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**NON-PRODUCTIVITY IN THE PUBLIC SECTOR OF  
PAKISTAN**

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**Introduction**



T.C.  
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**DECLARATION**

I hereby declare that all information in this document has been obtained and presented in accordance with academic rules and ethical conduct. I also declare that, as required by these rules and conduct, I have fully cited and referenced all material and results that are not original to this work.

**Name:            AMER ALTAF**

Signature.....

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## INTRODUCTION

The part of the economy of a country that is owned or controlled by the government is known as the Public Sector (Oxford Dictionary). The Public Sector refers to all enterprises owned and run by the government, with the belief that society has some common interests whom the state is competent to identify and serve (Sandra Dawson, 2008). The Public Sector run by the government exists to provide facilities and improve the quality of life of the common man. The government, of course, cannot run without finances, and the major area of generating these finances is the public that it seeks to serve, in the form of taxes and other methods of getting financial contribution from the public.

Since the stakeholders at the receiving end are major players in the overall economy of any system, it is imperative that these stakeholders are satisfied that they are getting their money's worth. The essence of this is to win the trust of the general public, which would be achieved if Public Sector institutions are working efficiently and effectively, maintain the factor of transparency and accountability, and are able to deliver to the satisfaction of the public.

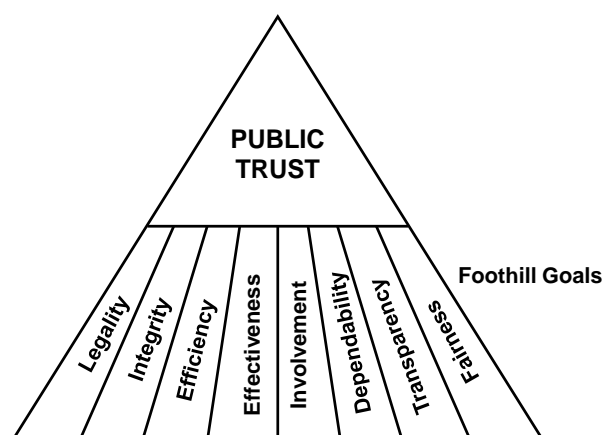


Fig-1- Mountain of Public Trust

Governments all over the world are responsible to manage the public resources in the most efficient and effective way in order to benefit the public to its maximum. The role of the Public Sector thus gets importance not only for the smooth running of government but also for the welfare provided to the public. Unfortunately, Pakistan after its independence is suffering from political instability, poverty, lawlessness, injustice, social and economic disparities. The same effects reflect on the Public Sector of Pakistan which is inefficient and non-productive mainly due to political interferences, lack of transparency, low wages and large unskilled workforce. Thus instead of contributing to the economy, the Pakistan's Public Sector has become a burden on the economy where government is spending the money to keep the Public Sector's enterprises running.

## CHAPTER 1

### 1.1 Statement of the Problem

In Pakistan, there are 255 public enterprises covering the major economic sectors including services, banking and finance, industry, trade, communications, water, power, oil and gas, mining, urban and regional development, and insurance. There are 43 public corporations, 27 autonomous bodies and 182 companies/projects where the government has majority ownership. Public corporations are established under special legislation of the Federal and Provincial Governments or under the Companies Act 1913/Companies Ordinance 1984.

There is a widely held and popular belief in Pakistan that all Public Sector/government organizations, surviving on the taxpayer's money, are just not doing a good enough job (Ishaq Dar, 2013). A number of researches have shown that the Public Sector employees are relatively less productive than their private counter parts (Teresa Christine, 2007).

### 1.2 Objectives of the Study

The reasons behind the non-productivity of Public Sector could be many, and varied. It is perceived that there are several factors that hinder the productivity of the Public Sector. The major causes for this lapse in productivity are assumed to be linked to political interference leading to problems in the following areas:-

**1.2.1 Management.** It is felt that there is top-down, rules-based management, which leaves the lower level employees with a complete lack of vision of the

organization's direction, thus making them feel disempowered; resulting in non-productive behaviour.

**1.2.2 Recruitment and Training.** The recruitment systems in majority of public organizations are very porous and training is imparted based on obsolete techniques. Political compensation is a main criterion for governments in Public Sector recruiting, particularly in developing third world countries (Glenn Davidson, 2007).

**1.2.3 Pay Structure.** The pay and benefits system is more entitlement oriented than performance oriented and there is a general feeling amongst Public Sector employees that they are paid less as compared to private sector counterparts which also results in demotivation.

**1.2.4 Performance Evaluation.** Performance management systems leave a lot of gaps that need to be filled, especially in terms of performance feedback.

**1.2.5 Job Security.** Employees in the public sector take their jobs for granted, since it is very difficult to remove them from their jobs.

**1.2.6 Corruption.** Corruption is assumed to be the leading contributor towards Public Sector non-productivity.

The main objective of this study was to compare the Pakistan's Public Sector with other emerging economies of the world and to identify the significance of political interference in the aforementioned factors in Pakistan's Public Sector through analytical research and to determine its impact on non-productivity with a view to propose practicable recommendations.

### **1.3 Significance of the Study**

The Public Sector plays an important role in the growth and development of an economy by undertaking national level public service responsibilities. The efficient functioning of Public Sector is imperative for the maintenance of the social and economic order of any country. The idea of an efficient Public Sector emerged in the 1970's in the USA and UK, when they began to focus on efficiency in the public arena (A Asquith, 2007).

Public Sector reforms are directed towards making government institutions more responsive to public needs by abandoning bureaucratic processes and adopting effective management systems (M Barzelay, 2007).

This study is significant as it attempts to judge the non-productivity of Public Sector and to locate major issues which are resulting in non-productive behaviour of Pakistan's Public Sector with a view to propose some practicable solutions to achieve the aforementioned end state.

### **1.4 Scope and Delimitations**

It is critical to highlight that the Public Sector is a large domain and various factors can be attributed to various sectors; which are only peculiar to that specific organization. For example the quality of education in Punjab will have different effect on performance of a PIA branch as compared to one in Baluchistan. Thus, this paper will attempt to concentrate on

aforementioned factors which are politically influenced and generic in nature and is applicable to the Public Sector in general.

The biggest limitations encountered during the course of research were lack of material and studies specific to ascertaining the productivity of Pakistan's Public Sector and the reluctance of Public Sector officials to admit that their organizations are non-productive despite obvious statistical data.

## CHAPTER-2

### 2.1 The Determinants of Public Sector Efficiency and Productivity

*“Productivity is never an accident. It is always the result of, intelligent planning, efficient execution and focused effort.”* (Bill Clinton)

#### 2.1.1 Public vs private sector efficiency

In order to analyse the non-productive behaviour of the Public Sector, it is essential to understand its dynamics. The same when studied in contrast to the dynamics of the Private Sector, it gives a more clear perspective to the inherent tendency of the Public Sector towards non-productivity. That’s why, there has been a lot of research conducted to study the differences between the Private and the Public Sector and broadly, three different conceptual perspectives have developed in this area; the *core* approach, the *generic* approach, and the *dimensional* approach (P Scott and Sid Falcone, 2007).

The **core approach** believes that there exist some basic differences between public and private enterprises, which basically means that public enterprises stand out for governmental status and that they are not primarily driven by financial incentives alone (P Scott and Sid Falcone, 2007).

The proponents of the **generic approach** take as their basis the view that there are no significant differences between the public and the private sectors, and among other things, they can even apply the same management control systems.

The proponents of the **dimensional approach** claim that ownership and formal status are not decisive in terms of any differences that may be found between the two sectors. Instead, they apply several independent dimensions, which indicate the level of ‘publicness’. Resource acquisition, composition of output, diversity of mission, and bearing of losses by public are examples of such dimensions. This implies that formal ownership or the degree of public involvement may be vital factors in explaining differences between private and public enterprises (P Scott and Sid Falcone, 2007).

Some contrasts between the public and the private sector can be understood by the following dissimilarities (Press Articles, “Public vs. Private Sector” available at <http://www.ftpress.com/articles/article.aspx>)

- a. Government is constituted to serve the interests of citizens; business aims to maximize investor profits; irrespective of public’s convenience.
- b. Political leaders are beings of constituencies, reflecting their interests; business leaders are responsible to boards of directors; only interested in finances.
- c. Government activities typically occur in the public light and receive a great deal of attention in the media; business activities largely are shielded from the media and take place insulated from public, governmental, and media opinion.
- d. Citizens in most contemporary democracies have a strong distrust of government, are ill informed, and show weak participation; investors and business leaders have a strong interest in their enterprises.



- e. Citizens check actions of political leaders by elections, polls, and media stories - however, in weak democracies, this is a critical issue; business leaders are ultimately accountable only to their boards.
- f. Government operations are often underfinanced; businesses can get the funds they need when they can demonstrate that it will lead to an acceptable profit.
- g. The government are usually divided into ministries and sectors, with monolithic organizational structures and vague selection criteria's; business tends to have concentrated, centralized activity at the CEO and board levels and very strict and merit based HR management.
- h. Corruption exists in both forms, though private sector corruption is either identified early or otherwise results in closure; Public Sector corruption is difficult to check.

### **2.1.2 Productivity measurement in the public sector**

Productivity measurement is relatively straight forward for an organization producing one type of output with one type of input (Scott and Falcone, 2010). But most public organizations – produce a wide range of outputs and use numerous inputs. In the case of a private firm selling its output in a competitive market, different outputs can be aggregated by using the observed prices. But Public Sector organizations usually produce goods that are provided either free or at a price that is not determined by market forces or which are heavily subsidised. This makes it very difficult to define the aggregate output of a public service provider such as schools, hospitals or the police force.

### **2.1.3 Complexities in Determining Productivity of Public Sector**

Measuring an organization's productivity is about the relationship between the outputs it produces and the inputs it uses. A productive organization would be one that produces the maximum possible outputs given its inputs, or one that produces a certain level of output with the minimum amount of inputs.

A more general interpretation of productivity encompasses broader concerns about the outcomes achieved by the Public Sector rather than the outputs. A school of thought rejects the idea of including outputs alone in productivity measurement. The argument is that to focus on outcomes to determine the productivity i.e. changes in health rather than patients treated; changes in educational status rather than numbers of lessons taught (R Putnam, 1996).

Another school of thought gives priority to measurement of effectiveness rather than focusing on the output or efficiency. The difference between efficiency and effectiveness is defined in a very practical way: efficiency means doing things right and effectiveness means doing the right things. One must do the things that produce the desired end result most efficiently (S Brax, 2007).

Adding to that is an almost ubiquitous problem of principal and agent colluding or colliding in order to maximise their interests. There are cases, when in the name of public interest, constant political interference (price cap or changes in recruitment policies) is made in the affairs of enterprises to suit political expediency. All of these issues with underlying governmental interests make gauging the productivity of the Public Sector a

difficult task. This becomes crucial since different actors (agents) may have different and even disparate and conflicting preferences (Jones Leroy, 1989).

