance, BA)

In SCB, the HR department comprised of over 40 employees but they were also responsible for looking after a wider operation base in Pakistan. Apart from this, the HR department itself faced a high attrition rate which made it very difficult to maintain a good relationship with the HR RM.

Another instances can be reported from Standard Chartered Bank, despite having a dedicated RM HR, line managers reported problems. A line manager in SCB mentioned that the post of relationship manager of HR was created to provide support to line managers; however his interaction with their relationship manager was extremely limited.

"See we have a HR RM manager and his job is to guide us.... But he is just not there! He only exists for the books! He doesn't do anything.. He doesn't help us with anything at all..!"

(Branch Manager, SCB)

It was also mentioned that HR RM was very difficult to get in touch with as he was responsible for providing support to over 200 managers. Line managers also reported that the HR RM's were found to be too busy 'doing other things'. One line manager reported that the HR RM's were specifically dedicated support system for the line, however the HR RM's had to deal with 'too many' line managers, and therefore it was difficult to get a one-on-one support with them.

A line manager recalled the time when he was recruited and was provided with initial support from the HR. However, after he passed his 2 year trainee period. It was difficult to maintain the same ties with the HR. One of the reasons of this was the high attrition rate of the HR RM's. This also contributed to the lack of ties between the line and the HR RM's. Where, this can be seen, another aspect was that the newly recruited RM's were found

to be more enthusiastic before they gelled in with the culture. Another branch manager recalled an incident where his interaction with the 'newly' recruited HR Relationship Manager.

"I think he was a new recruit and had a lot of enthusiasm but it just went down the drain in a couple of months. He visited the branch once and nothing happened after that".

(Branch Manager, SCB)

In addition to the lack of adequate support, a branch manager reported that when he contacted the HR RM to provide support regarding an issue, he was directed with a website link, leaving very little room for communication. Line managers also reported that they are doing "*too many things for the HR apart from doing their own jobs*". The RM HR's lacked the initiatives to interact with line managers on a routinely basis. Although, as mentioned earlier, the RM HR's were thought to maintain contact and interact with the line, however, ground realities suggested otherwise. In addition to this, the HR RM's also lacked trust of line managers and non-managers. In many instances, it was reported in that the HR RM's breached confidentiality by copying emails to managers to resolve a problem.

"And the thing is if you will contact him about any problems or about your manager is not fair with you.. or anything... everything is fine with me but there are many examples... there was this girl who went and complained about the branch manager and regional head at HR level, HR RM directly called up regional head that this person made a complained about you! So what was the purpose of escalating the complaint then! She ended up resigning in the end! She had to right? At regional head level you can't stand up to it."

(Acting Branch Manager, SCB)

Hence, in all the cases, whether in the absence or presence of HR RM, line managers reported problems in communicating with the HR department. In banks, where the HR department provided additional support to line managers, it was reported by the line that the HR department, lacked the spirit and will 'to do their own jobs'. Line managers felt burdened and pressured with the 'additional' work that HR was expecting the line to do.

The important thing to understand with the above statement is not just the lack of support but also the 'anger' and the tone set for this. Clearly, in Bank

Alfalah line managers reported lack of support from the HR in supporting with the HR policies that the HR had introduced. More specifically, lack of 'support' was evident from the performance evaluations policy. It was reported that the HR department failed to take initiatives and implement the performance evaluation policy.

"HR comes into play that... in the sense that they have introduced something across the bank ... Now if they forget about their own initiatives ... and they do not send reminders... do not ask for confirmations whether that mid-year review has taken place or not.. Kindly confirm. That is the very first step! Second step... is if that's not been done...then you obviously raise the matter up at some level... central management committee to the senior management.. Or the CEO... but here I think even the first stage hasn't come! We have been given a framework at the start of the year.. But those goals are more or less.. Irrelevant.. Because those are not the basis of your increment.. They are not the basis of your performance...your supervisor is not really discussing it with you.

(Retail Manager, BA)

Part of the 'anger' set in the tone also comes from the 'forgotten' initiatives of the HR department. It was stated that HR had forgotten about its own initiatives and had left things to be finished by line managers. The anger also comes with a lack of initiatives by the HR, despite the feedback from line managers. It was seen that while line managers were providing the HR with the directions, the HR on the other hand failed to provide the same level of support to the line. Furthermore, the lack of push from the senior management further hindered the progress of the HR department. There were no reminders sent for the deadlines and the forms were submitted 'whenever' line managers felt like. It was found that when line managers were implementing this system of bell-curve, their ratings were 'discarded' to please 'others'. The above statement puts the blame of the failure of HR policy implementation on the HR department. The responsibility of HR policy implementation also came down to the immediate supervisors and line managers for their failure to implement HR policies. Line managers reported that the HR department was lazy and lenient. For instance, mid-year reviews and annual reviews were delayed as the HR department did not send reminders. .

“Yeah because I know for a fact nowhere in the bank the mid-year review took place! Absolutely not! I think the goals were also not defined objectively”

(Line Manager Credit, Bank Alfalah)

Although, the HR department developed the performance evaluation system but there was a clear lack of implementation. The delays in mid-year reviews let line managers to believe that the HR department was not serious about these initiatives. Line managers in Bank Alfalah were sceptical of the implementation of the performance evaluation system due to the inconsistent approach of the HR department. Therefore, it can be suggested that for ‘successful implementation of a policy, the HR department needs to be consistent with their approach and push the line to implement the policy’. It is important that the HR department remembers the policies created and take them through to the implementation process rather than leaving them to line managers for their implementation.

It can be seen from the above noted examples that the HR department in contrast to their statements provided little support to line managers. In the case of Bank Alfalah, the performance evaluations for instance, were not fully accepted by senior managers. There was also a lack of initiatives from the HR department. Hence, to some extent, line managers were left on their own to implement the performance evaluations, without receiving reminders about the deadlines. Another aspect was the implementation of bell-curve, which was a part of the performance appraisal system but was not implemented by the HR department. This then led the line management to lose interest in the policy as well. It can be seen that ‘push’ and ‘support’ from the HR department to the line are two important factors in the successful implementation of a policy. Although, line managers were involved in the policy formulation process but the HR was struggling to provide support to the line to some extent. These problems between HR department and line managers has been highlighted by Marchington and Wilkinson (2008), with line managers often feeling that HR are ‘out of touch’, ‘slow to respond’ and lack understanding of the business requirements.

It was considered a difficult job to appraise and fill in forms and paper work and to discuss it with each individual employee. Managers also had to listen

to their complaints and answer their queries related to this issue which was considered to be an additional responsibility. There were several complaints about 'work intensification', which meant that line managers had to not only do their job but also appraise their subordinates and attend training sessions.

This section has been able to draw a contrast between the statements provided by the HR department in section 7.2, to line manager's opinion on HR. This draws a contrast between the rhetoric as stated by the HR department, versus the reality experienced by line managers. In section 7.2, where the HR department stated providing a lot of support and help to line managers for implementing HR policies. In this section, line managers report negligence, lack of initiatives, and lack of support from the HR department. During the analysis and discussion of section 7.2 it was thought that the structure of having a HR RM in SCB would be able to provide ample support to line managers. Contrary to that, this section suggests that the HR RM's were burdened to provide support to over 200 line managers. This slowed the rate of response. Overall, this section has been able to shed light on the tensions faced by line managers, due to lack of support and training from the HR department.

Whilst this section was geared to explore the rhetoric and reality of the experiences faced by line managers, tensions faced by line and the implementation of HR activities by line managers, the next section will look into the realities of the employee experiences. So far, it is understood that the implementation of the HR policies was the main responsibility of line managers, however, what is the employee experience of these HR policies? This is also expected to increase understanding on the relationship of line managers, HR managers, and non-managers with these two actors involved in the process.

7.5 Employee Experience

Huselid and Becker (2011) suggest the need to include employee experiences with the core HR policies to understand the realities of these. However, the employee experiences have often been neglected. There have

been calls from various scholars to fill the 'rhetoric versus reality' gap (Marchington and Grugulis, 2000; Legge, 1995). Although there have been some attempts to shed light on employee's views and opinions of HR policies and their relationship with line managers, but this remains under explored. Hence, this section explores the employee experiences of the four core HR policies and relationship with their line managers discussed in the previous sections. In doing so, the section uncovers some of the issues of employees with HR policy implementation and conflicts with line managers and HR managers. This section is vital to explore the positive and negative employee experiences, their causes and reactions to HR policies.

7.5.1 Recruitment and Selection

As suggested in the previous sections 6.4.1 and 7.3.1, recruitment and selection at entry level (OG1 and OG2) was considered a fair activity across all the banks. Employees felt that the recruitment process was thorough and formalised. Aptitude tests were conducted which were competent and the interview panels were found to be neutral. Generally, employees were satisfied with the process of recruitment at selection at the graduate trainee level and thought of it as quite a robust system.

"I saw the advert in the newspaper that SCB was recruiting for graduate trainees; I applied for the scheme as it is quite well-known in the industry. I was called for an aptitude test, and then I had two interviews. Overall, I was satisfied with the recruitment process".

(Retail Executive, SCB)

This could be because of the process being a formalised central process across all the banks. However, in some cases it was also reported that line managers showed hostility towards some recruits (these were discussed in section 7.3.1).

In the case of OG3 level or above or in case of fresh vacancy in a department, when the recruitment was done directly by the immediate line manager or supervisor, or at middle management level or above, in which case the job was either advertised internally or by referrals, there were differences in employee opinions. For instance, management trainee officer

(MTO) working in a retail branch of SCB mentioned, that the recruitment of individuals was purely dependent on line managers. Line managers would pick and choose the 'employee' they would want to give the role to and would ask them to keep an eye on the upcoming job into their 'job watch section' on the portal.

“It is very common here. If there is a relationship manager, it is most likely that the manager would have already have identified the person. They would already know the resource. Then they would get them interviewed”

(Management Trainee Officer, SCB)

While it can be said that the manager would know the competencies of the individual required for the job. It can also be argued that other applications invited through the job site, were not considered since the resource was already identified. This was referred to as an 'unwanted formality'. The relationships and connections between line managers and their subordinates prevailed. Khilji (1999) also suggests that the relationships formed within organisations lead (the concept of extended family as discussed in section 3.2.5) to the misuse of the system. Apart from this, it was also mentioned by another management trainee officer (MTO) working at another branch of SCB that after appearing in interviews for subsequent 2 years, she was not given the role of the 'branch manager'. The committee would prefer another male candidate over her, as according to them, a male candidate would have more responsibilities of household than her.

“I am sharing a personal thing with you, since they are making me branch manager in the next six months, they will be giving me a new smart branch. I had an interview before this as well with managers and I had two three male candidates with me and the choose one of them. On what basis you are giving somebody a promotion, which should be in black and white. That is the only thing! Discrimination comes into play here!”

(Management Trainee Officer, SCB)

This goes with the patriarchal approach which considers the male member to be the bread winner of the society. This also goes in line with the cultural perspective and societal context of Pakistan (Iqbal, 2009). According to which the male member of the family is seen as the sole bread winner of the

family. Despite her key performance indicators (KPI) being higher than her other colleague, she was rejected the role twice. She was told informally by her manager, that the career progression of her male colleague was more important than her. According to the MTO, she was 'seen' by her colleagues as doing the job as an option, as she was not expected to contribute to the 'income' of the household, which her male-colleagues would. Although, the bank had strict rulings for discrimination but it was suggested that the interview panels were discriminatory and came with a certain bias or gender preference.

"I didn't like them offering me to become the branch manager of Islamic banking. The progression there is really slow. I wear the hijab and they stereotype me. Even, my manager would ask me to sell our Islamic banking products to the customers! But I don't want to do it! I want to be in mainstream banking, but they keep hiring a male candidate whose targets would be much less than mine. They don't provide me with any feedback. Just informally, they would come and tell me... he needed that post more than you!"

(Management Trainee Officer, SCB)

She was also offered to become the branch manager of an Islamic banking branch because of her attire and was also asked to sell Islamic banking products to customers because she was wearing a head scarf. Hence, she would appear more credible to sell Islamic finance to customers. Islamic banking, however, is still in its infancy in Pakistan and more specifically in Standard Chartered. The prospects of growth or promotions are slimmer than mainstream banking. Although the interview panel or the line manager might have thought that she was more suitable for Islamic banking, this was not her aspiration. This also brings out social bias and prejudice of line managers. Although previous interviews with the HR department suggested that post allocation was entirely on merit this brings out interesting insights on the actual recruitment and interview process.

It was also reported with employees at other banks that 'recruitment' to a certain position was dependent on your contacts and networks with certain people of authority in the bank especially with your immediate line manager. According to employees, the managers were given immense powers by the

HR department to release or keep an employee for a specific post. In some instances, it was reported that line managers refused to release their subordinates for a role in another departments of their interest as this could possibly hinder the performance of their teams.

“The jobs come on your portal and you can apply to any and you can move out. But you know it is not that simple. There are instances when people were selected as well but they were not allowed to move by their line managers. This is what the culture is!”