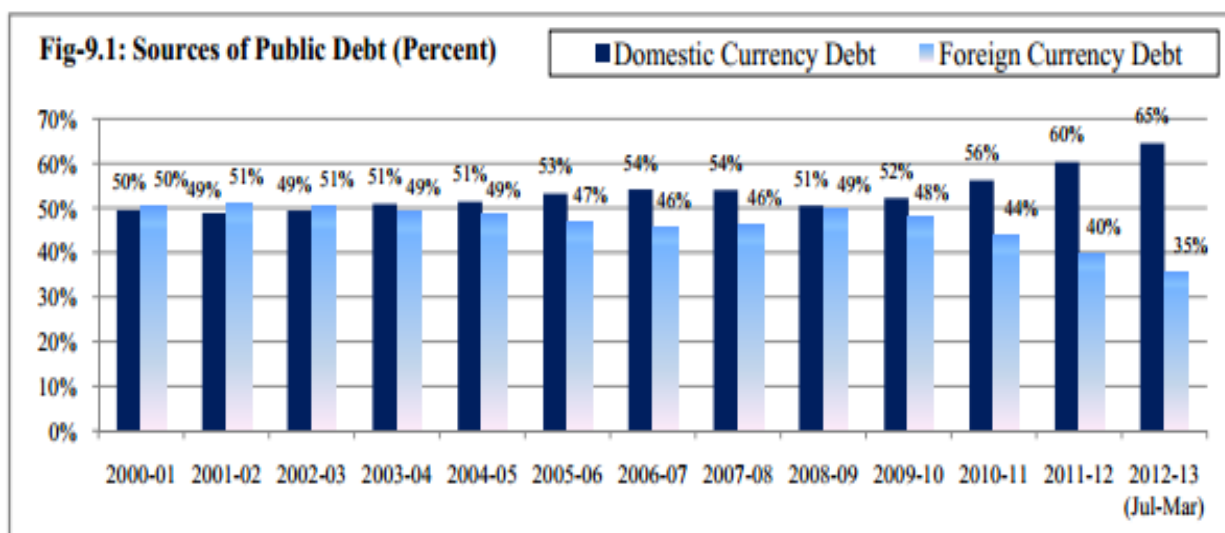
However in developing countries where the Public Sector is grossly underperforming it is very easy to gauge its output by its contribution towards national debt in terms of fiscal deficit, as is the case in Pakistan (Pakistan State Bank Annual Report for the Year Ending, 2013). The same is elaborated in the ensuing study.

## **2.2 Non-Productivity of Pakistan's Public Sector**

While presenting the budget 2013-14, Finance Minister Ishaq Dar pointed out that Pakistan's Public Sector enterprises (PSE's) are not only inefficient, poorly managed and bleeding profusely but are burden to the national exchequer as well. There is no doubt in ascertaining the fact that Pakistan's Public Sector is counterproductive. The losses of only eight of the major Public Sector Enterprises including Pakistan International Airlines (PIA), Pakistan Steel Mills (PSM), Pakistan Electric Power Company (PEPCO), Pakistan Railways (PR), National Highway Authority (NHA), Pakistan Agriculture Storage and Services Corporation (PASSCO) and the Utility Stores Corporation (USC) amounted to 1500 billion rupees in FY13. As a consequence, the overall public debt is touching the figure of about 60 % of GDP in FY13 (Pakistan State Bank Annual Report for the Year Ending, 2013). To put this in perspective, in FY13 these expenditures, as a percentage of GDP, were almost equal to the combined total budget for health and education.

Considering the burden of Pakistan's Public Sector towards Public Debt as shown in Fig-2 and Table-1 below, it is critical to highlight the leading contributor towards this debt is our non-productive Public Sector.

**Fig-2-** Pakistan Public Debt



**Table 1.** Pakistan Domestic Debt over the Years

	1990	1995	2000	2005	2008	2009	2010	2011(P)	2012(P)	2013 (P)*
	<b>(Rs. in billion)</b>									
Domestic Debt	374	790	1,576	2,178	3,266	3,852	4,651	6,016	7,637	8,796
External Debt	428	873	1,442	1,913	2,778	3,776	4,260	4,685	5,030	4,831
Total Public Debt	801	1,662	3,018	4,091	6,044	7,629	8,911	10,700	12,667	13,626
	<b>(In percent of GDP)</b>									
Domestic Debt	42.8	42.3	41.2	33.5	30.7	29.2	31.3	32.9	38.0	38.4
External Debt	48.9	46.8	37.7	29.4	26.1	28.6	28.7	25.6	25.0	21.1
Total Public Debt	91.7	89.1	78.9	62.9	56.8	57.8	59.9	58.5	63.0	59.5

(Source: Pakistan Economic Survey Reports)

It is interesting to highlight that this is not a Pakistan peculiar issue and many developing and even developed countries like the USA also have similar issues. The United States Postal

Service reported US\$ 5 billion loss in till the last quarter of 2013 only ([www.cnnmoney.com/ups/23dsss/html/gg/h](http://www.cnnmoney.com/ups/23dsss/html/gg/h)). Similarly, if we compare Pakistan Gross Government Debt with those of other emerging economies like Turkey, Iran, Malaysia and Indonesia, it is clear that Pakistan's debt due to its non-productive Public Sector is way ahead of other countries as shown below in table 2:-

**Table-2-** Gross Government Debt (2009- 2013)

Country	Subject Descriptor	Units	Scale	Country/Series-specific Notes	Shaded cells indicate IMF staff estimates				
					2009	2010	2011	2012	2013
Afghanistan	General government gross debt	Percent of GDP							
Bangladesh	General government gross debt	Percent of GDP							
India	General government gross debt	Percent of GDP		†	74.247	68.042	67.001	67.587	66.668
Indonesia	General government gross debt	Percent of GDP		†	28.636	26.876	24.450	23.902	22.171
Islamic Republic of Iran	General government gross debt	Percent of GDP		†	14.736	16.721	13.044	10.942	9.275
Malaysia	General government gross debt	Percent of GDP		†	52.800	50.953	52.865	53.049	53.531
Pakistan	General government gross debt	Percent of GDP		†	61.464	61.607	60.224	62.366	62.963
Turkey	General government gross debt	Percent of GDP		†	46.122	42.396	39.250	37.701	36.663

(Source: IMF World Economic Outlook Database)

### 2.3 Core of the Non-Productivity Issue

The main problem in this regard is probably the system itself. The people in the government having political affiliations have a built-in incentive to spend more resources, whereas the people in the private sector are incentivized to spend less. The Public Sector runs on the tax payer's money, and therefore the urge to be efficient is automatically lesser than the private sector, which is more concerned with profitability. Over time, the government organizations suffer from bureaucratic pilferage, because the focus in these is on getting the work done, and the more people are there to do it, the better. Corruption, at all levels adds up to the quagmire.

The private sector's success depends upon efficient working, because it needs to survive in the market driven system. The Public Sector does not have this constraint, unless it goes for forced accountability, which it seldom does (Lina Paula, 2010).

Ideally, the Public Sector should be a thin layer of bureaucracy, with volunteers from the private sector. But the problem is that certain services, such as defence and law enforcement etc. need to have a larger system to sustain them. If government provides such crucial services as education, public safety, housing, provision of water and disposal of wastes, transportation, land-use management and health-expending an equivalent of one-third of the Gross National Product to do it, then how well it performs those functions and how efficiently it uses its resources is a matter of prime concern.

## CHAPTER-3

### 3.1 Major Factors Affecting Productivity of Pakistan's Public Sector

Politically motivated aims and lack of honest will on part of the government seem the major factors in the non-productivity of the Public Sector of Pakistan. The political interference can be varied but in general terms, it is more prominent in the following areas:-

**3.1.1 Management.** The structure of an organization is designed in a way to facilitate the achievement of its goals and objectives. Managerial structure refers to the ways that tasks and responsibility are allocated to individuals and the way individuals are grouped in offices, departments and divisions. An organizational structure could be flat or tall, centralized or decentralized, participative or authoritative, which depends on what goals the organization is pursuing (John Wright, 1992). A certain amount of autonomy in the job is imperative to increase efficiency.

Government structure appears as one monolithic structure in which all departments, semi-autonomous and autonomous bodies have more or less a similar structure, irrespective of what particular 'business' the organization is pursuing. Hierarchy, the chain of command and centralization, are generally the elements that are emphasised in a Public Sector organization (Ehsan Malik, 2009). This is so because operational skills (information, transmission, interpersonal abilities, and computer facility etc., to name a few) are weak. Therefore decisions have to be made even for operating tasks, at the higher level. Decentralization is often prescribed for Public Sector organizations, especially in the

execution of development projects like health, education, agriculture, irrigation etc. through local government initiative which has met with reported success in the execution of such projects (Anil Bhatt, 1998).

It is often not the managers but the workers at every level and sector of the organization who discover that things are not working well. They are a very natural source of feedback, and incorporating their ideas into the management and running of organizations is essential. The goal in improving productivity is to provide better service through a better managed and more efficient organization.

However, effective decentralized organizational structure requires appropriate skills of subordinates, clarity of delegation of authority, clarity of plans/objectives, communication technique, amount of personal contact required and feedback/ control. It also requires positive behaviour (cooperation, willingness, non-complaining, sharing work information etc.) of subordinates to accept responsibility and willingness to take risks within certain limits.

### **3.1.2 Major Management/Organizational issues**

**3.1.2.1 Antiquated System of Management.** Failure in adapting to modern apparatus and strategies of economic management is leading to disorderly and inadequate performance (Report of the National Commission for Government Reforms on Reforming the Government in Pakistan).

**3.1.2.2 State Capture.** Frequent intervention by the politicians in the Public Sector activities has led to paralysis of functioning framework of major



Public Sector organizations. The politicization has ingrained an attitude of risk aversion and apathy, an instinct of survival and indifference towards competence and merit. There is no genuine concern by the government to drastically reform the Public Sector (Ishrat, 2007).

**3.1.2.3 Over-Centralization.** Decision making has become highly centralized which further complicates and over-burdens the working apparatus. Even the evaluation forms of personnel in a branch are being written by a superior in higher HQ without any feedback from the immediate manager (Riaz, 2010).

**3.1.2.4 Lack of Institutional Memory.** Due to lack of overlap / guidance / briefing by predecessor(s), new ideas are not injected into the policy-making process and instead of proactive policy-making; the policy response is rearward and often irrelevant to modern requirements (Kirmani, 2010).

**3.1.2.5 Restrictive Influence.** The present multi - layered organization, callous and slow moving staff are creating restraining consequence. Bureaucratic mind set has plagued our senior Public Servants with total disregard of economic imperatives (Ishrat Hussain, 2007).

***Hypothesis 1.** Poor Management practices have a relationship with the non-productivity in public sector of Pakistan.*

**3.1.3 Recruitment and Training.** Each year the Public Sector recruitment system attracts people from all over the country who undergo a defined selection process. After selection the personnel undergo initial training at respective organizations.

In the Public Sector there is an elaborate system of training at the upper middle and top management level, however a vast majority of employees working at the operative level (BS-1 to BS-16) receive little or no formal training to handle the assigned jobs. These employees work in local government, rural development departments, the departments of health, agriculture, planning and development and education at the provincial and federal levels. Most of the government jobs have no job description or specification.

#### **3.1.4 Major Recruitment/Training issues**

**3.1.4.1 Clientalism.** Pressures and compulsions from the political leadership induce ambitious officers into taking partisan positions. Resultantly, this small group of officers is accorded preference for appointment at lucrative posts and promotion at the expense of merit (Report of the National Commission for Government Reforms on Reforming the Government in Pakistan, 2008).

**3.1.4.2 Capacity-Experience Fusion Gap.** There is no institutional arrangement for matching capacity with experience. Institutional mechanisms fail to intertwine capacity with experiential learning to produce professionals endowed with educational capacity and professional competence (Kirmani, 2010).

***Hypothesis 2.** No merit-based Recruitment has a relationship with the non-productivity in public sector of Pakistan.*

**3.1.5 Pay Structure.** Government jobs are the most secure jobs whether one delivers output/service or not. One keeps receiving compensation and annual increment. These increments or raise in salary are not contingent on performance. Public personnel receive salary, allowances etc. in 22 basic pay scales (BS). BS-1 includes such diverse jobs as peons, sweepers, janitorial staff, bearers, security guards etc. The salary for all these jobs is the same. Similarly, there are jobs in BS-17 which are as diverse as Assistant Superintendent Police, computer programmer, researcher, doctor, engineer, administrator etc., but are being paid the same basic salary.