(Graduate Trainee Officer, SCB)

This further explains the authority and power of line managers. Although, he was offered the role in the other department, he was not released by his line manager. In this instance, the employee did not resort to the HR department. The HR was termed as being extremely unhelpful. Complaints to the HR department were seen as a breach of psychological contract between the subordinate and their line managers. It was suggested by the non-managers that the relationships with line managers were the most important. Any complaints or problems had to either be ignored or to be sorted by their line manager. Similar instances were reported by the other employees interviewed in Standard Chartered. The managers held on to their subordinates and did not let go of them as it could have affected their team's performance. In another instance, it was also reported that before applying for a role within the bank, it was extremely important to inform the line manager. This was not a formal policy but it was the 'unwritten' policy that everyone had to oblige to. In many instances, leaving the job was considered to be a better option than making a complaint to the HR about their line managers. This demonstrates the vulnerability of employees, as they were left solely on their reliance with little support from the HR department. In previous sections 6.4.1 and 7.3.1 this was seen as a problem with the local than the MNC banks. But it is interesting to note that the employee problems remained similar across the banks.

This section has helped gain a perspective of non-managers on the recruitment and selection policy. Previous sections on recruitment and selection explored the issues of formulation and implementation. This

section is able to set the reality perspective. This section has been able to explore the vulnerability of employees due to the lack of initiatives from the HR. It also unpacked some of the inner realities such as; bias and political referrals and their influence on the recruitment policy. It was found that line managers paved the way for those employees that they preferred. Whilst, also influencing promotions of some preferential candidates. Previous sections, presented view from the HR and line managers, did not reflect on this. For instance, HR managers suggested providing support to employees. However, the organisational norms and cultural perspectives, did not allow employees to raise their voices against any discrimination or make complaints about their line managers in the work place. It was revealed that the issues had to be resolved with the immediate line managers. Line managers were also seen as influencing the process of recruitment.

7.5.2 Training and Support

Training in this section will be discussed in two fold, formal training in the in-house training centre or informal on-the-job training. Overall in all the banks, training received good feedback from employees. Moreover, employees in MNC banks showed more enthusiasm and excitement over training activity than local banks.

Formal training across all the banks was based on self-nomination by employees themselves, and with the approval of their supervisors. It is important to note that the formulation of the 'compulsory' days for training and the 'self-nomination' practice which was discussed in chapter 6 (section 6.4.2) was specifically created to reduce the hold of line managers. An important point to note here is that this compulsory training of six days a year was a recent change. Line managers were sending out their 'favourite' employees. This led to some employees being left out completely from the training programme, whilst others attending the course twice or thrice. This led to the creation of the self-nomination scheme.

“Earlier, the supervisor or manager would nominate people; either they would keep sending their favourites. So there were many people who were left out. They were never given the opportunity”

(MTO, SCB)

The introduction of this scheme led employees to nominate themselves for a training course, and then get it approved by line managers. It is worthy to note that the MNC banks had extensive training programmes. For instance, SCB emphasised giving certificates to employees as evidence of training received. Especially, on the branch banking side; branch managers and relationship managers had a number of training events certificated on their desks and felt pride in 'showing off' their certificates. This was seen as an important motivating factor for employees to attend training sessions. The attended sessions were also updated online, so employees could track the sessions attended.

"I really like the training programme here, I was sent to Hong Kong, to attend this graduate training programme and it was a good learning experience"

(Management Trainee Officer, SCB)

Similarly, in Barclay:

"They sent me to London... it was a very good experience and extremely good for me to get international exposure. Plus the training in the centre here is quite good. All the certificates are proof of the training attended. I can always keep it and use it on my CV."

(Management Trainee Officer, Barclays)

It can be seen from the above noted instances, that training played an important role in the grooming of employees and 'retaining' employees. Where employees felt that training was an investment done on them, they felt motivated to perform better for the firm. Hard-copies of the certificates, presented added value on the training received. These were seen as an overall grooming procedure. Employees felt that it paved the way for better career progression. It was also mentioned in several interviews conducted with non-managers and managers that 'training abroad' was considered attractive and a motivating factor for working in an MNC.

Overall the formal training received positive feedback. However, as stated previously, on-the-job training had a few on-going conflicts, such as the

senior/fresh or old/new divides. In the local banks the divide was more between the 'new' and 'old' bankers. In the MNC banks such as Barclays, the divide was more to do with the employee's previous bank. For example, it was found that a new recruit would be closer to a person who had worked in their previous bank and would thus share knowledge with and interact more time with them. This presents with a major point of difference between Bank Alfalah and other banks, as Bank Alfalah displayed harmony amongst its employees. One important factor is that the senior members of the bank were involved in the training process. They were 'encouraged' to share their knowledge with new staff and hence, the older staff of the bank didn't feel threatened by the new employees and vice versa.

"I look at my seniors like my teacher and we respect them a lot!"

(Management Trainee Officer, Bank Alfalah)

On the other hand, graduate trainee officers found it difficult to communicate with line managers in other banks.

"It is hard... still very hard to speak to my manager or our seniors about something if we don't understand.. They would just be blank faced and then we will be left on our own to figure out ourselves"

(Graduate Trainee Officer, SBP)

"It really depends on whether the line manager, have any association based on where you worked previously. So if me, and my line manager worked in the same bank prior to coming here, then he will support me. Otherwise, we are pretty much left on our own!"

(Floor Relationship Manager Sales, SCB)

It can be seen that Bank Alfalah created harmony between its employees by promoting the use of the 'learning portal' and involving senior members of staff in the training process. This paved the way for communication. The open-seating arrangements further led to collective working in teams. Line managers were also given liberty to 'train' employees and participate in the formation of course modules. This encouraged line managers to train new employees and take positions as their mentors, unlike other banks, where

line managers complained of work-intensification. On-the-job training can play a vital role in the grooming on employees. It can, however, be seen that in other banks, line managers were hesitant to share their knowledge with new employees. Employees also complained about the lack of commitment from the HR department to address the divide and create harmony between the two groups.

The HR department and other employees failed to notice this divide. However, data analysis underpins these conflicts in the work place. No training programmes were created by the HR to 'break the ice' between employees, to encourage a learning atmosphere. Overall, it was evident that employees in Bank Alfalah respected their line managers and looked up to them for support and help in difficult situations. The previous section 7.3.2 also revealed that line managers took training as their responsibility and were engaged in the grooming and training of their subordinates. It can thus be suggested that when line managers are given authority and liberty and are appreciated to teach their subordinates, they too command and put in extra effort to teach their subordinates. Bank Alfalah can be also be seen as engaging line managers in the formulation of the training modules and encouraging line managers to manage and train employees. This has resulted in a better work atmosphere than in other banks. It can be seen that employees gave positive feedback on on-the-job training unlike in other banks studied.

This section has been able to explain the on-the-job training experiences of employees. It was established that this was mainly a line management activity. Whilst in other banks it was found that line managers were sometimes reluctant to train the new employees, in Bank Alfalah it is found that line managers adopted the role of coaches and teachers. This helps answer some of the question highlighted in the previous sections (6.4.2 and 7.5.2). It can be seen that overall employees presented with better experiences in Bank Alfalah than in other banks. There could be several reasons for this. One of the reasons can be that line managers were engaged in the recruitment process. This made them responsible to some extent for the performance of their teams. Apart from this, job security amongst employees may have played an important role. As discussed

previously, Bank Alfalah endorsed a 'no-layoff policy' hence line managers may not feel threatened by employees as in the other banks. Line managers were also involved in the formulation of the training policy, which in fact made them a part of the HR process. Apart from this, the organisation was also seen to have a strong legacy of training, especially on the softer skills (as discussed in section 4.7). Overall, these can contribute to a better learning culture in the organisation.

7.5.3 Performance Evaluation

The previous section 6.4.3 discussed the formulation, inception and responsibility of the PE system, section 7.3.3 discussed the implementation. This section will help explain the 'reality' of the PE system and the relationship between line managers and employees during this process.

As discussed previously, the main responsibility to conduct performance evaluations was with line managers. One of the important aspects of this was an annual goal-setting and evaluation meeting held between line managers and employees. Employees reported that not many line managers 'actually' let their subordinates read the report. It was also considered to be just a 'routine' exercise; therefore, most line managers would just get employees to sign on the ratings, without any discussions. These meetings were referred to as an 'uncalled formality'. A subordinate working in the operations department of SCB mentioned.

"We have a meeting with our line managers, at the beginning and at the end of the year. But it is just a formality. At the beginning of the year, they just tell us our targets and then at the end of year what we have achieved and what our appraisal is... but it is just a formality!"

(Retail Executive, SCB)

Moreover, as discussed previously it was mentioned by the HR department that employees were open to bring in complaints or concerns regarding the appraisal system. It was also stated that employees, could raise any issues with their line managers over the performance evaluation system. Contrary to this, it was mentioned by non-managerial staff that they could not argue with their line managers on the targets or the performance appraisals. The rating allocated by their line managers was the 'final' word. Although the policy stated that those not satisfied with their ratings could speak to the HR

about their concerns, this was seen as something that was “*just for the books*”.

“If we make a complaint about the appraisals... it is like breaching a contract with line managers... so it is the line manager only to be pleased and no one else”.

(Management Trainee Officer, SCB)

In another instance, it was noted by the branch manager of Standard Chartered that his promotion (for this role) was delayed for 2 years.

“I was very good at what I did. Most of the clients knew me and so my branch manager felt that if he would let me go, I would take all the leads as well and so I was made to stay in the branch for 5 years!! Yes 5 years.. Although the rotation policy implied me to move the branch within 3 years but my branch manager did not let me. I was made to stay in the branch and didn't get a promotion for 3 years despite exceptional performance because of this.”

(Acting Branch Manager, SCB)

In this instance it was reported that the employee was deliberately kept in the branch for an additional 3 years, with his promotion delayed by the previous branch manager for 2 years. This was done in order to keep the bank's clients within that branch. The clients in the branch had an excellent rapport with him and hence his promotion and movement to another branch could mean some of these moving to that branch. It was only possible for him to get promoted after that branch manager had moved to another branch. This was quite demotivating for him despite his performance he wasn't promoted. It was also reported that in many cases, it was considered to be better to leave the job than to complain to HR.

Non-managers reported that by providing line managers authority over the performance evaluations led to too much power bestowed on them. Another perspective that came out was also that not many managers followed the system fairly. It was considered important to maintain a good relationship with the line manager in order to attain a promotion or bonus.

“Pleasing your line manager is the most important! I did not know about this when I first joined the bank. But I have learned all the tricks of the trade”

(Retail Officer, SCB)

Maintaining relationships and building trust with the line manager was considered to be an important aspect. This paved way for promotions and increments. Complaining to the HR regarding any discrepancies was considered to be very negative. For instance a management trainee officer reported:

"I had some issues with my line manager, I emailed HR about this issue in confidence... you know what the RM HR did... he forwarded by email to my manager and his manager... I was of course very embarrassed and then I never spoke to HR about any issues!"

(Management Trainee Office, SCB)

Lack of support from the HR department increased the vulnerability of employees. There was a psychological contract between the subordinate and their line managers that 'issues' could not be taken to the HR department. Everything had to be done in accordance with the line manager's perspective. In many cases, it was reported that the line manager played an important role in the employee's performance level and that the promotions were often based on networking and pleasing your line manager.

"I can quote you just one example, but it happened in various departments. There was favouritism. For example, if there is somebody in the organisation, with whom I go for lunch on daily basis so I will be more inclined towards that person as compared to anybody else."

(Management Trainee Officer, SCB)

Therefore, networking and being 'friendly' with the line manager or bosses was found to be an important aspect. It was mentioned that when he joined the bank he thought that only 'achieving the goals' as assigned by his line managers would get him the benefits. This particular employee in SCB noted that this incident had left her de-motivated. She also developed negative feelings not only for the manager but also for this particular employee who was promoted.

"Probably... my ex-regional head had personal fondness for that person. He was a bit biased"

(Retail Executive, SCB)

It was more of a problem in her case, because she knew that the targets were not being met by this employee but even though this was happening, she could not report it to the HR.

“I still had to report to my line manager... had I reported to the HR... it would have caused more problem for me!”

(Retail Executive, SCB)

In instances like these, ‘staying quiet’ was considered the best option. This was noted by several non-managers. It was found that employees that were more socially active with their line managers were the ones who would be getting important assignments and credits for doing the job. There were many ways of getting around with the system. For instance,

“Well see there are many ways of getting around the system... you place them on important positions, highlight those people more, give them key assignments and when it comes to credit sharing I mean if I do something which is very good, and it has generated so much revenue for the bank, so what happens is that you are projected to the top management, that this is the guy responsible for this work and not me... or not the ‘team’... you getting my point?! Give the credit that you should deserve, he should get it 100%. Not that 60% you will get and the remaining 40% somebody else takes it... (koi kha gaya--- your credit taken by somebody else) this is what happens”

(Management Trainee Officer, SCB)

It was mentioned that ‘handing out’ and ‘moving in their circle’ was most important. Telephone conversations with the managers also helped in securing some key assignments and for the manager to recognize their efforts. Highlighting each and every task with their manager was considered to be the key to win over success in the bank.

It was also stated by employees that this led to undermining their skills. Performers and achievers felt dejected after the bell-curve was enforced as they were already expecting an increment or promotion based on their performance. Line managers also exerted pressure on the HR department over the bell-curve. Although this was mainly a responsibility of the HR department, line managers would generally pick their favourites upon the enforcement of the bell-curves. Although, the final decision on the bell-curve remained with the HR department, but the main ‘influencer’ to recommend

the 'employee' remained with the line manager. Hence 'networking' with the line manager was considered to be an extremely important aspect to get appraisals, promotions and key appointments. This goes with the findings of Truss et al. (1994) where networking was seen as an important activity from employees not only to secure appointments but also projection in the best light.