This illustrates that the salary structure in public service is not commensurate with the nature of the job, not dependent on performance and it is considered to be low as compared to that in the private sector.

### **3.1.6 Major Pay Structure Issue**

**3.1.6.1 Lack of Competitive Pay Scales.** The pay scales for government employees are lucrative at the higher tier but at lower level, BPS-12 and below, they are very marginal and rising prices of basic commodities tend employees towards corruption ultimately resulting in non-productivity.

***Hypothesis 3.** Incommensurate Pay structure has a relationship with the non-productivity in public sector of Pakistan.*

**3.1.7 Performance Evaluation.** Performance evaluation is the most bizarre in public organizations and for all jobs there is one performance evaluation form. Performance variables on which employees are assessed are ambiguous and have little relevance with the output of the employee. Objectives to be achieved by the employee during a given period are not known. At the end of the period (year) assessment is based on general criteria, e.g., intelligence, integrity, honesty etc. and not on the achievement of objectives. As pointed out, jobs in public service are diverse, therefore, performance (efficiency and productivity) need to be assessed on the basis of achievement of objectives outlined for each job (Kirmani, 2010).

**3.1.8 Major Performance Evaluation Issues.** Shortfalls in Human Resource Development, absence of a long term human resource development and management policy has resulted in declining performance and stagnation in professional pursuits. No Concrete Criteria for Evaluation. Since evaluation is not linked to output produced by the individuals, the public sector employees do not concentrate on the achievement of the given tasks rather work on making their superiors happy through other means. In this way, the productivity of the organizations suffers.

***Hypothesis 4.** Faulty Performance Evaluation has a relationship with the non-productivity in public sector of Pakistan.*

**3.1.9 Job Security.** One of the major issues connected to evaluation and promotions is that it is not directly linked to productivity profile of individuals, thus the employees take their jobs for granted. There is no power of firing with the chief executives. Even if a low

grade employee is fired, sometimes, the level of interference in reinstating the employee could be really bewildering.. Thus, secured employees of the public sector have nothing on stake and they get their wages without even doing their basic tasks.

***Hypothesis 5.** Job Security has a relationship with the non-productivity in public sector of Pakistan.*

**3.1.10 Corruption.** Corruption defined as misuse of entrusted power for private benefit is unfortunately endemic in Pakistan particularly in the Public Sector (Pakistan Economic and Social Review, 2010) and it immensely affects the productivity of Public Sector. No structure, no tier and no office of Public Sector are immune from it. Its spread is enormous. It has reached every organ of state — beyond executive, it has put its claws even on judiciary and legislatures. It would be no exaggeration to say that the whole body of the state of Pakistan is suffering from this malaise and wailing under its dead weight. To have an idea of corruption, the table of Transparency International ranking for Pakistan is as follows:

**Table 3.** Pakistan’s ranking in corruption

<b>Year</b>	<b>Pakistan Rank/Score</b>	<b>Pakistan Most Corrupt Rank</b>	<b>No. of Countries Ranked</b>
2013	127/2.8	43	176
2012	128/2.7	45	176
2011	127/2.8	42	175
2010	143/2.3	48	176
2009	139/2.4	42	180

2008	134/2.5	47	180
2007	138/2.4	42	179
2006	142/2.2	20	163
2005	144/2.1	16	159
2004	129/2.1	19	147
2003	92/2.5	42	133

(Source: Transparency International Rankings)

### 3.1.11 Major Corruption Issues.

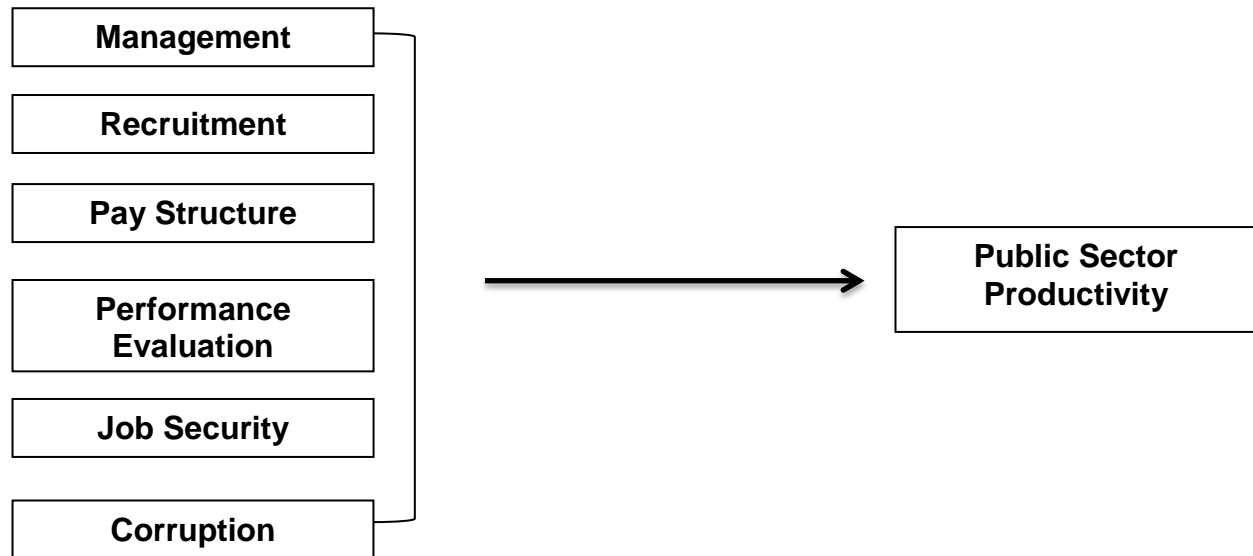
**3.1.11.1 Absence of Internal Accountability.** Absence of internal accountability for results/outcomes resulted in compromised performance and dishonest behaviour<sup>1</sup>.

**3.1.11.2 Corruption Prevention.** Due to non-profitable conduct, the inadequate compensation packages have encouraged widespread corruption at the lower level of officials where most of the interactions take place between citizens and government functionaries (Kirmani, 2010). The corrupt employees instead of concentrating on their jobs, involve themselves in earning money through illegal means.

***Hypothesis 6.** Corruption has a relationship with the non-productivity in public sector of Pakistan.*

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Figure 3 Factors Affecting Public Sector Productivity



## CHAPTER-4

### Method of Research and Procedures

Considering the nature of issue dealing with the non-productivity of the Public Sector, the analytical method of research was preferred. To ascertain the non-productive behaviour of the Public Sector was tricky because of various issues explained earlier, including the reluctance on part of government to declare their Public Sector as non-productive (despite obvious statistical data), non-tangible outputs and involvement of politics etc. Thus in order to obviate chances of ambiguity the analytical process was preferred, based on following design:



Fig-4 Research Design

#### 4.1 Data Collection

Primary data was collected through interviews and survey questionnaires.

#### 4.2 Locale of the Study

Two locations were selected out of the Public Sector including:-

- a. Pakistan International Airlines
- b. Pakistan Post



The reason for selecting these organizations was that PIA is one of the worst performing Public Sector Enterprise in terms of productivity as it has suffered losses of 170 billion rupees in FY13. Pakistan Post was selected as it is performing relatively well as compared to sister organizations and contributes towards revenue collection of the government. Last year it contributed Rupees 25 million to the national exchequer.

### **4.3 Population / Sample**

Employees of the Pakistan's Public Sector were the population and the sample was employees of PIA and Pakistan Post. The questionnaire was circulated to one major (80 questionnaires) and one minor (20 questionnaires) public enterprise, PIA and Pakistan Post respectively. Majority of the employees were reluctant but agreed on conditions of anonymity to provide the feedback. However, only 78 out of 100 responded.

### **4.4 Instruments of Research**

Following instruments were utilized to gather data:-

- a. Circulated questionnaire.
- b. Random discussions and informal interviews with Public Sector employees.

### **4.5 Scale Selection**

A 5 point Likert scale will be used which provide good opportunity for the respondents to express their varied opinions on the questions being asked.

## 4.6 Questionnaire

### Your functional area in the organization

- All (Chairman/ DG/ CEO)
- Accounts
- Administration
- Communications
- Distribution
- Finance
- Human Resources
- Information Technology
- Marketing
- Operations
- Planning
- Production
- Sales
- Supply Chain
- Research and Development
- Other

**Your work experience (years)**

- less than 5
- 5-10
- 11-15
- 16-19
- 20 or more

	Strongly Disagreed	Disagreed	Neutral	Agreed	Strongly Agreed
Is your organization productive?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employees' feedback is sought to improve the organization	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Recruitment is done on merit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
There is no political interference in the operations of my organization	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
There is adequate mid-career training for employees' development	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My salary is compatible with my job	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My salary is comparable with my	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

counterpart in private sector					
Salary should be deducted if I skip work more than authorized limit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Salary should be performance based	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am satisfied with the current evaluation form and procedures	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Evaluation form should include job output and task achievement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel secured about my job	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In my organization, jobs are secured regardless of performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corruption is affecting the productivity of my organization	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## CHAPTER 5

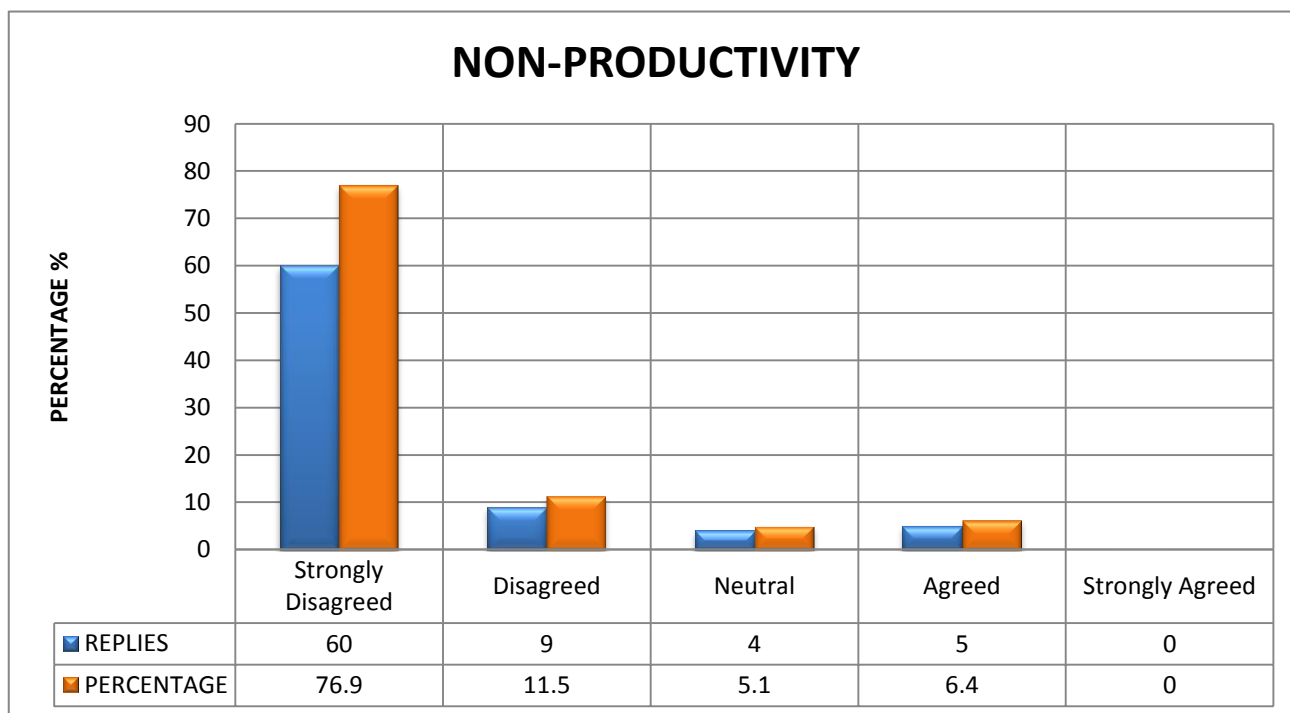
### Analysis and Interpretation of Data

#### 5.1 Descriptive Analysis and Interpretation of Questionnaire

Data for analysis was collected from Public Sectors employees through a questionnaire. The employees were from Public Sector Enterprises including PIA and Pakistan Post. Total sample size was 100, however 78 responded. The descriptive analysis of the data was done to explain the responses of the sample in a way that the effects of assumed factors affecting the non-productivity in the public sector of Pakistanis shown below:-