An important point to note here is the different ways in which the bell-curve worked in different banks. For instance, as established previously the bell-curve in SCB was stricter based on the budget assigned to bank by the group heads, versus the extremely lenient bell-curve enforcement in Bank Alfalah. Both these cases instigated negative feelings in employees. Where, in the case of SCB; employees felt that this bell-curve enforcement was too 'harsh' on them and pushed them not only to mend ways with their line managers, but also network with the line manager and ask them for additional work, this in turn led to work-intensification.

On the other hand, the lenient bell-curve in Bank Alfalah treated everyone equally, which led the good, average and bad performers all to get the bonus. This also undermined the good performers. This system certainly missed on the key aspect of differentiating between good performers and the average performers. The good performers then felt demotivated to some extent.

"I have learned one thing.. If you want to work in this bank you need to please your manager... if he is happy with you... your life will be a bed of roses.. If he's not...then the only thing you can do is leave the organisation"!

(Management Trainee Officer, SCB)

The reason behind this problem can be seen as giving additional power to line managers. The HR department had taken a back-seat in the organisations. It was reported by most line managers and non-managers that their emails or discussions about their line manager's supervision with the HR department were not kept confidential. This bias led employees to make connections and network with their line managers, in order to get 'noticed' in front of their line managers. This is an important aspect and

tension arising from the performance appraisal system. This will be discussed in the next section. It can thus be argued that the main responsibility of implementation lies with line managers but there are factors that may 'influence' line managers in providing ratings to these employees, especially when the bell-curve system and the face-to-face interactions come in place.

Although SCB's HR department stated that it was a performance-oriented bank, the performance evaluation was dependent purely on achieving targets and endorsing the value system of the bank. A non-manager working on the retail side reported:

"I was achieving all my targets but my manager kept scoring me low on my values... I would get a 'c' or a 'd'. I would get my appraisal but not a promotion... and the guy who was my junior he wouldn't be meeting his targets but he was actually made my senior!!! It was shocking but I couldn't say anything... this 10% subjectivity element is always there!!!"

(Retail Executive, SCB)

This 'subjectivity' of 10% inflicted some negative feeling amongst employees. It was mentioned during several interviews conducted with the non-managers that the 10 percent subjectivity element played a crucial role in the performance appraisal cycle. This percentage often became the decisive factor for the HR and line managers for reward recommendations. Line managers stated that appraisals were based on the five key values endorsed by an SCB employee. However, according to the non-managers, this subjective element of the core values gave line managers room to manoeuvre the system and push for their preferred candidate.

The instances where targets were not fully met and the values were demonstrated by the non-managers, promotions and appraisals were handed out to employees based on recommendations made by line managers. This level of authority given to line managers signified that they could 'decide' based on the subjectivity element and recommend individuals for bonus and promotions. Working closely with subordinates gave line managers an edge over the HR department to take decisions based on their performance levels. This, however, meant that the subordinate would have to go out of their way to please the line manager and to develop a personnel

rapport in order for their work to be recognised. It can be argued that this is where the employee needed to display additional work potential than 'just the job' that he was assigned to do.

"I had to stay until late to finish the jobs of my line manager! I would email him and ask for additional assignments... he was very impressed by me and I got promoted."

(Management Trainee Officer, SCB)

These instances above point to the vulnerability of employees for being reliant on line managers for performance evaluations. Non-managers reported work intensification, bias and favouritism from their line managers. It was seen that employees were increasingly pushed to achieve their targets. Promotion and recognition was based on personal relationships with line managers. The next section will consider the reward and retention packages and employee experiences.

7.5.4 Rewards and Retention Packages

The banking industry is seen to be quite attractive within Pakistan especially with young graduates who are offered a vast array of benefits and perks. But another problem with the banking industry is its high attrition rate. Hence the banks increasingly make efforts to update their reward and retention packages.

The discussion in this section will first centre around the perks and benefits provided to employees and whether they had any effect on employee performance or motivation. Where, some employees felt that the retention package was important to them, it was also said that if the bank was offering 'one' good benefit, the other bank would offer 'another' good benefit. Therefore, it made little impact on their decisions to stay within the bank.

Different groups of employees displayed different motivation and retention factors. For example, young recruits, specifically graduate trainee officers stated that the MNCs created a good impact on their CVs and opened up future avenues for jobs. MNCs also gave them more exposure in terms of trips abroad and training packages. MNC banks were considered to be a good starting point for 'graduate trainee officers' before moving their way to

other established local banks. Another important motivator was 'cash in hand' and the 'title' of the job. Young graduate trainee officers across the banks stated that they found the car loans and trips abroad to be quite attractive. Apart from this, if they were working for a MNC such as SCB and Barclays, it created good peer impression. However it was observed that these younger recruits were keen on switching jobs.

"I don't believe in life long working culture.. If I will get a good offer from other bank.. I will switch"

(Management Trainee Officer, Barclays)

It is interesting to note that the MNCs attrition rate was higher than Bank Alfalah. Normal industry attrition rate was about 8-9% versus 1-2% of Bank Alfalah. As discussed previously, only Bank Alfalah had created its retention policies in line with their values and the background of the company. Also, their retention package was different than the rest of the industry, which was more based around the cultural context and the caring aspect. The HR department of the bank was quite excited about these policies, and often mentioned in the interviews as these policies were quite 'unheard' of, not only within the banking industry in Pakistan, but in the world. It was also observed that where other employees had moved several banks, Bank Alfalah's employees including the MTO's displayed less interest of switching banks. It was also said, that their decisions to stay or leave the bank was also dependent on the colleagues they were working with and most importantly their relationship with their line manager. Workplace harmony and relationships at work played an important role in keeping employees motivated to work and performing for the company. It was stated by various MTO's that their seniors and line managers were always there to help them out and the work culture was excellent. Apart from this, all non-managers appreciated the pay continuation programme.

"I think my relationship with my line manager is what matters the most.. He keeps me motivated"

(Floor RM, Bank Alfalah)

"I think we have an excellent work atmosphere... we all work in harmony... I don't feel like I am coming to work!"

(Management Trainee Officer, Bank Alfalah)

"My seniors really take care of me... whenever I am in trouble I can always go and ask them questions"

(Sales Executive, Bank Alfalah)

Bank Alfalah presented a unique example of 'sticking' together in rough times and sailing through. Interviews conducted from non-managers, reveal that this 'act' of the organisation, made them motivated to perform better for the bank and tied them with the organisation.

"I was very worried during the recession time.. There were rumours that Bank Alfalah is about to shut... all the banks were downsizing but the management told us that they will not let us go... all of us were so happy! If I had lost my job that time... it would have left me in the middle of nowhere... but now I think even if I have options to switch my job.. I will stick to Bank Alfalah because of what it did at that time!"

(Line manager, Bank Alfalah)

Employees knew that the bank endorsed a no-lay-off policy, but seeing it being implemented in tough times made them extremely motivated and drove them to work harder for the bank.

"We saw it as our own bank... It definitely increased my performance and morale"

(Customer Sales Advisor, Bank Alfalah)

Although employees commended that the policy was a good addition to the overall HR pack, it failed to motivate employees to 'perform better' for the bank.

"My performance is based irrespective of the bank offering this policy or not. I think, I perform my 100% and don't think ... oh now because of this pay continuation programme my output should increase to another 10%!"

(Management Trainee Officer, Bank Alfalah)

"I think continuation of pay after your death is a very good idea"

(Sales Executive, Bank Alfalah)

Bank Alfalah presented a unique example of sticking together in rough times, sacrificing bonuses with a 'shared' activity and workplace harmony although some policies were criticised for the lack of conviction and implementation specifically for the failure to implement bell-curves and generosity shown in the packages. The bank created a family like atmosphere, employees working in Bank Alfalah displayed emotional attachment to the bank that was through the conviction of senior management. It was reported that in other banks the compensation or retention packages did not contribute to their motivation or their decisions to stay or leave the banks. It was also stated that the decision to switch for the bank was based on the assignment, position and their relations with their managers.

7.6 Conclusion

The final question posed by the thesis concerned how HR policies were implemented by the HR department and line managers. The thesis adds to the literature by exploring the insights of the implementation of HR policies. It uncovered the realities of the process and the experiences of line managers and non-managers of HR policies. First, the chapter explored the responsibility of the HR policies. It was understood that most HR policies were a responsibility of line managers to implement. HR department stated that they provided support, help and guidance to line managers for the implementation of these. Then, the chapter reviewed the HR policies and the line manager's role in these. Contrary to the statements of HR managers, line managers reported that the HR personnel provided little support and help. Line managers reported tensions, contradictions and frustrations over lack of communication from the HR department. Work intensification was led due to conducting performance evaluations and on-the-job training. Furthermore, there was also lack of acknowledgment from the HR

department which led to anger and frustration amongst line managers. In Bank Alfalah, however,, it was noted that line managers were keen and took responsibility and ownership of the HR policy implementation. Analysis reveals that this is due to the inclusion of line managers in the HR policy formulation process. Line managers, were seen as mentors and played an important role in providing HR with direction. In other banks, however,, lack of communication and efforts from the HR department was faced with much criticism.

The chapter also explored the experiences of employees of the HR policies. Literature suggested that line manager's attitude and behaviour is crucial for successful implementation of HR policies. Hence, it was analysed that when line managers were frustrated with the lack of communication and help from the HR department, this led negative employee experiences of HR policies. Non-managers also faced problems with some HR policies, such as on-the-job training and performance evaluations. Favouritism and line managers' bias towards certain employees were reported. This, combined with little communication from the HR department to assist non-managers, made them vulnerable. On the other hand, where line managers were involved in the decision making and strategy formulation process, they acted as role models for their subordinates. This suggested a healthy working culture, which was due to the attitude of these line managers.

This chapter adds new insights to the literature. It presents detailed analysis on the relationships between the actors involved in policy implementation and their experiences. By doing so, the chapter uncovers the differences between the rhetoric and the reality of the policies. The chapter also adds to the literature by presenting the views of non-managers and the impact of line managers' behaviour and attitude of HR policies. The chapter further adds to the actor-process model to suggest that the link between the HR department and line managers is the most important for better employee experiences and successful HR policy implementation

Chapter 8: Conclusions

8.1 Introduction

The aim of this thesis was to investigate the strategic planning process of HR policies. The thesis looked into the three aspects of the strategic planning process: the integration of HR policies with corporate and business strategy; HR strategy formulation and the processes through which HR policies are implemented. Strategic HRM has become an increasingly important concept for understanding the interconnections between business strategy and HRM practices, and the potential impact of HRM upon organisational performance (Boxall and Purcell, 2008). But despite this recognition, there are few studies which have focused on the processes of HR planning and implementation and the role played by individual actors in the strategic planning process (Hope-Hailey et al., 2005). To address this gap in the literature, this thesis investigated the HR strategy planning process with an explicit focus on both the process and the actors involved. Through an analysis of the actions and perceptions of three key actors – leaders, HR managers and line managers – the study is able to explore the contradictions, tensions and complexities in the strategic planning and implementation process. The thesis sets out a new ‘Actor-Process model’ for understanding the nature of the strategic planning of HR and the role these three actors play in the process.

The thesis addressed three key questions. The first research question aimed to understand how HR policies were integrated with corporate and business strategy. Other studies have pointed to the importance of business and corporate strategy integration (Lengnick-Hall and Lengnick-Hall, 1988; Truss et al., 1997; Budhwar and Sparrow, 1997; Inyang, 2010). The thesis has contributed to the literature on HR integration with business and corporate strategies through developing an understanding of the complex and entangled relationship between the different actors involved in the process. It suggests that the process of business and corporate strategy integration is not a linear process and that it is likely to differ between organisations. Most importantly, it is found that the process of integration of HR policies with

business and corporate strategy is crucially dependant on both the leader of the organisation and on their relationship with the HR department and line managers. The literature also lacks the consideration of line managers in the integration process. The thesis also highlights the critical role of line managers in helping to integrate HR policies, either in support of, or in some cases instead of senior leaders

The second research question addressed how HR policies were formulated and the role of HR managers in the process. The literature on HR strategy formulation presented a linear approach in the way HR policies are formulated. This was also considered to be a top management activity, driven by senior management and the senior HR team (Perry and Kulik, 2008). In such accounts, HR strategy formulation was suggested to be a 'top-down' process, with little room for input from the other tiers such as line managers and specialist managers who deal with operational challenges of an organisation (Andersen and Minbaeva, 2013). Scholars called for more research in the area to understand the HR strategy formulation process and to understand how, if at all, HR managers are actually engaged in the strategy formulation process (Truss et al., 2012). Hence the thesis has added to the existing HR strategy formulation literature by presenting the inner realities and complexities of the process. An in-depth understanding of the process was presented by exploring how organisations were engaged in HR strategy formulation and the internal and external factors considered in reality. The findings suggest that the strategy formulation is a complex process. It may be dependent on several internal and external factors such as organisational structure, factors of dominant coalition, cultural and institutional contexts. Furthermore, HR policies may be formed through the involvement of different actors, such as top managers, HR managers and line managers. Hence, it may vary between different organisations. It is, however, the relationship between these actors; leaders, HR managers and line managers and their involvement, which may be crucial for HR policy development.