#### 5.2 Non-Productivity

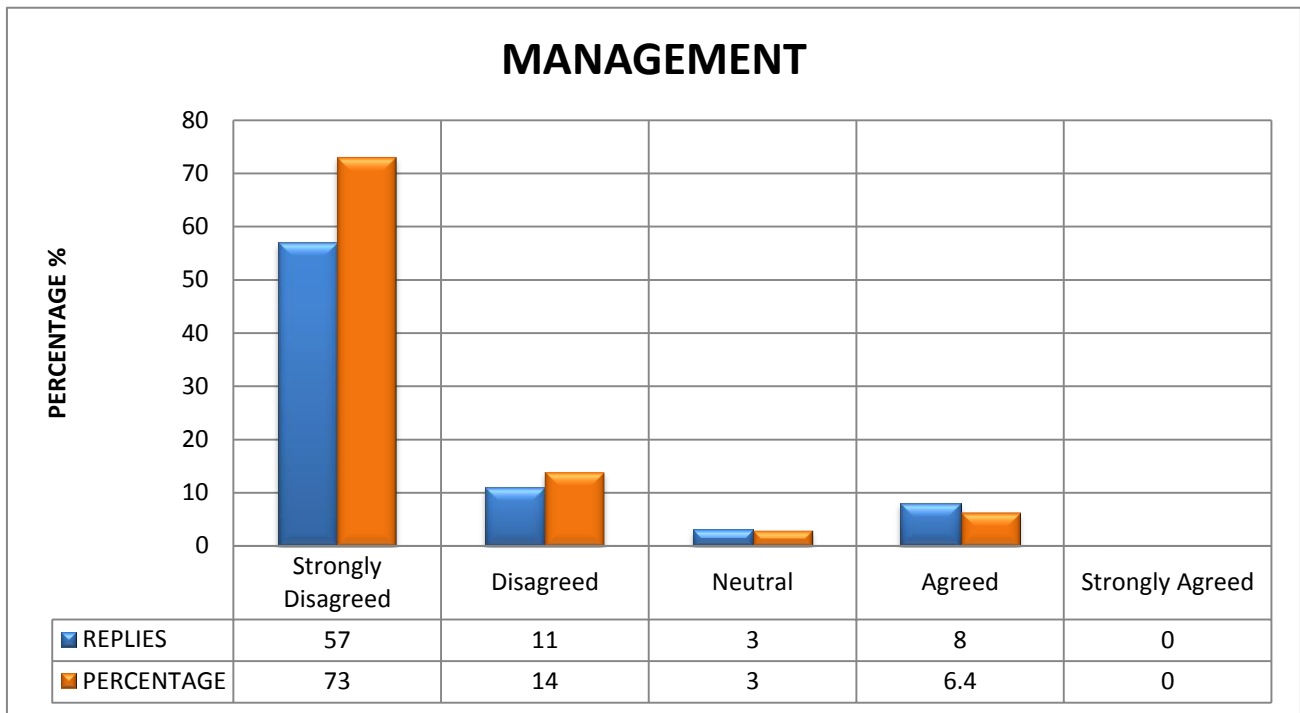
Q.1 Is your organization productive?



**5.2.1 Analysis.** These statistics make it very clear that the Public Sector employees consider their organizations as non-productive as 76.9 % employees strongly disagreed to the question. Only about 6 % employees agreed to the question.

**5.3 Management**

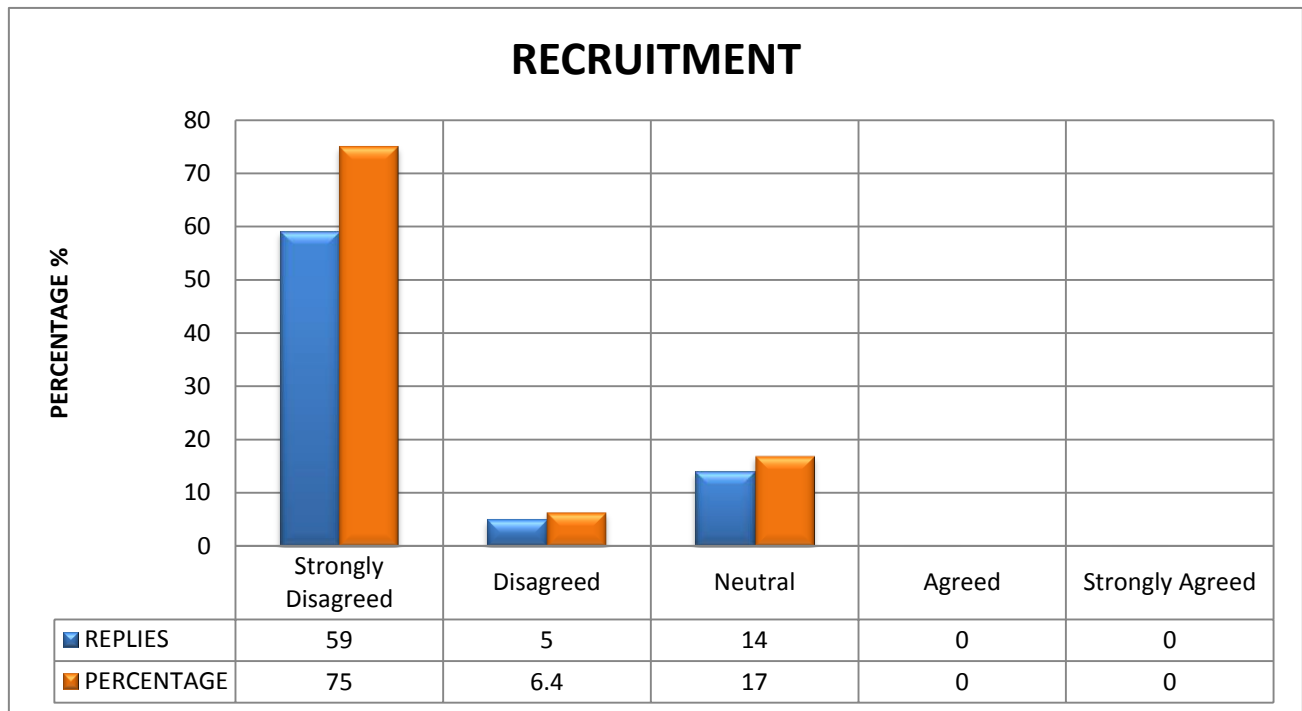
Q.2 Generally feedback is asked from you to improve the organization?



**5.3.1 Analysis.** It is apparent from the 76.9% of the replies that majority of the respondents are not satisfied with the organizational structure. Though it is something not in their direct control, it certainly results in reducing the morale of employees and overall productivity. Due to the monolithic structure of these organizations, irrespective of the function they are to perform, there is no feedback sought from employees and they feel disempowered.

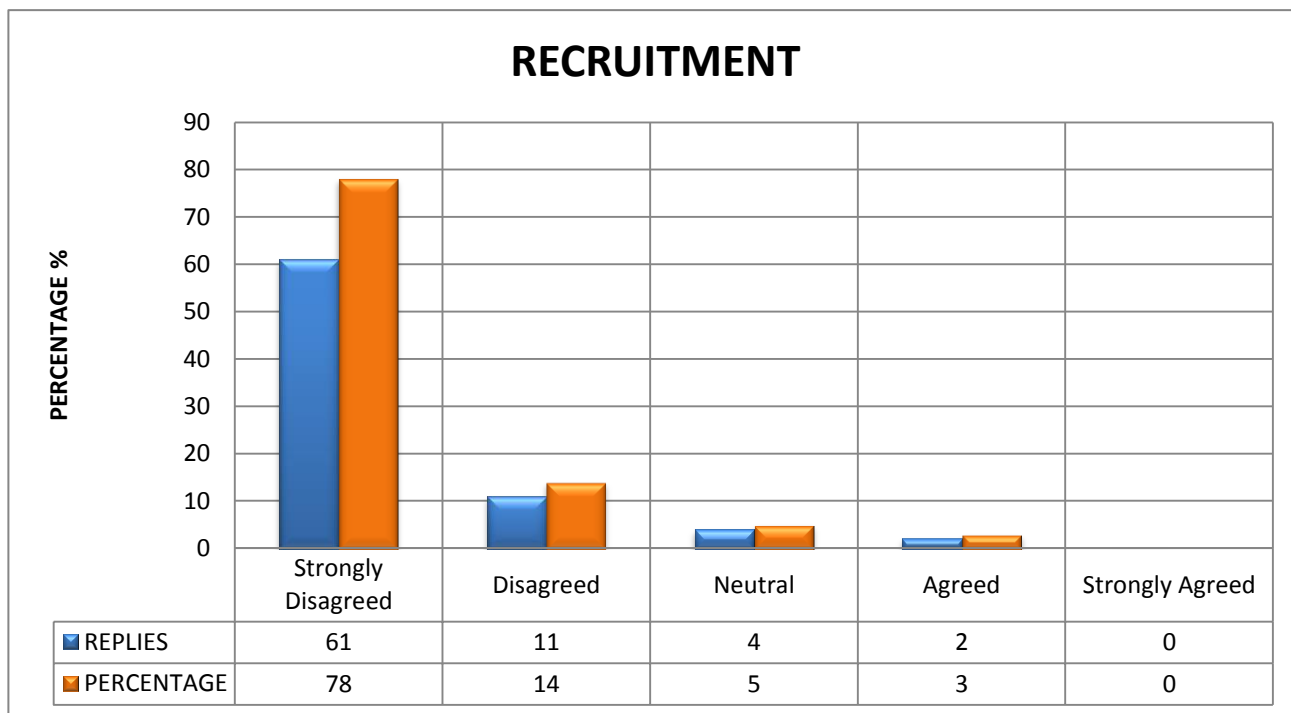
## 5.4 Recruitment

Q.3 Is the recruitment done on merit in your organization?