The third research question addressed the implementation of HR policies by the HR and line managers. Although a number of studies have highlighted the importance of devolution of HR policies to the line (Budhwar, 2000;

Legge, 2005) there is diversity of opinion on exactly how the policies may be implemented by line managers and how these shape employee experiences. This thesis was able to explore the tensions, contradictions and capture detailed accounts of HR managers and line managers involved in the process of implementation. While much of the literature has ignored the 'employee experiences' of the policies, the thesis also tapped into the complex relationships between employees and the enactment of HR policies by line managers. The findings suggest that HR's support is crucial for line managers for the implementation of HR policies. Furthermore, it is found that in the case of Bank Alfalah, that line managers' involvement in the HR policy formulation process led to better implementation of HR policies.

The thesis adds to knowledge by understanding the top to bottom chain of HR policy planning and implementation process. The thesis taps into the realities of the processes in these organisations and presents in-depth understanding of these by exploring the processes and shedding new light on the complex relationships shared between the three core actors involved in the process of integration, formulation and implementation.

Synthesising the empirical data presented, the main conceptual contribution of the thesis is the elaboration of a new Actor-Process model of HR strategy planning. This model is based on the notion that the process of strategic HR planning and implementation is dependent on the contextualisation of these by the three actors: leaders; HR managers; and line managers. The model identifies three important links in the HR planning chain. The first link, 'link 1', is between the leadership and HR managers. The second link, 'link 2' is between HR managers and line managers and the third link; 'link 3' is between line managers and the leadership of the organisation. It is argued that the process of integration, formulation and implementation of HR strategies is dependent on the way these links are contextualised within particular workplaces, shaped by organisational, institutional and cultural conditions. These linkages between the actors involved in the process are explained with reference to the case-studies presented in the previous empirical chapters. Possible combinations of these three linkages are presented, with examples from the case studies used to demonstrate the roles of actors and their contextualisation of the HR planning process. The

core argument put forward is that the process of integration, formulation and implementation of HR policies is dependent on how these links are enacted by these actors, which in turn is shaped by a range of organisational, institutional and cultural factors.

A key concern of this thesis was to obtain richer and deeper insights into the HR strategy planning and implementation process. Qualitative methods are suggested to provide deeper understanding and fuller contextual information on the process studied (Eisenhardt, 1989). Scholars have called for more qualitative studies to be carried out in the SHRM domain (Khatri and Budhwar, 2002; Guest, 2011). This thesis employed multiple case study; including private, public and MNC banks in Pakistan. Multiple case-studies also helped shed light on the different approaches that the organisations adopted and through this; the thesis was able to shed light on the commonalities, contradictions and complexities of the process and the actors involved in this. HR based research is criticised for its focus on HR and top managers (Paauwe, 2009). Hence, multiple sources of evidence were used: data were collected from interviews of CEOs, top managers: line managers: and non-managers. The use of respondents other than the top managers and CEOs of organisations, helped tap into the reality of complex organisations. The use of respondents such as line managers and non-managers also helped understand the tensions, contradictions and experiences of employees in the work place.

Scholars have called for contextual SHRM research to be based in Asian countries (Budhwar and Deborah, 2009). This is expected to bring out the cultural and contextual factors (Ahmad and Schroeder, 2003). Abdullah et al (2011) also call more research between the local and MNC firms in emerging economies. Hence, the thesis adds to the SHRM literature by conducting research in an under-researched and culturally unique country, Pakistan (Chaudhary, 2013). The thesis was set in the financial sector of Pakistan which has undergone multiple reforms. A combination of MNC, local and public sector firms, further helped illuminate the differences in the ways the firms operated. It also highlighted the affects institutional settings can have on organisations. This helped shed light on the 'outer context' that organisations work in as well as the cultural context of Pakistan. It was also

able to bring out the cultural and social dynamics in the work place in Pakistani firms.

The remainder of this chapter is structured as follows. Section 8.2 looks at HR policy integration with corporate and business strategies. It presents insights and explorations into the integration process. It also sheds lights on the main conclusions as a result of and in case of the absence of integration. Section 8.3 presents conclusions from the second research question which is based on HR strategy formulation with the HR department. It presents interesting findings on the evolution, factors and designing of the HR policies. Conclusions from the last research question are discussed in section 8.4. The section presents the implementation of HR policies and employee experiences. Interesting findings on the inner realities, contradictions and vulnerabilities of line managers and employees in different workplaces are presented. The chapter then builds on to present the 'Actor-Process' model in section 8.5. It presents different scenarios and possible combinations of different relationships shared between the three main actors: leaders; HR managers; and line managers that may contribute to certain outcomes for the processes of integration, formulation and implementation. Methodological considerations and directions for future research are presented in section 8.6, followed by implications for practice.

8.2 How are HR Policies Integrated with the Business and Corporate Strategy?

The first research question addressed HR policy integration with corporate and business strategy. The literature on strategic HRM suggests that corporate and business strategy integration is vital for the development and implementation of HR strategy (Farnham, 2010; Marchington and Wilkinson, 2008). Although a number of studies have highlighted the benefits of business and corporate integration with HR policies, Farnham (2010) suggests that there is little evidence of vertical integration in practice. Therefore, the first aim of the thesis was to understand the HR policy integration process and how this was actualised within different organisations.

The research highlighted some interesting conclusions regarding the integration process within firms. It presented an in-depth understanding of the process illuminated relationships between the different actors involved in the process, and provided detailed exploration of how HR policies were integrated with the organisation's mission and goals. Interestingly, much of the literature has focused on the integration of HR policies with corporate and business strategy and has termed this a top-management activity (Perry and Kulik, 2008). This thesis, however, was able to explore vertical integration in organisations, as well as the lack of integration. Where attention is paid in the literature to the top management's involvement in the integration process, the thesis also set out to explore the role of other actors that may play a crucial role in this.

The intensive analysis of the integration of HR policies with corporate and business strategy has expanded knowledge of the process and the main actors involved in the process. This thesis has presented detailed understanding of the different vertical integration processes in organisations. Empirical evidence concerning this was presented in chapter 5. The intensive analysis of how HR policies were integrated with the mission and vision revealed that this can be a leadership-driven process. Leadership was found to be the core actor that drove the process of vertical integration. Case-study analysis reveals that the alignment of an organisation's mission and goals with the HR policies is dependent on the directions by the CEO or the leader of the organisation. Khilji (2002) suggests that top managers can play a key role in bringing a change in HRM image in their organisations. Hence, it is asserted that the leadership of the organisation have to form the first link between the leader and the HR department. The cases reveal that if the leader recognises the importance of the HR department, then they may work towards providing direction to the HR department and binding HR policies with the mission and vision of the organisation. This direction and support is suggested to be vital for the process of integration. The case of MCB and SBP reveal evidence that this recognition and support to the HR department can be crucial for the HR department to develop policies in-line with the organisation's objectives. It is suggested that the connection

between the CEO and the personnel department is likely to make HR proactive rather than reactive (Budhwar and Sparrow, 1997).

Two of the examples of case-study banks: MCB and SBP presented in Chapter 5, showed how leaders of the organisations played vital roles in connecting HR with the organisation's goals and objectives. Leaders in both the banks SBP and MCB revised their mission and vision and associated the HR team in developing and updating HR policies. Vertical integration then brought major changes to the HR structure in both the organisations. One of these organisations was vulnerable prior to the entrance of the new governor, in terms of high-levels of bureaucracy and stagnant recruitment for over two decades. Khilji (2002) suggests that public sector firms in Pakistan are highly bureaucratic and centralised. HRM policies are rigid and people are often promoted based on their seniority than their capability (Khilji, 2002). The HR department was considered as an administrative department, which was limited to payrolls. However, the governor realised the importance of the HR department and involved them in the revision of HR policies and alignment with the goals and objectives of the organisation. Similar to this, the other case-study organisation, MCB underwent several changes in their HR structure due to the alignment of the organisation's mission and vision with the HR policies. Hence, it can be asserted that the leadership is found to be the driving force behind vertical integration. Efforts were made by the leaders of both the firms to include the HR department in their board of directors and give formal and informal access.

Scholars suggest that including HR specialists on the board of directors, providing formal and informal access to the CEO, presence of a written strategy, and informal networking with key senior executives can help determine the level of corporate strategy integration with HR policies (Budhwar and Sparrow, 1997; Budhwar, 2001; Lawler, 1995; Golden and Ramanujam, 1985; Sparrow and Marchington, 1998; Hope-Hailey et al., 1997). Although in MCB and SBP, this was found to be true, as it led to a better relationship between the HR manager and the leader of the organisation. It is deduced that it may not always be the case. As this may be dependent on the leadership of the organisation for instance, the case of SBP revealed that with the change in leadership, the focus was switched

from the HR department. Although some of the factors considered vital for successful vertical integration, such as the presence of the written strategy, and formal and informal access to the CEO were existent, the relationship between HR managers and the leadership changed. The HR department did not share the same rapport with the new leader of the organisation and hence had a broken link with the top management.

In the case of Bank Alfalah, however, the presence of a written strategy and formal and informal access to the CEO did not guarantee vertical integration. The CEO of Bank Alfalah considered the mission and vision to be very generic. The HR department was found to be autonomous with limited direction from the leadership. The CEO considered HR to be strategic partners with the top management, HR was a part of the board, and enjoyed formal and informal access to the CEO, but there was little evidence of vertical integration. The CEO did not provide HR with direction to form policies specific to the goals and vision of the organisation. This is an interesting finding and reiterates that it may be the leader that has to realise and recognise the importance of vertical integration which then may lead to this in practice. Hence, it is suggested that the relationship between the HR and the leader needs to be positive and mutually supportive for the development of internally consistent and strategically focused HR strategies (Sheehan, 2005).

Exploration is also needed in the case of lack of integration. Much of the literature considers this to be a top-management activity, where the direction to the HR has to be provided by the CEO. There is little acknowledgement that this direction to the HR department can be provided by line managers. In the case of Bank Alfalah, with a lack of vertical integration and acknowledgement from the CEO, line managers played an important role in providing direction and support to the HR department. This adds new levels of understanding to the literature which suggests that integration of HR policies is a top-management activity and lacks the acknowledgment of line managers, providing direction and support to the HR department. Hence it is suggested that in case of lack of integration from the top management, line managers may provide the HR with a direction towards HR strategy formulation. This may be dependent on the commitment of line managers

towards the organisation which is shaped by top management's behaviour and organisational values (Bowen and Ostroff, 2004). It can be seen from the case of Bank Alfalah that if line managers are given responsibility and ownership, then it is likely for them to become mentors for the HR department. In the case of Bank Alfalah, it was found that line managers provided feedback to the HR department on HR policies, based on their experience. Hence it was seen that the HR policies were more in line with the feedback of line managers rather than the organisation's goal and mission.

This provides new level of understanding to the vertical integration literature with HR policies. It suggests that leadership plays an important role in providing HR with a direction. In the absence of this, line managers may play an important role. Hence, it is suggested that other actors such as line managers may also be involved in the integration process. These can be considered as core actors and can provide the HR department with direction to formulate HR policies in line with the goals of the organisation.

8.3 Formulation of HR Policies with the HR Department

This question explored how HR policies were formulated and the role of HR managers in the formulation process. There are various propositions explained in the literature to understand the policy formulation process. Earlier models of HRM presented a narrow, classical approach to strategy formulation (Truss et al., 1997). These were based on a 'fit' approach in the literature (Truss et al., 2012; Farnham, 2010). This gave rise to the contingency perspective as suggested by Delery and Doty (1996). Furthermore, scholars presented with various tools such as SWOT analysis (Fomburn and Tichy, 1986), and PESTLE analysis (Farnham, 2010, Boselie, 2010), which may help in HR policy formulation. Contrary to this, and despite the efforts by the top management in some case-study banks to integrate mission and vision with the HR policies, it was found that the banks were following their competitor firms to replicate HR policies. Whilst the rhetoric of some organisations was based on alignment with business objectives and goals, the reality was to follow the market leader. The adoption of the

HR policies was not matched with the internal or external context as such, but more with what the 'leader' was offering. The HR changes brought in the organisations were mostly driven by market competition. This goes in line with the findings of Bhatnagar and Sharma (2007) who suggest that the MNCs have given rise to competition in India. Ratnam (1997) also suggest that MNCs are seen in trendsetters in India. Local firms try to match the training, appraisal and recruitment structure with MNC firms. Similar to this, it was found that the actual formulation process in local banks: MCB, SBP and BA was often through market scanning and an opportunistic 'follow the leader approach'. This was to ensure that HR offerings were in line with competitors, rather than with any focus on strategic integration. It can be argued that the companies used both 'deliberate' and 'emergent' strategies (Mintzberg, 1994).

Budhwar (2012) suggests that MNCs must take into account the local and unique structure of the Indian context; there was little evidence of this in reality. The HR policies in Pakistan in the MNCs were part of a 'set of HR policies' within a regional block. Sparrow (2012), however, points out the 'one size fits all' approach may not be sensible for emerging economies. Minor tweaks were done to these HR policies which were based on the feedback of market surveys. Hence, in the MNCs there was evidence of standardisation of HR policies, leaving the HR department little room for manoeuvre over HR formulation. The main policy formulation decisions remained with the regional and group heads. Although similar to the findings of Ratnam (1998) on MNC subsidiaries in India, in Pakistan too there was little evidence of 'unique' HR policies. Chaudhary (2013), however, suggests that that the 'elite-class' have opted for jobs in the MNC's. Hence, the local firms can be seen as employing new techniques to attract and retain talent.