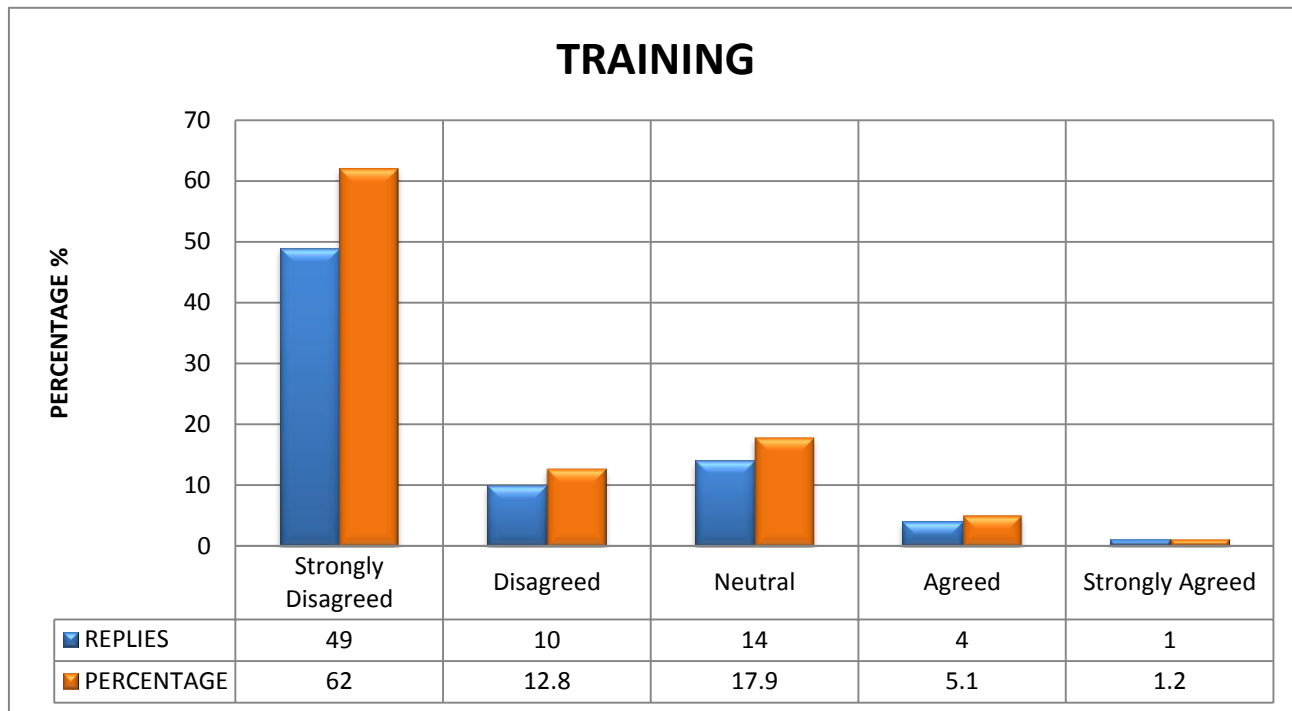


Q.4 Do you agree that there is no political influence in your organization especially with regards to recruitment?



**5.4.1 Analysis.** 75% of the employees believe for one reason or another that the recruitment process is not fair. This feeling of injustice brings a negative trend in employee's behaviour and gives them a message that merit is not the only criteria to grow in their organization.

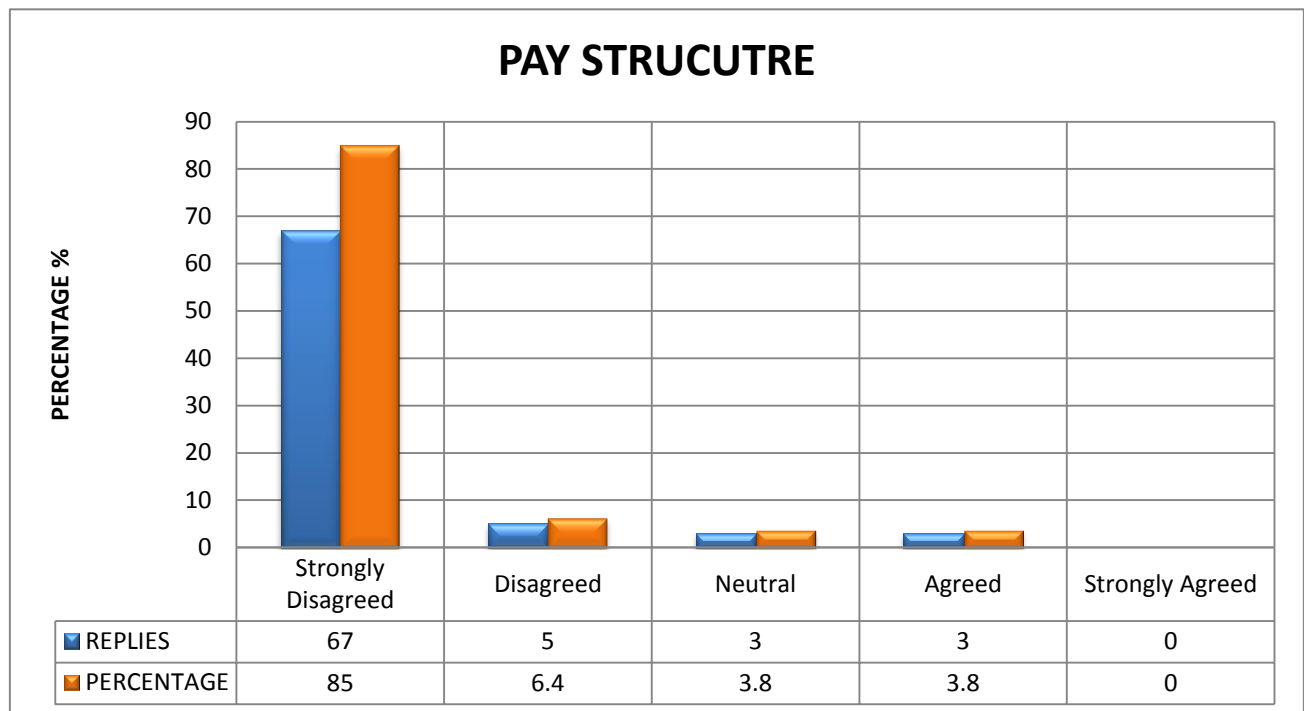
Q.5 Were you provided adequate mid-carrier training after joining your organization?



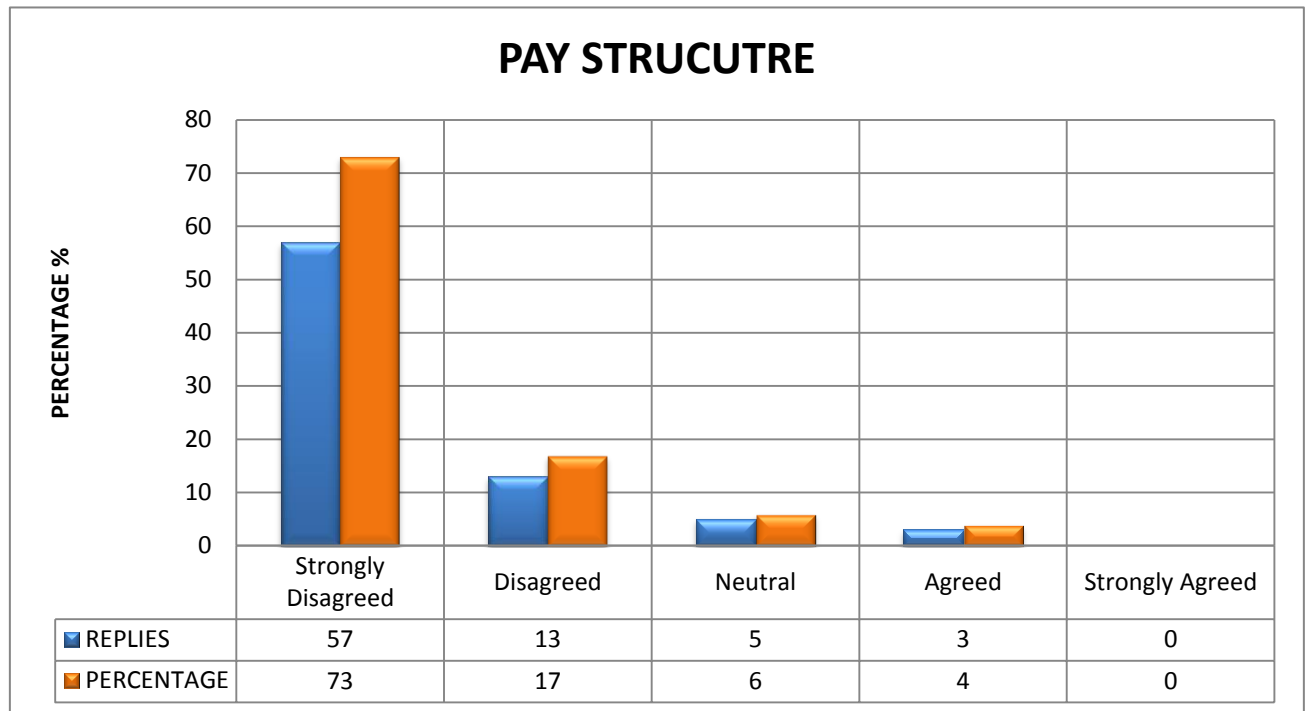
**5.4.2 Analysis.** Higher percentage of employees (62%) is not at all satisfied with the mid carrier training that they receive. Majority of training is focused on BPS-18 and above officers and the lower level staff is forced to learn from experience only. Major reason for adequate training is financial limitations. Since the organizations are non-productive there is not enough saving to be channelled towards this critical factor.

### 5.5 Pay Structure

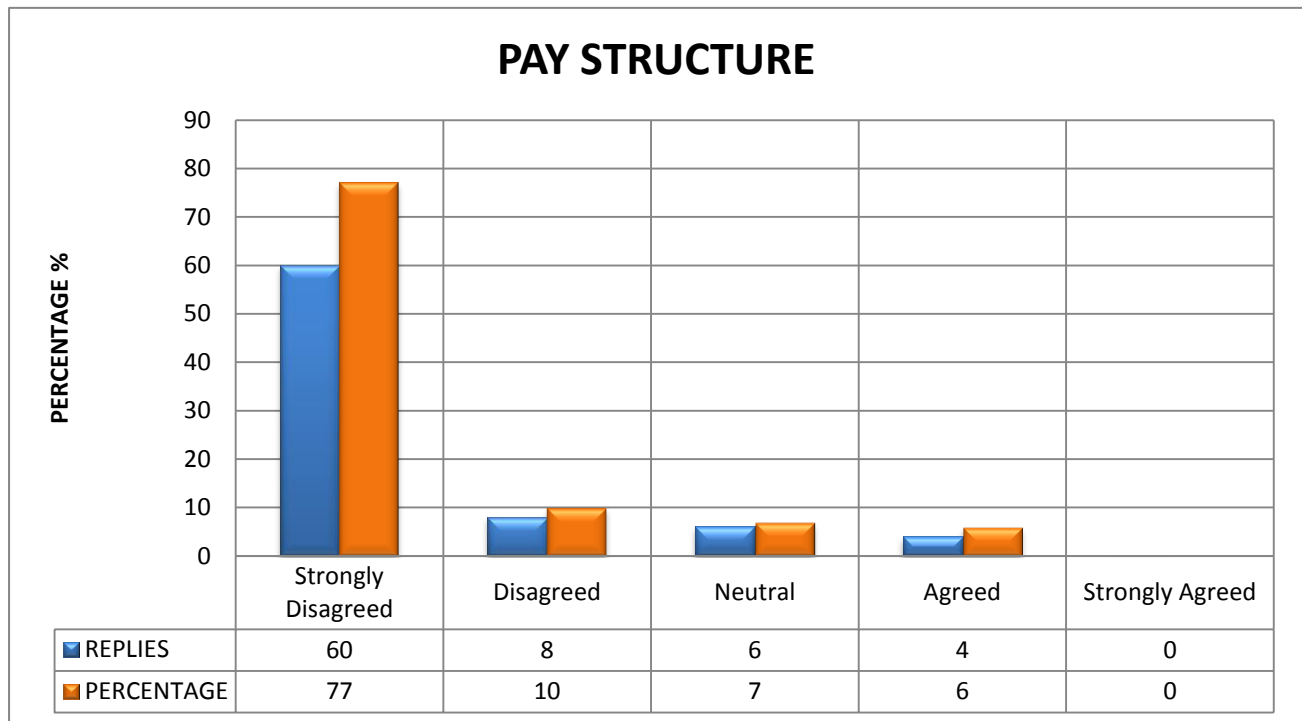
Q.6 Is your salary compatible with your job?