In Bank Alfalah, however, dominant coalitions such as organisational history, culture, and leadership were given more consideration during HR policy formulation (e.g. Boselie, 2010; Gratton et al., 1999). This led to the creation of some unique policies, which were non-existent in Pakistan's banking sector. In the case of Bank Alfalah, 'the internal context' of the organisation was through its unique history (founding father), the 'deep-seated' values of the bank, and organisational culture played an important role. This adds to

understanding as Lunderg (1985) suggest that there is little consideration given to the internal context and its impact of HR strategy formulation. It is also important to note that in the case of Bank Alfalah. HR strategies were not formed as a 'deliberate' attempt introduced by the top management, rather they were 'emergent' from the input of the front-line managers. Hence, this contradicts the literature which suggests that business strategy integration with HR policies, may lead to effective formulation of HR policies, (Budhwar, 2000).

This suggests evidence of both top-down and bottom-up approaches adopted in the case study banks. Some organisations such as: MCB and SBP followed a strict 'top-down' approach, which was based on a hierarchical structure and high level of bureaucracy. As Iqbal (2009) suggests that senior management is likely to be involved in decision making process than line managers, as Pakistani firms are based on a strong hierarchy. Thus, strategy formulation in MCB and SBP were through a 'top-down' approach. This can also be seen as a 'deliberate' effort to survive in strict market competition. Whilst in Bank Alfalah, this was an 'emergent' process. The HR policies were created through a 'bottom-up' approach and through the feedback of line managers. These scenarios present new insights on the HR policy formulation process. It can be suggested that if there is a lack of push from the top management to develop the HR structure, line managers may play an important role in providing the HR department with a direction. This may, however,, be dependant on a bond between line managers and the leadership. In the case of Bank Alfalah, it was found that line managers felt a sense of bond and commitment with the top management. Thus, it can be stated that if line managers are bound with the organisational values and are given ownership and responsibility for providing feedback to the HR department, then it can prove to be vital for the HR strategy formulation process.

Much of the literature assumes line managers to be involved only in the implementation of HR policies but Bank Alfalah's case suggests that line managers can also play an important role in providing direction to the HR department. Line managers in Bank Alfalah, felt connected with the organisational values and the top management (as discussed in the

empirical chapters). The HR department was also taking feedback from line managers in terms of developing and formulating HR policies. Hence, in the case of Bank Alfalah, it can be seen that the HR policies were formulated through a connection between the HR and line managers, but this connection was existent due to a more subtle bond between line managers and organisational values and top managers (this will further be discussed in section 8.5). This link, however, was only observed in the case of Bank Alfalah. In the other banks, such as MCB and SBP, HR policies were formulated through a link between top managers and HR managers. These links between HR managers, line managers and leaders and their impact on the HR policy formulation process will further be discussed in section 8.5. The chapter has also been able to explore the HR policy formulation process in the MNC banks: Barclays and SCB. It was found that the HR policies were being sent as group policies and not as such customised according to the Pakistani-context. It reasserts that the MNC banks do not have a unique HR policy structure as thought.

Overall, it is suggested that the HR policy formulation is a far more complex process than thought and may vary between organisations. The links, however, between the three actors: leaders; HR managers and line managers can play an important role in the formulation of HR policies.

8.4 Implementation of HR Policies

The final question posed by the thesis concerned how HR policies were implemented by HR managers and line managers. Much research has been carried out on the role of line managers (Conway and Monks, 2009). They are considered important delivery mechanisms for the implementation of HR policies (Gratton et al., 1999). Questions were raised in the literature on the role of line managers in practice and their relationships with HR managers and top managers (Purcell and Hutchinson, 2007). Gilbert et al (2011) suggest that devolution of HR policy literature has mainly concentrated on the view points from HR managers. Hence, the findings presented here add a deeper level of understanding by discussing the complex relationships shared between line, top managers, HR managers as well as the

subordinates working under line managers. The chapter first provided accounts of the HR department's support on line managers' implementation of HR policies, secondly, the chapter looked into line managers enactment of the four core HR policies, contradictions and tensions faced by line managers due to the enactment of the HR policies and finally, the chapter provided accounts of non-managers: their experiences of HR policies and relationship shared with line managers.. The chapter thus builds on the interview data collected from HR managers, line managers and non-managers. Adding employee perspectives as well as of line managers and HR managers has provided deeper insight into the implementation process and relationship shared between these actors: line managers; HR managers and non-managers.

Questions were raised in the literature on the actual role of the HR department and the responsibility of HR with line managers. The literature review suggested no accepted model of the division of responsibilities between HR and line. Although some authors suggest that the HR department is more concerned with the formulation of HR policies, training plans and devising a strategy, the operationalization of these with line managers (Ulrich, 1997). The findings suggest that the operationalization of the HR policies such as on-the-job training, performance evaluations were the core responsibilities of line managers (Perry and Kulik, 2008). HR managers across the banks also stated that they provided a lot of training and support to line managers, however, there were some contradictions in the statements by HR managers and line managers. Although some banks attempted to set certain HR policies in place as discussed in the previous sections, from a practice stance, however, there were significant gaps between line managers and HR specialists and the process of implementation.

For instance, HR managers in some cases stated that recruitment and selection was the responsibility of the HR department. But line managers revealed that they were largely responsible for recruiting for their own team. This added additional pressure on line managers. It was found that line managers, had to deal with their everyday jobs as well as finding the right person to fit in within the team. This can be understood by the lack of

acknowledgement from the HR department on the role of line managers for being responsible for the recruitment. This points to the limited incentives associated with line managers' implementation of HR policies (Truss, 2001). This could be one of the reasons why line managers felt disconnected from the HR. Another interesting point to note is that HR managers suggested a 'partnership' between line managers and HR department (Conway and Monks, 2010). In reality, however, lack of training and support was reported by line managers. It was reported that HR managers were increasingly busy 'pleasing' the top managers and had little time to address their everyday problems. This as suggested by Ulrich (1997) is due to the pressure on HR to become strategic partners with the top managers.

There are increasing expectations of line managers. Khatri and Budhwar (2002) suggest that CEOs and line managers expect HR managers to be more proactive and strategic. Hence, HR managers need to do more in order to meet the expectations of both top managers and line managers. Adding to this, the thesis found that the HR department in most banks lacked the capability to meet the requirements of top managers whilst maintaining a relationship with line managers. The literature suggested that close interaction between the top managers and the CEO can foster exchange of knowledge and can help during the implementation and formulation stages to ensure that the organisational goals are met. The cases studied in this thesis, however, suggested that the relationship between line managers and HR managers is the most important for successful implementation.

Echoing the findings of McGovern et al. (1997) it was found that line managers complained of work overload, and work intensification due to the HR policies. Line managers were responsible for implementing most of the HR policies, but reported that they received little encouragement or support from senior or HR managers. The other case of Bank Alfalah, presents an added level of understanding to this. Interestingly, not all cases revealed the same story. As in the case of Bank Alfalah, it was found that line managers were very keen to implement the HR policies. It was found that they took ownership and responsibility of implementing the HR policies. Line managers were very much a part of the HR policy development process. Although, there were some complaints about the lack of initiatives from the

HR department overall, line managers were found to take ownership and responsibility of the HR policies. It is worthy to note that line managers in this organisation had adopted the role of mentors for the HR department and were providing support to the HR department. This can be seen as a partnership created from line managers towards the HR department. This is an extremely interesting finding and suggests that line managers, can also provide support to the HR department and can play an important role in the formulation of HR policies.

Furthermore, the attitudes and behaviours of line managers are not only shaped through the HR department's attitude but also on the leadership behaviour (Hutchinson and Purcell, 2003). This finding also sheds new light on the behaviour and attitudes of line managers. It is found that this is not only shaped by the top management but also by giving line managers credit for implementing and formulating HR policies. It was found that in Bank Alfalah, line managers were tied to the organisational culture and the leadership. The HR department and senior managers also acknowledged the role of line managers in the implementation and formulation of HR policies. Hence, contrary to the other banks line managers in Bank Alfalah were found to be taking ownership and responsibility of the HR policies.

Whilst much of the literature has focused on interviews with HR managers or line managers, this thesis has also explored the experiences of non-managers on HR policies implemented by line managers. This led to the exploration of new insights and the relationships, conflicts and tensions at the front line operations. Non-managers across the banks complained of lack of consistency in line managers' behaviour. Non-managers were left vulnerable to their line managers with little or no support from the HR department. Hope-Hailey et al (2005) suggests that HR departments are moving their focus away from employees in a need to align HR strategies with business strategy. The problems at the work place had to be solved between employees and their line managers. This led to tensions in the workplace, as employees found it difficult to put their point across. Employees were found to be vulnerable to decisions made by their line managers. Some of these can be explained through the cultural and social context of Pakistan.

Public sector organisations in Pakistan are based on strong hierarchy and inability of employees to question their seniors (Iqbal, 2009). An argument with the line manager may suggest that the subordinate would rather leave the job than complain to the HR department. This is an extremely interesting finding may suggest that bestowing powers to line managers for conducting HR policies could make employees vulnerable at the workplace. Another interesting finding suggests line managers' bias. It was found that line managers were promoting or appraising individuals based on their preferences. This is consistent with Qureshi's (1995) finding that management in Pakistan has generally failed to provide systems that are fair. Khilji (2002) also suggests that lack of planning has led to the failure of good infrastructure in Pakistan.

It is interesting to note, however, that to overcome the barriers of bias, non-managers were engaged in networking with their line managers. Khilji (2003) suggest that being a high-power distance culture, employees are bound to obey their line managers. Similar cases were observed in all the banks except in Bank Alfalah, where despite differences and disagreements with their managers, employees would sign off their performance appraisals. It was found that employees were in a constant race to be in the good books of their line managers, which then meant promotions and assignments being handed out to them. This also led to work intensification as they were involved in taking over line manager's responsibilities to get in their good books. Furthermore, similar to the findings of Budhwar et al (2006) study on Indian call centres, it was evident that line managers and employees were frustrated with the implications of certain socio-cultural norms existant in the organisations such as political considerations and personal relationships at work which takes precedence over the performance evaluation system. While these frustrations amongst employees and line managers' presents with interesting findings. But in the case of Bank Alfalah, line managers and employees were found to be positive about the HR policies than in the other banks. There could be several propositions for this. Firstly, line managers were involved in the HR strategy formulation and were providing feedback to HR managers. This in turn had a positive influence on employees. This is an important finding and suggests that in Bank Alfalah, where line managers

were involved in HR strategy formulation and providing feedback to HR managers, the employee experiences were generally positive. Employees suggested having a better learning culture in the organisation and looked up to their line managers as their mentors. The opposite was found in other banks: SBP, MCB, Barclays and SCB, where line managers were not involved in the HR strategy formulation and had limited interaction with the HR department. The case of Bank Alfalah suggests that employees were connected to the organisational values, which in turn suggests that line managers learn from their managers and pass these values to their subordinates (Hall and Torrington, 1998). Taplin and Winterton (2007) suggest that management style is crucial in shaping employee attitudes to stay or leave the firm. Similarly, it was found that the willingness of employees to stay or leave the organisation was dependant on their relationships with their line managers. Hence, line managers may be vital to bind employees to the organisation and act as knowledge facilitators. MacNeil (2003) suggests that the role of line managers as a facilitator in knowledge sharing has been overlooked. The lack of support provided by the HR department to the role managers represents a loss of potential resource that is vital for the process of implementation and change for organisations (ibid).

Similar to much of the literature, line managers in some cases expressed work-intensification, overload and frustration over HR policies. Evidence from another case, however, suggests that if line managers are given 'ownership' and 'responsibility' of HR activities, and if they are acknowledged for their efforts, they would adopt the role of mentors and coaches for HR-led activities, unlike much of the literature, which suggests that lack of integration will result in poor implementation of HR policies. However, despite good integration at the top, line managers reported lack of support and work intensification. These may be based on simple factors, such as lack of communication and oversights in implementation (Gratton et al., 1999) and lack of bond between the actors. This may suggest that implementation of HR policies is dependent on the support provided by the HR department to line managers. Furthermore, evidence from Bank Alfalah suggests that successful implementation is possible if line managers are

kept in the loop of HR policy formulation. Hence, involving line managers in the strategy formulation stage may lead to better implementation outcomes; such as better employee experiences of the HR policies. Line managers also learn from organisational values and culture. Therefore, the leadership is responsible for instilling a sense of bond with line managers.

The findings also illustrate the view points of non-managers, which suggest frustration, bias and favouritism, from their line managers, however, employees working in Bank Alfalah suggested that line managers were important delivery agents for HR policy implementation. Hence, in the case of Bank Alfalah, employee experiences were generally positive and non-managers looked up to their managers as coaches. This can be due to behaviour and attitudes of line managers who are considered crucial for policy implementation (Truss et al., 2012). Therefore, it is also likely for line managers to learn from the values and attitudes of their managers and the top management and pass these values to their subordinates.

These sections have provided with an in-depth analysis of the strategic planning and implementation process of HR policies. It was found that there is much variety amongst the case-studies. It is, however, argued that it is the links between the three core actors: the leader; HR managers; and line managers are the most important for the process of integration, formulation and implementation. The findings from the empirical data are synthesised below into a key conceptual contribution, namely the elaboration of an 'Actor-Process Model' for understanding HR strategy planning.

8.5 The Actor-Process Model

Organisations are multi-level systems. They operate in different circumstances and may have factors unique to them. There has been an increasing effort to build a theory of HRM that can impact firm performance. Little attempt is made to explore the tensions, contradictions and contextualisation of HR policies in workplaces and the role played by the different actors involved in the process. The realisation that it is these actors who formulate, implement and integrate the HR planning process remains underexplored in the literature. The model thus presents three links between

the actors involved in the processes of integration, formulation and implementation. The first link, 'link 1' is between the leader and the HR, the second link, 'link 2' is between the HR and line managers and the third link 'link 3' is between line managers and leaders. It is important to emphasise, however, that there is not an 'ideal-type' of combination of links that can be adopted by all organisations and used in every given situation. The value of this model is that it allows detailed exploration of the connections between the actors in the HR planning process and an examination of how their actions are shaped by organisational, institutional and cultural contexts.

This model is put forward for the use of both practitioners and academics. Executives may use this model to understand the current state of linkages between the three actors involved in the process and which linkage needs strengthening. Academics can refer to the model to understand how these linkages work and how these can have an impact on the contextualisation of HR policies and process. The Actor-Process model presents eight different scenarios based on a combination of these links. This section first explains these three links between leaders, HR managers and line managers, leading on to the explanations of the scenarios and their likely outcomes.

Link 1: The Leader-HR link

One important aspect of Strategic HRM is the integration of corporate and business strategies with HR policies. This integration is also referred to as vertical integration. It has long been argued that HR issues must be considered in strategic plans in order to ensure coherence between policies and across hierarchies (Guest, 1989). This is seen to be critical in order for HRM to be at the centre of decision making at a strategic and operational level (Sheehan, 2005). Although the SHRM literature clearly points to the importance of vertical integration, it often fails to capture how this can be achieved in practice, and the role of key actors in helping to secure vertical integration. The argument of this thesis is that it is the leadership that has to realise the importance of the HR function and work towards binding the organisation's mission and vision with the HR policies. This realisation is important for both vertical integration and for HR strategy formulation. This suggests a key role for organisational leaders in cementing the link with HR,

reinforcing, reflecting and supporting the activities in the HR department. HR policies in turn need to reflect the goals and objectives of the organisation.

The connection between HR policies with corporate and business strategies is dependent on support from senior leaders in the organization. A strong linkage is thus needed between leaders and HR managers to foster the first process of integration of the organisation's mission and goals with the HR policies. A strong linkage between the leader and HR managers may also signify that the leader is giving due attention to the HR department, is involved in providing HR with direction and considers the HR department to be their strategic partner (Lawler and Mohan, 2003; Inyang, 2002; Budhwar, 2000). It may also signify that the leadership is taking interest in the role of HR and is involved in the integration and the formulation of HR policies. Lado and Wilson (1994) suggest that close interactions between HR managers, senior managers and CEOs can foster the exchange of important information. This can be vital for the formulation and implementation of HR policies consistent with the overall objectives of the organisation.

It is important to consider that these factors may vary across organisations, and are shaped by particular institutional and cultural context. It is also important to recognise that the links between HR and leaders may be weak. For instance, if the leader is not connected to the mission and vision, and/or does not consider the HR department to be an important function in the organisation, then they might not wish to provide HR with a clear direction on HR policies. In this instance, the HR policies may lack consistency and coherence both within the policies as well as with the organisation's mission and vision. Andersen and Minbaeva (2013: 810) suggest that this can lead to a 'garbage can' of detached initiatives without a common direction. Hence, it is the acknowledgment from the leadership and the realization of the importance of the HR department that it is important for the system to work. Hence, the connection between the leadership and HR managers is vital for the process of vertical integration and HR strategy formulation.

Link 2: HR - Line link

Line managers are considered pivotal for the implementation of HR policies (Legge, 2005). Truss et al (2002), however, suggests that this does not

guarantee successful implementation of HR policies. Implementation of HR policies is largely dependent on the roles and attitudes of line managers (Truss et al., 2012). This attitude and behaviour is shaped through the work climate they work in (Purcell and Hutchinson, 2007). This can then have an impact of employee experiences which is dependent on the enactment of HR policies by line managers (Purcell and Hutchinson, 2007). Cunningham and Hyman (1995) suggest that the inconsistencies in line managers' behaviour are due to lack of training. It is also suggested that there are limited incentives for line managers to be involved in the HR process (Truss et al., 1997). Hence, it is asserted that if these are overcome, then it is likely to have a positive impact on the attitudes and behaviours of line managers. Line managers' behaviour and attitudes are likely to be shaped from the support provided by the HR department. Watson et al (2006) suggest that the partnership between the line and HR is fundamental for an integrative culture. HR managers need to take on the role of mentors and coaches, whilst, line managers need to undergo more training on HR to boost their competence.

There is a need for HR managers to become not only strategic partners with the top management but also become partners with line managers. It is this link, between the HR and the line which is vital for the implementation of HR policies. If the HR department provides support and training to line managers to implement HR policies, it might be anticipated that the line manager's experiences of these will enhance. The HR department also needs to engage with line managers in receiving feedback and can involve line managers in the HR strategy formulation. Andersen and Minbaeva (2013) suggest that line managers gather information from various channels which can serve as important sources of inspiration for an organisation's strategy. Hence, HR needs to have processes in place to get the feedback through to the top management. This is a key aspect of the linkage. Involving line managers in the HR policy formulation will ensure that the ground realities are considered. Line managers may also feel empowered and responsible by having an engagement with the process of HR strategy formulation. This is suggested to be a strong linkage between the two actors, where they are working in an integrative, interactive relationship. On the

other hand, a weak linkage suggests lack of support and training by the HR to line managers and not involving line managers in the formulation of HR strategy.

Link 3: Line and Leadership

The third link is between line managers and the leadership of the organisation. Purcell and Hutchinson (2003) suggest that line managers' commitment to the process of implementation is dependent on the support from organisational values. MacNeil (2003) argues that line managers are the interface between the intentions of the senior management and the implementation level. Line managers' sharing of knowledge in the organisation is influenced by the level of commitment to the organisation. These organisational values are shaped through the leadership behaviour and values transmitted by the top management (Truss, 2001). Hence line managers not only transmit the values of top management but also reflect the informal culture of the organisation (Truss, 2001). These are considered to be extremely important in order to shape employee experiences. Bowen and Ostroff (2004) also suggest that line managers attitudes to HR policies are shaped by the leadership behaviour of the senior management. This is an important determinant in creating an organisational climate. Hall and Torrington (1998) also suggest that line managers' attitudes are based on the commitment of senior managers. It is argued that this link 3 is extremely vital for positive employee experiences. Line managers need to feel connected to the leadership and organisational values to foster positive employee attitudes. It is suggested that if this link is strong, than line managers may overcome the deficiencies of the HR department by providing them with a direction and their input on HR strategies. Purcell and Hutchinson (2007) suggest that poorly designed HR practices can be concealed by good management behaviour while good HR practices may cause negative experiences due to poor line management behaviour. This behaviour is said to be dependent on the attitudes of senior management (Bowen and Ostroff, 2004). Hence, if this link is weak and line managers do not feel connected to the organisational values or the leadership, then it is likely to result in poor management of people and negative employee experiences.

These three linkages are presented with two different outcomes; strong or weak. Although it is suggested that a link between two actors may fall in either of these two categories, it is possible for a link to be weak but moving in the direction of becoming strong or vice versa. It is acknowledged that not all organisations will strictly fall as having a weak or strong link. Indeed they may be in transition, either moving towards strengthening the link or in the opposite direction. In these instances it might be difficult to place the firm in one category. Nonetheless, categorising this in between two scenarios may help organisations understand their current situation and work towards strengthening the links. Often, practitioners are aware of the process but are unable to assess the core problems which may lead to strategy failure. This model can thus be used as a guide for practitioners to understand where the organisation may be lacking. Understanding the problems through the model may help identify a 'broken link' and may lead to appropriate action. The matrix is presented with 8 possible scenarios an organisation may be working in.

Figure 5: The Actor-Process Model

<u>The Actor-Process Model</u>			
Link 1	Link 2	Link 3	Scenario
Leader-HR	HR-Line	Line-Leader	
Strong	Strong	Strong	Actor-process link
Strong	Strong	Weak	HR-process link
Strong	Weak	Strong	Leadership-Process link
Weak	Strong	Strong	Line-process link
Strong	Weak	Weak	Leader-HR link
Weak	Strong	Weak	HR-line link
Weak	Weak	Strong	Line-leader link
Weak	Weak	Weak	Actor-process detachment

The first scenario in the Actor-Process model is the Actor-Process link. This is the 'ideal' scenario. This scenario is the most preferred and signifies that the organisation all the actors are working with each other in the process and have created interactive, integrative relationships with each other in the HR strategy planning process.

1) Actor-Process link

Leadership – HR Link: Strong

HR – Line Link: Strong

Line-Leadership Link: Strong

This may be seen as the ideal combination of linkages. This combination may be extremely difficult to achieve and sustain. The Actor-Process link suggests that all three actors are engaged in HR strategic planning and implementation processes. It also signifies that the HR policies are derived from the corporate strategy of the organisation.. Budhwar (2000) suggests that this helps top managers and HR specialists to integrate HR policies with the internal and external environment and the business objectives. Furthermore, a strong link between the HR and line managers suggests that the HR is providing adequate support to line managers and is engaged in taking feedback and directions from line managers on HR policy formulation. The last link is between line managers and leadership, which may signify that the line management is connected to the overall ideology of the organisation. Line managers are able to take directions from the leader and are connected to the organisational values. Hutchinson and Purcell (2003) note that line managers enactment of HR policies is also dependent on the leadership behaviour. The strength here lies in the attitudes and behaviours of line managers, which as identified by Gratton et al (1999) is crucial for successful policy implementation. This suggests that top and line managers are involved in strategy-making discussions. The HR function can thus act as a facilitator to foster knowledge transfer between the top managers and line managers (Andersen and Minbaeva, 2013).

This can be referred to as a responsive integrative approach with a strong connection between multiple layers including top managers, line managers and HR managers. Thus, policy formulation will be through an integrative process with an interactive relationship between these three main actors. Thus, this system accounts for an 'ideal' type of relationship between the actors linked with each other in the overall strategic planning process. Hence, such a system is likely to be extremely strong as it suggests an

integrative approach, which is based on feedback, directions and mutual relationship between the actors.

The 'Actor-Process' link is the ideal scenario for organisations. It is suggested that organisations must strive to attain this, however, organisations work in complex situations and this may be difficult to obtain and sustain. Turning to the cases in the thesis, no evidence was found of the linkages being strong between all the actors', however, evidence from other cases presents a combination of weak and strong links.

2) HR-Process link

Leadership-HR Link: Strong

HR-Line Link: Strong

Line-Leadership Link: Weak

This combination is suggested to be a HR-driven process. A HR-Process link signifies that the HR department is pulling most of the weight in the work-place. This is because HR managers have to form a relationship with the leader as well as line managers. Scholars suggest that HR managers are increasingly torn between trying to please the top managers and providing support to the line (Ulrich, 1997; Budhwar, 2000). Therefore, it is important for the HR to strike a balance and maintain a strong relationship with the two actors. Nonetheless, it is suggested that HR is the strongest actor, which is responsible for bridging the gap and act as a 'linking pin' between the leadership and line managers. This scenario suggests that HR is autonomous, has clear directions from the leadership and is acting as a strategic partner with the top management, as well as an operational partner with line managers. Line managers are expected to receive adequate help and support from the HR department. It may also suggest that line managers are also a part of the strategy formulation process, and hence the HR is expected to be proactive than reactive.

Once, an organisation achieves this, then it can be expected that the HR can bridge the gaps between line managers and the leadership by introducing HR policies that are unique for the firm or help build an organisational culture

that employees can associate with. With time, this organisation may be able to achieve competitive advantage by creating strong linkages between the three actors.

Although no evidence was found of this in the cases studied, it can be seen that some cases discussed may present a combination of these linkages. It is also likely, for some of the cases, which are currently in other scenarios to improve and fit under this scenario.

3) Leadership-Process link

Leadership-HR Link: Strong

HR-Line Link: Weak

Line-Leadership Link: Strong

This is a leadership-driven process. It signifies that the leader has been able to instil organisational culture with line managers and is able to provide directions to the HR department. The HR department on the other hand, is a weak actor as is unable to match up to the expectations of line managers. Line managers, however, may be able to overcome the deficiencies of the HR department as they are connected to the organisational values and top managers. Hence, employee experiences will generally be positive due to a strong link between line managers and the top management.

4) Line- Process Link

Leadership - HR: Weak

HR - Line: Strong

Line - Leadership: Strong

This link suggests that the HR department is not seen as a strategic business partner with the top management. Hence, is not able to integrate HR policies with the organisation's business objectives. HR department in this case is a strong actor and is able to provide direction and support to line managers. Line managers are also able to provide adequate feedback to the

HR department as well as able to implement HR policies. This 'line-process' link suggests that line managers are the strongest actor in the process. They are acting as a key 'link' between the HR department and the top management. Line managers are able to take feed from the organisational values and leadership and are able to implement HR policies and provide a direction to the HR. Further to this, the HR department is also a strong actor and is able to support line managers with their role. The system could further be strengthened with the directions from the top management to the HR department.