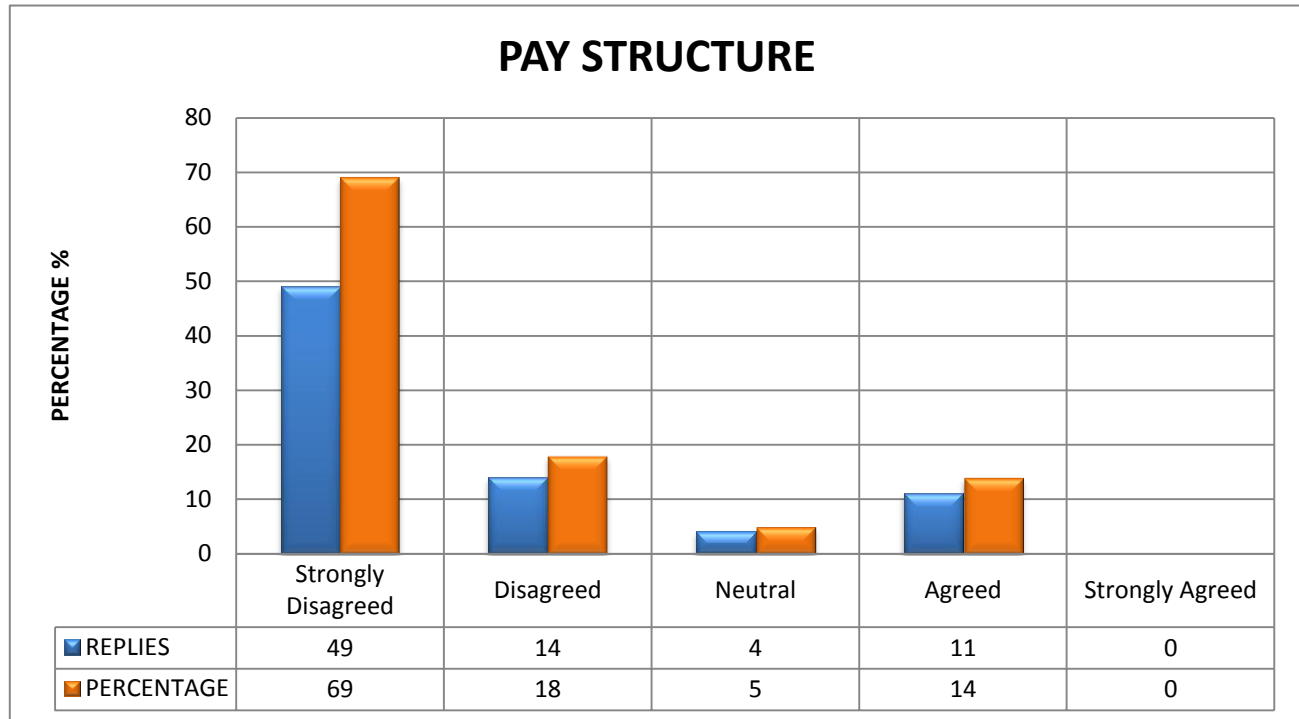
Q.7 Is your salary comparable with your counter-parts in the private sector?



Q.8 Will you be satisfied if there is a deduction in pay if you skip office more than authorized limit?



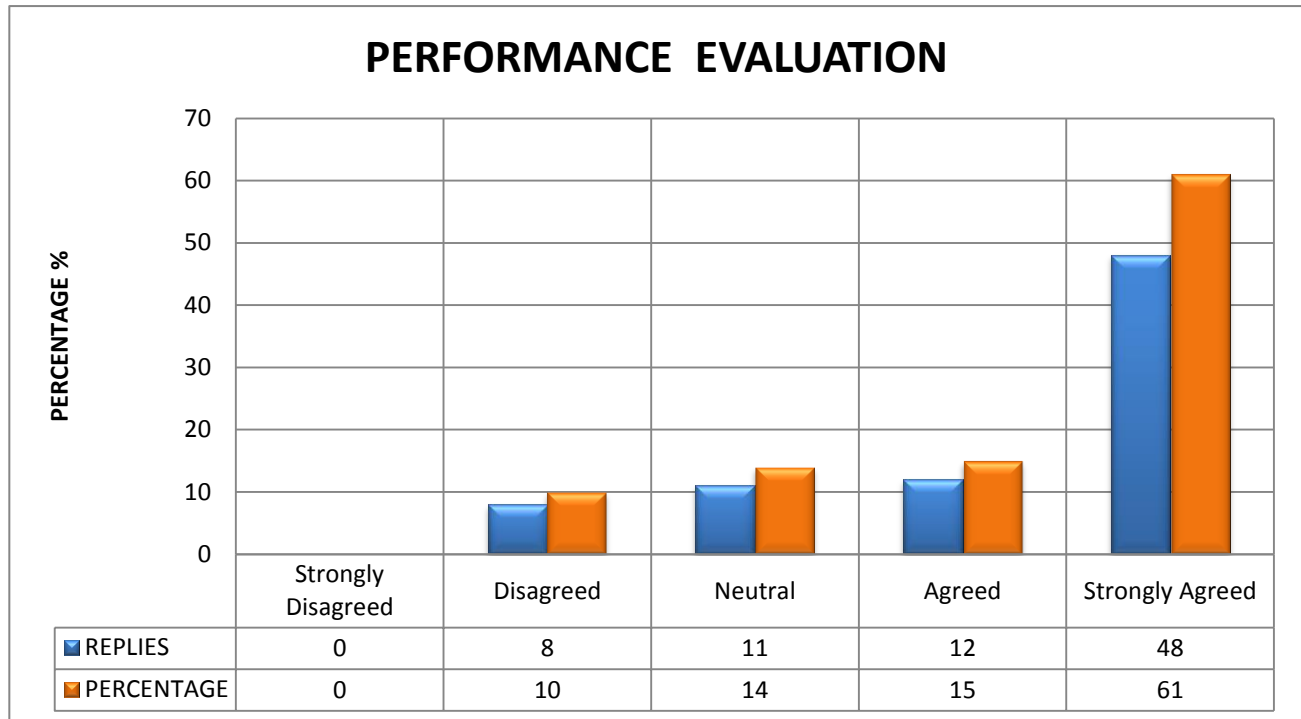
Q.9 Should your pay raise be performance based?



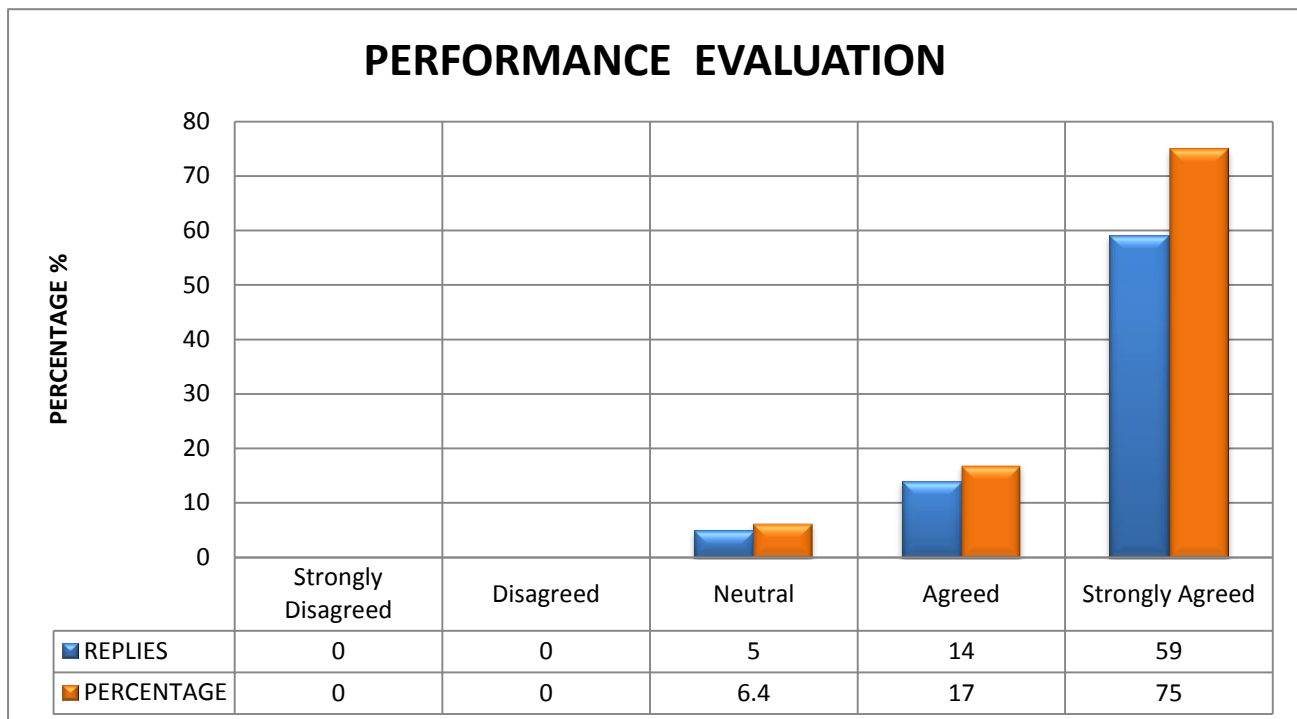
**5.5.1 Analysis.** These statistics make it very clear that there is a tendency in the Public Sector employees to remain absent from their organizations for more than authorized periods, which is a major contributor towards non-productivity. That's why for obvious reasons the majority of 80% employees are not in favour of monetary deduction subject to unauthorized absence and thus adds up to non-productivity. Similarly, they do not like their salary raise to be linked with performance as in that case they would have to work.

### 5.6 Performance Evaluation

Q.10 Are you satisfied with the current evaluation form and procedure?



Q.11 Are you satisfied with the characteristics like honesty, courage etc. in the evaluation form rather than job output and task achievement?

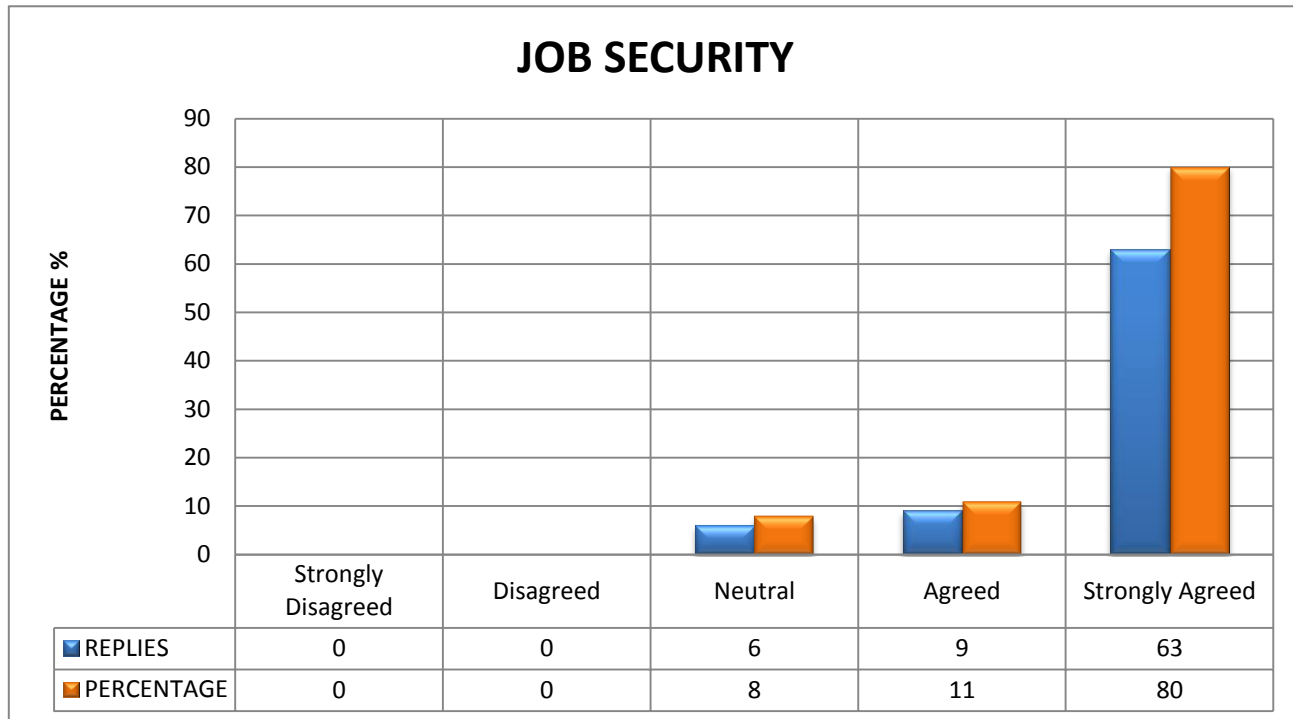


**5.6.1 Analysis.** The employees are satisfied with the current format of the evaluation forms because it enables them to perform below par and still manage to get promotions due to the vague and unambiguous format of the evaluation form.

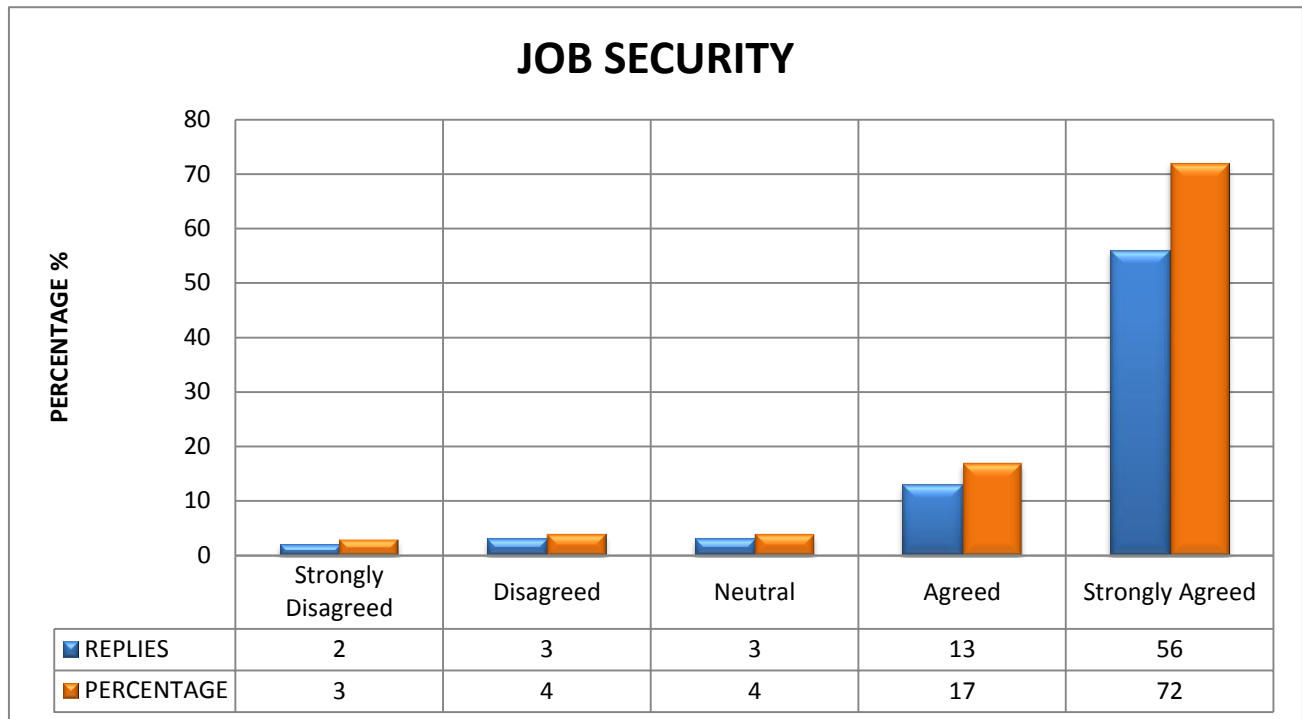


**5.7 Job Security**

Q.12 Do you feel secure about your job?



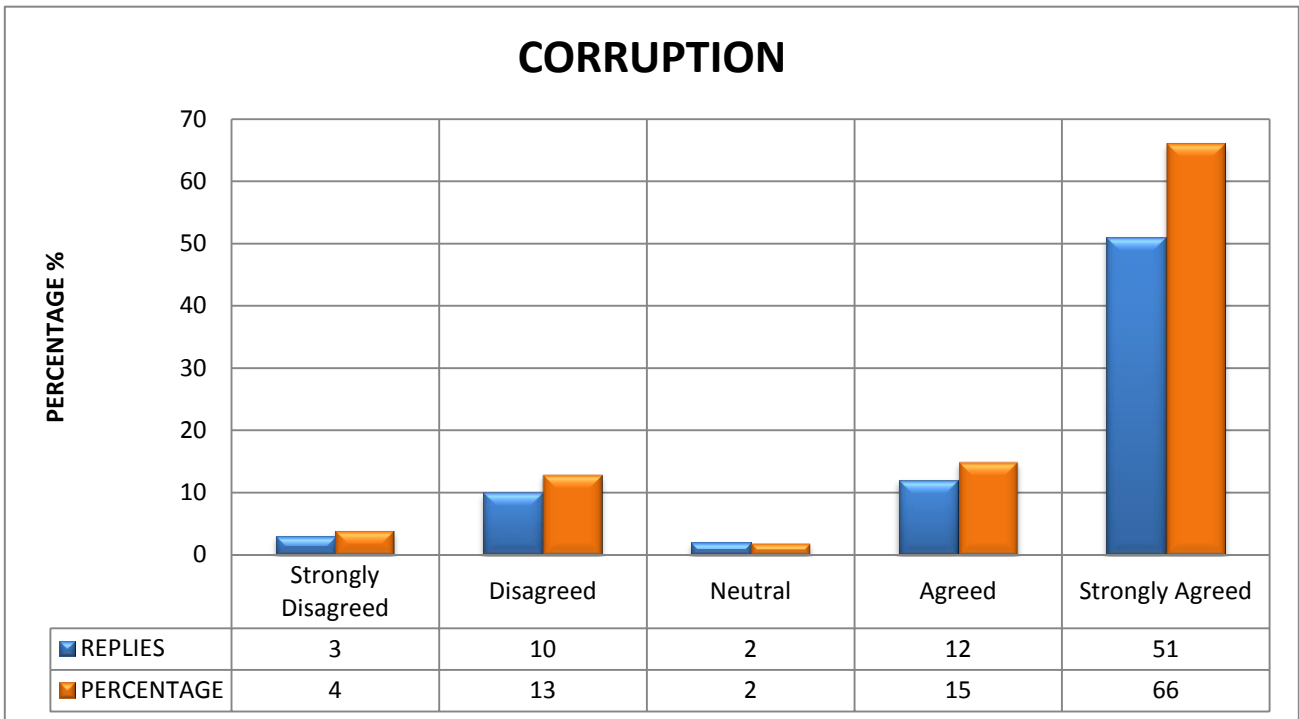
Q.13 In my organization, jobs are secured regardless of performance?



**5.7.1 Analysis.** As proved in previous analysis that due to the poor evaluation system, the Public Sector employees are sure of getting their fixed pay on first of every month. They are also assured that since their promotions and assessment is not directly linked to productivity, they have no major inter-organizational competition and thus feel very much secured about their jobs.

## 5.8 Corruption

Q.15 Is corruption affecting the productivity of your organization?



**5.8.1 Analysis.** 66% of the responded sample strongly agreed that corruption is one the biggest factor affecting the productivity of their organizations. Although there were some disagreement cases, but overall, they consider corruption as one of the reasons responsible for low performing of their organizations.

## 5.9 Statistical Analysis

The proposed model (shown in Fig. 3) was the basis to develop research hypotheses for understanding the causes of Pakistan public sector's non-productivity. The model specifies directional relationships between the independent and dependent variables. Since the data (shown in Fig. 3) consisted of nominal variables, Chi- square tests were used to check the

statistical significance in order to know whether there exists a relationship between variables or not? Significance level of .10 was taken as the datum for assessment of relationship between the variables. Each of the developed hypotheses had been reviewed to ascertain the support for it. Chi-square tests were accomplished using the Statistical Package for the Social Sciences (SPSS 22).

### 5.10 Chi-square Tests' Results

The results of the Chi-square tests are summarized below in a way that each pertinent hypothesis is restated and the data analysis reviewed.

#### 5.10.1 Hypothesis 1. Poor Management practices have relationship with the non-productivity in public sector of Pakistan

**Crosstab**

Count		Management				Total
		strongly Disagreed	Disagreed	Neutral	Agreed	
Non-productivity	strongly Disagreed	42	9	3	6	60
	Disagreed	6	2	0	1	9
	Neutral	3	0	0	1	4
	Agreed	5	0	0	0	5
Total		56	11	3	8	78

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.615 <sup>a</sup>	9	.867
Likelihood Ratio	6.701	9	.668
Linear-by-Linear Association	.624	1	.429
N of Valid Cases	78		

The first hypothesis was not supported by the data. The relationship of management and non-productivity determined by the chi-square tests was not statistically significant (sig=.867). Pearson Chi-square value was 4.615. Thus, there is no significant relationship to support the hypothesis.

**5.10.2 Hypothesis 2.** No merit-based Recruitment has a relationship with the non-productivity in public sector of Pakistan

**Crosstab**

Count

		Recruitment				Total
		strongly Disagreed	Disagreed	Neutral	Agreed	
Non-productivity	strongly Disagreed	47	10	2	1	60
	Disagreed	9	0	0	0	9
	Neutral	1	0	2	1	4
	Agreed	4	1	0	0	5
Total		61	11	4	2	78

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	29.433 <sup>a</sup>	9	.001
Likelihood Ratio	17.598	9	.040
Linear-by-Linear Association	1.665	1	.197
N of Valid Cases	78		

The second hypothesis was supported by the data. The relationship established by the chi-square tests was statistically significant (.001) and the Pearson Chi-Square value was 29.433. Therefore, the relationship proves the support for the hypothesis.

**5.10.3 Hypothesis 3.** Incommensurate Pay structure has a relationship with the non-productivity in public sector of Pakistan.

Crosstab						
Count		Pay structure				Total
		strongly Disagreed	Disagreed	Neutral	Agreed	
Non-productivity	strongly Disagreed	52	4	1	3	60
	Disagreed	9	0	0	0	9
	Neutral	4	0	0	0	4
	Agreed	2	1	2	0	5
Total		67	5	3	3	78

#### Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	22.945 <sup>a</sup>	9	.006
Likelihood Ratio	13.681	9	.134
Linear-by-Linear Association	1.608	1	.205
N of Valid Cases	78		

The third hypothesis was supported by the data. The relationship between pay structure and non-productivity was statistically significant (.006) and surpassed the practical importance criterion of 0.10. In addition, the Pearson chi-square value of 22.945 indicated a relationship between the variables.