- ***Bank Alfalah (1999-2011)***

In 1999, Bank Alfalah operated with only a personnel department. It was only responsible for processing payrolls. Line managers were mainly responsible for most of the HR-related activities such as; training, appraisals, recruitment etc. This led to inconsistencies in the way HR policies were being implemented by line managers. Purcell and Hutchinson (2007) suggest that line managers need well-designed HR policies to motivate employees. Contrary to this, line managers in Bank Alfalah were still able to successfully implement HR policies and get positive employee responses. This may be down to the line having a strong relationship with the organisational values and leadership. Bowen and Ostroff (2004) note, that senior management plays an important role in establishing organisational climate. Line manager's commitment to implement HR policies is then dependent on this organisational climate and organisational values (Hutchinson and Purcell, 2003). In this case employee experiences were generally positive due to line manager's behaviour. Line managers in this case adopted a coaching and mentoring position in the firm. They provided support and feedback to the HR department, and were represented on the HR committee. Hence, this can be seen as a line manager driven relationship with HR.

Furthermore, data analysis from interviews and company documents suggests that the CEO made recent changes to the structure of the HR department. Hence, in this case, the HR department can be

strengthened by the efforts from the top management. It was noted in the analysis that the top management felt disconnected from the mission and vision and hence was unable to provide directions to the HR department. It can thus be suggested that the CEO and senior management can strengthen this by providing direction to the HR department and align the business goals and objectives with the HR policies. This can then lead the HR to become autonomous and take further initiatives which are in line with the company's objectives and goals.

5) Leader – HR link

Leadership – HR: Strong

HR-Line: Weak

Line-Leadership: Weak

This is not the most desirable link. But it shows that the leadership is willing to make changes to the HR structure. It may suggest that the leadership is providing directions to the HR department and is integrating corporate strategies with the HR policies. HR, however, is weak to support the line. Line managers also feel disconnected from the organisational values and the top management. This may suggest a gap between the policies and their implementation. HR policies can be seen as being formed with the top management, however, there may be inconsistencies in the way they are being implemented.

- **Case of MCB (2002-2011) and SBP (1999-2005)**

This scenario can be observed in the cases of MCB and SBP. It can be seen that the leadership was involved in making major HR changes in the organisation. In the case of SBP prior to 2005, major restructuring and HR policy changes were introduced by the governor. HR was considered as a strategic partner. Similarly, the chairman of MCB gave huge importance to the role of HR. Together with the HR department they were able to introduce new and revised HR policies. In a need, however, to become strategic partner with the

top management, the HR department failed to provide support to the line. This is seen to be disconnected with the front-line operations.

6) HR-Line Link

Leadership-HR: Weak

HR-Line: Strong

Line-Leadership: Weak

This scenario suggests that the HR department and line managers have a good interactive relationship, however they lack commitment from top management. Without this, the HR and line managers may be unable to plan or implement HR policies. In this link the leadership lacks initiatives and the HR policies are not based on the business objectives but on line managers' feedback. The HR department is able to support and take feedback from line managers. Line managers, however, also lack connection with the leadership and organisational values and it may give rise to inconsistencies in the way line managers are implementing HR policies. This system will be largely dependent on the support of the HR department and also line managers feel connected with the HR. Hence, the leadership needs to take further initiatives to integrate HR policies with the corporate goals and instil organisational culture in line managers.

7) Line-Leader Link:

Leadership – HR: Weak

HR-Line: Weak

Line-Leadership: strong

This is mainly a line manager's driven link. The leader shows little effort to integrate organisations mission and vision with the HR policies. The HR department also lacks initiatives and direction. In this case, it can be seen that the strongest actor is the line management. Line managers are able to foster directions from the leadership and organisational values. Although line managers alone will not be able to bring key HR policy changes, they might

be providing a strong support system to both, the leadership and the HR department. This strong bond between the leader and the line may also signify an emotional and commitment based bond. There is, however, a need for the leader to provide a direction and further autonomy to the HR department and the HR department needs to provide support to the line management.

- ***Bank Alfalah in 1998***

As discussed previously, Bank Alfalah had no HR department at the time of its inception. Line managers were mainly responsible for HR policies such as training, recruitment and performance appraisals. Line managers, however, had a strong association and connection with organisational values and leadership. Hence, it can be seen that given the time, line managers were able to give direction to the HR department. Furthermore, the leadership then acknowledged the importance of the HR department and was in the process of forming a strong link with the HR.

8) Actor-Process-detachment

Leadership – HR: Weak

HR-Line: Weak

Line-Leadership: Weak

This is the worst possible scenario. It may demonstrate that the leadership is showing little interest towards the HR department. HR department lacks direction from the leadership. HR department is unable to provide support to line managers which then may affect the implementation of HR policies. Line managers also feel disconnected from the leadership. The system could be strengthened by fostering better organisational culture. In this scenario it can be suggested that leadership efforts are needed to connect the business and corporate strategy with the HR policies. The HR can then build stronger relationship with line managers and can help create a good working culture leading to key HR policy changes. The leadership is the main actor in the

scenario and needs to do efforts to provide the organisation with a direction and provide HR with more autonomy to take initiatives.

- ***MNC's***

Interestingly, evidence from both the MNCs reveals that the links between regional office and the HR department, and the HR department to the line are disconnected. The HR policies were centralised and formed in isolation (Khilji, 2002). Certainly, line managers also felt disconnected from the organisational values and regional/group offices. Limited communication was found between the HR and the regional office and HR policies were based on an introduction of best practices in the region. Similarly, line managers reported lack of support from the HR department. Line managers also had no connection with the regional office and did not feel connected to the organisational values. 'Employees were given little autonomy and were not encouraged to provide feedback in the process of policy formulation of implementation' (Khilji, 2002 p. 245). This led to negative employee experiences and inconsistencies in the way HR policies were being implemented.

- ***SBP (2011)***

As discussed previously, efforts were made by the governor between 1999-2005 to connect HR with the business plans and goals. However, with the new governor, the focus was moved from the HR. The HR department lacked initiatives and direction from the governor. So rather moving forward and forming a strong link between HR and the line, the bank moved backward and the link between the governor and the HR department was broken. Although the policies were introduced by the HR department during after the year 2005, they lacked implementation. Line managers also found it difficult to trust the HR and the top managers. This is the worst possible combination. Hence, in order for successful policy planning and implementation, the leadership needs to move in the direction of making a strong link between the HR and the line.

8.6 Methodological Contributions and Implications for Future Research

Scholars have called for more qualitative research to unpack and explore the complexities, tensions and contradictions within the process of strategic HRM (Legge, 1995; Gratton et al., 1999; Paauwe and Boselie, 2005). Within the SHRM processes, the differences between intended and implemented HR policies; involvement of different actors in the process remains under-explored (Guest, 2011; Truss and Gratton, 1994). There is a need to explore and understand the role of multiple layers of respondents (Guest, 2011). Qualitative research is suggested to explore issues and provide understanding of complex processes. The enactment of the processes by the different levels of employees can certainly add to the understanding of strategic HRM processes.

The argument in favour of intensive qualitative research is that it allows insights into complex processes at the workplace (Hesketh and Fleetwood, 2006). The level of detail which has been explored in this thesis uncovered the strategic HRM planning and implementation process. An understanding is required to capture accounts of how policies are formulated (Mintzberg, 1994) enacted and the employee experiences of these. This thesis, has sought to explore the processes through which an organisation develops, formulates and implements its HR strategies, which can have a possible impact of organisational performance.

This thesis also responds to the plea by Guest (2011) who called for data collection from multiple-sources of respondents at both the presence and implementation of HR practices. It is acknowledged that using data from single-respondents fails to capture the entire accounts of situations. Hence, more work is needed to capture the realities of the practices and their effectiveness (ibid). HR research has generally focused on interviewing data from top managers, or HR managers (Becker and Gerhart, 2006). Capturing accounts of HR policies from non-managers have been ignored in the literature. Marchington and Grugulus (2000) present the case of including the 'missing voices'. The linkages explored in this thesis, and the complexities, and inner realities of the multiple layers of respondents

engaged in the process have largely been ignored in the literature. Through this thesis, it is explored that indeed, the multiple layers of employees interviewed added to the richness of the data and played an important role in understanding the 'full-picture' of the process.

Qualitative research reviewed in chapter 4 has provided a deep contribution to the debates around HRM processes and implementation. Forty four Semi-structured interviews were conducted with employees working at different hierarchical levels such as top managers, HR managers, line managers and non-managers as well as in different departments such as HR, sales, finance, and operations of the banks. The thesis also employed a multiple case-study approach which helped strengthen the validity of research. The thesis was set in five case-study banks of which two were private owned, one state owned and two multinational corporations.

Guest (2011) has called for more HRM research to be based on the retail or banking sector as these are sectors where accounts can be gleaned from numerous branches. Thus, interviews were conducted at various retail branch sites as well as the head offices of these banks, which helped capture the inner realities and differences between the head-office and employees working in the branches. It is interesting to note that interviews conducted at various branch banking sites as well as at different hierarchical level produced contrasting views. For instance; HR managers made claims regarding providing support to line managers for the implementation of HR policies. On the other hand, line managers across the banks suggested lack of support from the HR department. These claims were further validated by the examples presented by line managers and their subordinates about the lack of support from the HR department. Such claims were also validated by adopting a '*laddering*' approach during the interviews. Laddering up and down helped extract more information from respondents. During the interviews, respondents were asked to clarify and justify their claims and present specific examples of scenarios where they had experienced lack of support from the HR department. This technique not only helped get richer data but also helped get detailed insights of different scenarios. Hence, probing respondents through the laddering approach helped get insights of real scenarios which further helped validate data. Furthermore, validity was

also achieved by using a combination of sampling strategies, such as snowball sampling, purposive and convenience sampling. Furthermore, documentary evidence such as annual reports, employee handbooks, performance appraisal and training forms, internal documents and newspaper articles helped validate the data gathered during interviews and helped develop case-studies. Thus, the multiple sources of evidence used in the thesis have not only helped strengthen the validity of research as Creswell (2013) suggests but has also helped make generalizable claims about the wider society (Mitchell, 1983).

Some have highlighted the value of the single-industry case study approach to develop scenarios which in turn can be used to create generalisations (Becker and Gerhart, 1996). The thesis was set in the banking industry of Pakistan but was able to offer some generalisations beyond this case. For instance, the thesis can offer generalisations for other banks based in Pakistan. The multiple case study approach was able to highlight some of the common factors around the formulation and implementation of HR policies and industry practices followed in these banks. For example, all four HR policies were used across all the banks. Although, the policies in some banks were created through a top-down approach, whereas, in one case this was through a bottom-up approach, however, all the banks used market surveys to align their HR policies with industry practices. The same can be generalised for other banks in Pakistan. Line managers across the banks suggested having lack of support from the HR department for the implementation of HR policies, thus the same can be suggested for other banks in banking sector of Pakistan, which can further suggest that HR departments in banking sector of Pakistan has failed to become 'operational' partners with line managers. These cases also present illuminating insights of non-managers experiences suggesting that non-managers are vulnerable as more power is bestowed on line managers for HR policy implementation. HR managers need to do more in order to provide support to non-managers working on various sites in the banks.

Moreover, 'the actor-process' model offers wider applicability to other contexts. Through the linkages between the three main actors: top managers, HR managers and line managers, the model offers different

scenarios and likely outcomes and detailed exploration of the connections between the actors in the HR planning process and offers examinations of how their actions can be shaped by organisational, institutional and cultural contexts. More research is, however, needed specifically in western settings to be able to generalise findings for more scenarios.

Furthermore, the thesis has added to the international human resource management literature. Scholars have called for research in the developing side of the world (Budhwar, 2001; Budhwar 2012; Chaudhry, 2013). More contextual studies are needed in the strategic human resource management domain to understand how models work in other parts of the world (Budhwar, 2012). Thus this thesis added to knowledge by researching an under-research country, Pakistan. To date, no research has sought to explore the strategic HR planning process in Pakistan. This thesis has added knowledge to the SHRM literature by presenting culturally rich and contextual information on HR strategies. Where studies concerning HRM in an international perspective are largely based on exploring multinationals and their subsidiaries, this thesis used a combination of foreign and local firms. This helped understand and explore the differences and similarities amongst the working style and employee behaviour in these. The thesis also presents wider applicability for the South-Asian region. The thesis sheds light on some of the social dynamics existant in the South-Asian region. For example, line managers displayed a certain bias for their preferred subordinate. A family-like work culture was also noted across the banks. Where, the thesis has built on the South-Asian literature suggesting the existence of these practices, the thesis also offers applicability of the social norms in the South-Asian region. High-levels of bureaucracy and large power distance were evident from Public and some local owned organisations. However, foreign owned subsidiaries, although presented with sophisticated HR policies but lacked the implementation. Cultural and contextual elements such as relationships at work, unfairness and misuse of the system as suggested by Khilji (2002) were evident. Hence, this thesis has added to knowledge by presenting cultural context and opening avenues for future research work in the developing side of the world.

The thesis presents useful directions for future research into the processes of HR planning and implementation. These thesis presented analysis of these processes and activities in a single-sector, although a single industry analysis has its merits but a multi-industry approach is better able to gain understanding of issues in a broader setting (Khilji and Wang, 2006). Comparative cases can be drawn from multiple sectors to gain better understanding of planning and implementation processes. This thesis has gained much richness from the presence in a developing country. The thesis contributes to the literature by empirically exploring the HR strategy process in Pakistan. The literature can further gain an understanding on these processes by conducting further studies; in both emerging and developed countries. A cross-comparative study between two countries could bring out further insights into the strategy formulation, implementation process and experiences of employees. It would be interesting to understand whether developed countries face similar circumstances and policy developments as developing countries.

Furthermore, it will also be interesting to look at which stages firms are within the developed countries. Their evolution over time, progress made, challenges faced and how they were able to overcome these challenges. This thesis suggests that HR department although was considered a strategic partner, but had limited input in the business strategy. Although this finding matches with Gratton and Truss (2003) it will be interesting to find whether HR in other countries can give any input in the strategic direction of the business. Perhaps it would also be interesting to conduct a longitudinal study to understand how the role of these actors in the process has changed over time. The thesis mainly relied on qualitative approach. However, further research can include a mixed methods approach. An inclusion of surveys can further add to the understanding and get generalised trends and responses. It would also be useful to study the 'Actor-Process' model and challenge its applicability in other contexts. Perhaps, more studies can be undertaken in other sectors or firms or within the same firms over a long period of time to understand how these firms have evolved through the different scenarios.

8.7 Implications for Practice

This thesis adds to the existing theoretical knowledge by adding the detailed analysis and exploring the complex relationships between the actors involved in the strategic HR planning process. It also holds significant implications for practice in the strategic HRM domain for executives and managers. The thesis presents an 'Actor-Process' model which can be used for academics and practitioners to understand the complexities of organisations. The linkages between leader-HR, HR-line, Line and leader are presented with eight different scenarios. It is expected that practitioners will be able to engage with it as it may help provide better understanding of the strategy making and implementation process. It is asserted that strategies should be a link of both; top-down and bottom-up approaches. It is argued that the top management should be involved in providing a direction to the HR department, as much as line managers providing useful information and feedback to the HR department. These combined links may enable the organisation to formulate and implement HR policies in an integrative manner. HR managers are responsible for creating an environment of continuous learning and acting as a channel to transmit information, from top to bottom and bottom to up.

The thesis was able to elicit different cases, which presented different scenarios of disconnect between one, two and all of these three links. Hence, practitioners need to ensure that these cohorts are working with each other to work towards formulating and implementing HR strategies. Practitioners may be able to achieve effective management and implementation of HR policies by forming strong linkages between the actors, in a way that is responsive to conditions and challenges that that an organisation may face.

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List of Abbreviations

BA	Bank Alfalah
BRIC	<i>Brazil, Russia, India and China</i>
CEO	Chief Executive Officer
CIA	Central Intelligence Agency
GTO	Graduate Trainee Officer
HRM	Human Resource Management
IC	Investor Chronicle
IMF	International Monetary fund
JD	Job Description
KPI	Key Performance Indicators
LM	Line Managers
MCB	Muslim Commercial Bank
MBO	Management by Objectives
MNC	Multinational Corporation
MTO	Management Trainee Officer
OG	Officer Grade
PE	Performance Evaluations
PEST	Political, Economic, Social and Technological analysis
PSE	Public Sector Enterprises
PSHRM	Pakistan Society of Human Resource Management
RBV	Resource Based View
RMHR	Relationship Manager HR
SAARC	South Asian Association for Regional Cooperation
SBP	State Bank of Pakistan
SCB	Standard Chartered Bank
SHRM	Strategic Human Resource Management
SWOT	Strengths, Weaknesses, Opportunities, and Threats

Appendix A: Interview Themes for Top Managers

A.1 CEO/Top Management

- What determines the overall strategic and mission of the firm?
- How important is the HR function for the business?
- What is the importance of people management? Why has it become more important?
- History/evolution of HR functions in the bank.
- What is the Role of HR at senior level – HR on the board? How HR provides input to the business strategy? Since when?
- What is the value of the HR function? Do you believe HR impacts on the performance of the Bank? In what way – lower turnover, higher productivity? Higher financial performance?
- How has HR made a difference in the organisation? Is it more subjective or are there are numbers to prove this.
- How can the HR function guide the way to the success of the organisation?
- Examples of how HR contributes or has contributed to success –
- Have any HR practices improved the way the organisation works?
- How has the HR function contributed to the overall objectives of the organisation?
- What are the main contributors towards the success of the business and why?

A1.1 Senior Management Themes

- General questions, such as level of experience, departments and roles previously worked in etc.
- What is the general role of HR in your experience?
- What is the role of HR function does in your organisation. How has it evolved? How it is perceived in the organisation?
- Does the HR have an input into strategic direction, or are they more operational. Has this changed over time? Why has this change come about? What are the main HR practices in place/?
- How can HR contribute towards firm growth?
- Think about specific HR practices in your firm – what is the role of appraisal/training. How do these policies have an impact, can you give me some specific examples? What factors influence the strategic integration of HR policies within the firm?

- If the HR policies are integrated with the internal and external environment.
- Give some examples of how the external environment impacts. E.g. do you recruit and select locally. Is it a tight labour market?
- What effect has labour legislation had on your Recruitment and Selection practices etc etc. How have you adapted your training processes in the light of government regulation or Internal/external factors –what are these?
- What role does the head office play in the formulation of HRM?
- What specific internal and external factors, contributes towards the integration?
- How has HR helped the firm achieve its mission and goals? – give specific examples
- Any examples, when HR was deliberately integrated with the firm's strategies? How is this achieved?
- If HR policies are considered during the overall corporate plan and direction of the firm?
- If there is a consideration given to the HR department in specific during board meetings?
- What kind of input is taken from HR managers during the strategic planning process?

Appendix B: Interview Themes for HR Managers

- General questions on experience, background, evolution of the HR function in the organisation, how the HR function is different from the previous organisation that they worked in?
- What is the role of HR within the firm
- What is the general role of HR?
- What are the different HR policies within the firm
- (Detailed description of each of them, how important is each of them, how are they perceived, how they have developed over time, what factors have impacted on their development (led by head office? Developed in response to particular incidents or issues? Etc)
- If there is any consideration given to the factors such as, internal and external factors during the formulation of these policies?
- What internal and external factors influence the formation of HR policies – external factors such as; government policy? Cultural factors? Economic factors like the recession? Or internal factors – firm size? Head office/multinational policy?
- How are the policies planned? What does the planning procedure involves?
- What is the frequency of the ‘change’ during these policies, how are these changed?
- What scenarios lead to the possibility of a new policy being introduced or an old one removed from the system?
- How are these policies formulated? Whose input is taken? How are these approved?
- If the HR department seen as a partner like other departments?
- In what ways, the HR has helped the firm achieve its ‘mission and goals’?
- In what ways has HR been able to help the corporate and business strategy of the firm?
- How is a policy formulated, keeping in mind the organisation’s goal to increase for example, consumer base?
- What about the relationship between HR managers, line managers and senior managers: examples of how these work, what is the interaction like? How HR provides support to senior managers, line managers and non-managers?

- How are complaints handled?
- Who is responsible for specific HR policies?
- Who is responsible for the implementation of these?
- Who looks after the employee's complaints?
- How are line managers and employees supported by the HR department? What support structure is in place?

Appendix C: Interview Themes for Line Managers

- How many years have they been working in the organisation?
Experience, background etc.
- General role of HR in their experience? How has HR changed over time? How has HR changed in this organisation? How different is it from their previous organisation?
- What is the role of HR department?
 - What are the formal roles and responsibilities of their jobs?
 - What HR issues do they have responsibility for? Performance appraisal? Teams? Pay and reward? Recruitment?
- What training and support is provided (if any) to line managers for conducting these policies? What is the training procedure like?
- What is the performance appraisal scenario like? How are the targets set? What are the criteria's for evaluation?
- Are there any procedures in place to guide them more about the HR policies and procedures in place?
- In their opinion how have the HR been able to add up to the overall organisational goal and mission?
- What is their experience of the HR department? Has HR been able to stay on their job? Or provide better career opportunity? What is their relationship like with HR managers. What kind of interaction takes place? Provide examples of specific instances where HR has failed to provide support? Or has provided support.
- What is their relationship with their subordinates? Are there any conflicts on promotions, appraisals? Any specific instances of conflicts?
- How do the HR policies function in the working environment?
- What HR policies have they experienced? And what impact has this had on them?
- What problems were faced with the HR department (if any) or with the HR policies when they started working in the organisation? How has this changed?
- If they provide any input in the HR policy formulation? How is feedback sent to the HR department?
- What responsibilities they have, how this has evolved. Do they perceive they are the responsible for HR issues? If so, what issues does this raise? If not, who is responsible?

Appendix D: Interview Themes for Non-managers

- How many years have they been working in the organisation? Experience, background etc.
- General role of HR in their experience? How has HR changed over time? How has HR changed in this organisation? How different is it from their previous organisation?
- What is the role of HR department?
 - What has HR provided support to them? Who is the point of contact in case of any problems/complaints?
- How is their relationship with line managers? What problems have they faced?
- What is the performance appraisal scenario like? How are the targets set? What are the criteria's for evaluation?
- Are there any procedures in place to guide them more about the HR policies and procedures in place?
- In their opinion how have the HR been able to add up to the overall organisational goal and mission?
- What is their experience of the HR department? Has HR been able to stay on their job? Or provide better career opportunity? What is their relationship like with HR managers? What kind of interaction takes place? Provide examples of specific instances where HR has failed to provide support? Or has provided support.
- What is their relationship with their line managers? Are there any conflicts on promotions, appraisals? Any specific instances of conflicts?
- How do the HR policies function in the working environment?
- What HR policies have they experienced? And what impact has this had on them?
- What problems were faced with the HR department (if any) or with the HR policies when they started working in the organisation? How has this changed?
- If they provide any input in the HR policy formulation? How is feedback sent to the HR department?

Appendix E: Interview Schedule

Top Managers	Position	Bank
	CEO	Bank Alfalah
	SVP	Bank Alfalah
	Head of Credit	Bank Alfalah
	Retail Head	Bank Alfalah
	Senior Manager Credit & Risk	Bank Alfalah
	Head of Finance	Bank Alfalah
	Ex-CEO	MCB
	Senior Vice President, Operations	SCB
	Director of Finance	SBP
HR Managers		
	Head of HR	Bank Alfalah
	Head of Benefits	Bank Alfalah
	HR Relationship Manager	Bank Alfalah
	Head of Training	Bank Alfalah
	Head of Recruitment	Bank Alfalah
	Head of Recruitment	MCB
	Head of Appraisals	MCB
	Head of HR	MCB
	Head of Training	MCB
	Director of HR	SBP
	Assistant Director of HR	SBP
	Head of Benefits	SBP
	HR Business Partner	Barclays
	Head of Training	Barclays
	Director of HR	Barclays
	Relationship Manager HR	SCB

	HR manager	SCB
Line Managers		
	Retail Manager	Bank Alfalah
	Line Manager Operations	Bank Alfalah
	Line Manager Credit	Bank Alfalah
	Line Manager Finance	Bank Alfalah
	Branch Manager	SCB
	Acting Branch Manager	SCB
	Branch Manager	SCB
	Line Manager	Barclays
	Line Manager	SBP
	Line Manager	MCB
Non-managers		
	Management Trainee Officer	Bank Alfalah
	Sales Executive	Bank Alfalah
	Customer Sales Advisor	Bank Alfalah
	Floor RM	Bank Alfalah
	Management Trainee Officer	SCB
	Retail Executive	SCB
	Management Trainee Officer	Barclays
	Graduate Trainee Officer	SCB

Appendix F: Final template of Codes for HR Strategy Process

Code A: Background/ Context

- A1 Cultural of the banks
- A2 Value system
- A3 Experience
- A4 Motivation behind working for the bank
- A5 Vision of the leader
- A6 Previous work experience/work environment
- A7 Transition from the previous organisation to the current
- A8 Initial policies in the banks/changes
- A9 Motivation
- A10 Banking Industry changes
- A11 Early recruitment policy
- A12 Initial policies

B: Integration

- B1 Integration with mission and vision
- B2 Formulation of HR policies with senior management
- B3 HR strategic partner
- B4 Initial policies
- B5 HR importance with senior management
- B6 Senior management relationship with HR/authority, control
- B7 Interaction with HR department
- B8 HR's input in business strategy

C: Formulation of HR policies

- C1 Role of HR
- C2 Structure of HR
- C3 HR Framework
- C4 Market scanning
- C5 HR strategy formulation process
- C6 HR policy designs
- C7 Factors influencing HR policies
- C8 Specific HR policy formulation/evolution
 - C8 (i) Recruitment process (evolution/formulation)
 - C8 (ii) Training

- C8 (iii) Performance evaluation
- C8 (iv) Training formulation (line managers, employees, career paths)
- C10 Unique HR policies
 - C10 (i) Lay off policy
 - C10 (ii) Pay continuation programme
- C11 Motivation via HR policies
- C12 HR interaction with line managers
- C13 HR's interaction with non-managers
- C14 HR's interaction with senior managers
- C15 HR's input in business strategy

D: Implementation

- D1 Line manager's responsibilities (before and after)
- D2 Perception of line on HR managers
- D3 Implementation of HR policies
- D4 Support from HR
- D5 Problems faced by line
- D6 Opinions about various policies
- D7 Line's responsibility and tensions
 - D7 (i) Training
 - D7 (ii) Recruitment
 - D7 (iii) Performance evaluation
 - D7 (iv) Reward and Retention
- D8 Power play with HR

E: Employee Experiences

- E1 Reasons for employee motivation
- E2 Opinions on HR policies
 - E2 (i) Recruitment
 - E2 (ii) Training
 - E2 (iii) Performance evaluation
 - E2 (iv) Reward and Retention
- E3 Relationship/conflict with line
- E4 Problems faced by employees
- E5 HR - a silent spectator
- E6 Links with top management
- E7 Old v/s new bankers