**5.10.4 Hypothesis 4.** Faulty Performance Evaluation has a relationship with the non-productivity in public sector of Pakistan.

**Crosstab**

Count		Performance Evaluation			Total
		Neutral	Agreed	strongly Agreed	
Non-productivity	strongly Disagreed	2	11	47	60
	Disagreed	0	0	9	9
	Neutral	1	2	1	4
	Agreed	0	1	4	5
Total		3	14	61	78

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	11.151 <sup>a</sup>	6	.084
Likelihood Ratio	10.432	6	.108
Linear-by-Linear Association	.507	1	.477
N of Valid Cases	78		

The fourth hypothesis was also supported by the data. The relationship between performance evaluation and non-productivity determined by the chi-square tests was statistically significant (.084). The Pearson chi-square value was 11.151.

**5.10.5 Hypothesis 5.** Job Security has a relationship with the non-productivity in public sector of Pakistan.

**Crosstab**

Count		Job security			Total
		Neutral	Agreed	strongly Agreed	
Non-productivity	strongly Disagreed	3	9	48	60
	Disagreed	1	0	8	9
	Neutral	1	0	3	4
	Agreed	1	0	4	5
Total		6	9	63	78

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	6.039 <sup>a</sup>	6	.419
Likelihood Ratio	7.234	6	.300
Linear-by-Linear Association	.567	1	.451
N of Valid Cases	78		

The fifth hypothesis was not supported by the data. Chi-Square tests did not yield a statistically significant relationship between these two variables with the practical importance criterion (.419). The Pearson chi-square value was 6.039.



**5.10.6 Hypothesis 6.** Corruption has a relationship with the non-productivity in public sector of Pakistan

**Crosstab**

Count

		Corruption					Total
		strongly Disagreed	Disagreed	Neutral	Agreed	strongly Agreed	
Non-productivity	strongly Disagreed	3	5	2	9	41	60
	Disagreed	0	1	0	2	6	9
	Neutral	0	0	0	0	4	4
	Agreed	0	3	0	1	1	5
Total		3	9	2	12	52	78

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	29.433 <sup>a</sup>	9	.001
Likelihood Ratio	17.598	9	.040
Linear-by-Linear Association	1.665	1	.197
N of Valid Cases	78		

The sixth hypothesis was supported by the data. The relationship was statistically significant (.001) and the Pearson chi-square value was 29.433.

## CHAPTER 6

### Way Forward for Pakistan

#### 6.1 Triggers of Productivity

There are currently strong external and internal pressures in place to increase efficiency in the Public Sector in developed as well as developing countries of the world (Tor Busch, 2009). The reason for these pressures is that the drag posed by Public Sector on development is very hard felt and thus prone to questioning in a democratic state.

Improving productivity is an art like medicine as it begins with diagnosis for which the practitioner needs instruments for determining the patient's condition. It depends on knowing the patient, the symptoms and common problems. The ability to choose from among treatments depends on familiarity with all the options, including their mechanisms, time frames, risks and side effects (A Stainer, 2010).

The success, in terms of growth and development, of the newly Industrialized Countries (Korea, Taiwan, Singapore and Malaysia) was attributed to the drastic reforms in the Public Sector irrespective of whether these were authoritative or democratic regimes. It was demonstrated that the essential element in the economic growth in these countries was the application of rule of law, transparency, accountability and strengthening of institutions and above all the involvement of the private sector-without comprising on the ownership (K Rais, 2009). China has also adopted the same model successfully.

## 6.2 Privatization– The Right Choice?

Privatization was an instrument for development in industrial and developing countries throughout the world and was seen as an important component of socio-economic reform programmes being implemented around the world. However recent trends and history has proved that privatization does not always pay dividends. Following are some advantages and disadvantages of privatizing state assets:

### 6.2.1 Advantages

**6.2.1.1 Improved Efficiency.** Private companies unlike a government firm, have a profit incentive to cut costs and be more efficient.

**6.2.1.2 Lack of Political Interference.** Governments are motivated by political pressures rather than sound economics. They are reluctant to get rid of the surplus workers because of the negative publicity. Private sector, however avoids political interference as they are very much focussed on the output.

**6.2.1.3 Long Term View.** A government may think only in terms of next election. Therefore, they may be unwilling to invest in infrastructure improvements which can benefit the firm in the long term. A private enterprise however can afford to plan and execute in the long term.

**6.2.1.4 Shareholders Pressure.** A private firm has pressure from shareholders to perform. If the firm is inefficient then the firm could be subject to a takeover. A state owned firm doesn't have this pressure.

**6.2.1.5 Increased Competition.** Often privatization of state owned monopolies occurs alongside deregulation – i.e. policies to increase the competitiveness of the market. It is this increase in competition that can be the greatest spur to improvements in efficiency. However privatization doesn't always increase competition as it depends on the nature of the market as well.

**6.2.1.6 Revenue Generation.** Revenue generation is the obvious outcome for the government as a short term benefit.

## **6.2.2 Disadvantages**

**6.2.2.1 Possibility of corruption.** The privatization process if not done with sincerity and transparency, leads to huge corruption. Recent privatization history reveals that due to personal gains, the highly profitable organization were privatized on throwaway prices which resulted in record looting of Rs700 billion (\$10.76 billion). When 51 per cent of Habib Bank Limited (HBL) shares were sold to the Aga Khan Fund for Economic Development in December 2004 for only Rs22 billion, its total assets were worth more than Rs570 billion (HBL had 1437 branches and another 40 in 26 countries; at most places, the bank owned the branch infrastructure as well).

**6.2.2.2 No backup support for private organizations.** There is nothing that backs up the private organizations, whereas government can back up its enterprises easily in terms of funds. There are more chances of bankruptcy in private organizations as compared to the government organizations.

**6.2.2.3 Threat of increased Unemployment.** Privatization often leads to layoffs as the corporate working demands optimizing the efficiency of organizations by rightsizing.

**6.2.2.4 Stripping off assets and real estate.** The government will lay off the assets with the aim that the companies buying will run them efficiently. But at times, some of the parties attempt to sale the land and the enterprise if it is more profitable compared to running it for production.

**6.2.2.5 Private sector lacks social support.** Every department cannot be privatized as some departments like police, traffic management etc. need social support which is available to the government only.

**6.2.2.6 Loss of State Control.** In case the agreement is not comprehensive, state may lose total control of these assets even in the time of need like contingencies.

### **6.3 Thinking outside the (Budget) Box Solution - Public Private Partnership**

An out of the box solution in lieu of privatization is the concept of Public Private Partnership (PPP). A Public-Private Partnership is a long-term contractual agreement between a government agency and a private partner for the delivery of goods or services. As partners, each party shares the potential risks and rewards inherent in the delivery of the goods or services including financial risks and responsibilities. Public-Private Partnerships are not privatizations because the government entity involved in the agreement retains control and ownership.

### 6.3.1 Advantages of PPP

The advantages of Public Private Partnerships (PPP's) include the following:

- a. Speedy, efficient and cost effective running of projects.
- b. Value for money for the taxpayer through optimal risk transfer and risk management.
- c. Efficiencies from integrating design resulting in construction of public infrastructure through financing, operation and maintenance/upgrading.
- d. Creation of added value through synergies between public authorities and private sector companies, in particular, through the integration and cross transfer of public and private sector skills, knowledge and expertise.
- e. Alleviation of capacity constraints and bottlenecks in the economy through higher productivity of labour and capital resources in the delivery of projects.
- f. Competition and greater construction capacity (including the participation of overseas firms, especially in joint ventures and partnering arrangements).
- g. Accountability for the provision and delivery of quality public services through a performance incentive management/regulatory regime.
- h. Innovation and diversity in the provision of public services.
- j. Effective utilization of state assets for the benefit of all users of public services.

### **6.3.2 Dis-Advantages of PPP**

PPP also involves potential disadvantages. PPP entails considerable agency costs, as it must be thoroughly cultivated, involved and managed in terms of planning, monitoring, and acceptance of loss of some control. Private and Public Sectors often have different goals, and organizational philosophies and cultures. Reconciling these differences in order to bring about the desired project results requires a strong commitment, and a clear vision regarding expectations and outcomes (Cliff Hardcastle, 2003).

### **6.4 Realization of PPP in Pakistan**

Ministry of Privatization has been channelling most of its time and energy in following the IMF economic policies in devising an improved Privatization Policy under the same theory. In the last government (2008 – 2013), the privatization policy was approved by the Cabinet Committee on Privatization and then ratified by the Cabinet as part of the Medium Term Development Framework (MTDF). The main objective of this policy was based on the concept of Public Private Partnership (PPP) to disinvest 26 % equity stake with management rights through a PPP model.

In this regard, in pursuance of rule 17(2) of the Rules of Business 1973, the PM had constituted the Cabinet Committee on Restructuring of Public Sector Enterprises (PSEs) in 2009 (Ishrat Hussain, 2010). In the first phase, the committee was to consider restructuring of the following eight PSEs:

- a. Pakistan Railways.
- b. Pakistan Electric Power Company (PEPCO).
- c. Pakistan International Airlines (PIA).

- d. Pakistan Steel.
- e. National Highway Authority (NHA).
- f. Utility Stores Corporation (USC).
- g. Trading Corporation of Pakistan (TCP).
- h. Pakistan Agricultural Storage and Services Corporation (PASSCO).

It is important to mention that the timeline for the completion of the restructuring was from 31 March 31, 2010 to 1 September, 2010, however due to the political reasons, nothing was achieved (Sana Khan, 2010) till the arrival of new political government in March, 2013. After taking over, the new government has also shown a resolve to privatize the white elephants of Public Sector but as usual, the matter is in long pipeline.



## CHAPTER 7

### Summary, Recommendations and Conclusions

#### 7.1 Summary

Public Sector productivity is an important factor for the economic performance of a country. There are three main reasons for why Public Sector productivity is crucial. First, the Public Sector is a major employer. Second, the Public Sector is a major provider of services in the economy, particularly business services (affecting cost of inputs) and social services (affecting labour quality). Third, the Public Sector is a consumer of tax resources. Changes in Public Sector productivity may have significant implications for the economy.

Though it is a complex process to ascertain the productivity of the Public Sector in terms of effectiveness – there is no doubt that the Public Sector of Pakistan is financially haemorrhaging. It is an inordinate burden on the national economy; thus requiring drastic reforms. The Public Sector faces the major problems of organization, HR management, performance evaluation, political hijacking and corruption.

There have been various attempts to privatize the Public Sector organizations but majority of the times, the transparency and the intent of the government has been in the limelight due negative reasons. With the new trends in developed and developing countries with regards to Public-Private sector collaboration, the concept of privatizing is being out-dated and hence is not a viable option. There are vast difference between the private and Public Sectors but there is much to be learnt by the Public Sector to yield effectiveness and productivity in it.

## **7.2 Proposed Solution/Recommendations**

### **7.2.1 Management/Organizational Issues**

- a. Bureaucratic and organizational reforms must be initiated to involve administrative and organizational innovations, conceptual innovations and system interaction innovations.
- b. A further study may be carried out for Public Sector organizations to determine the specific organizational structures and optimum employees' strengths and weaknesses.
- c. Considering the grey history of privatization in Pakistan, it is strongly not recommended. We must continue to implement the new concept of Private-Public partnership (PPP) in a fair and transparent manner.
- d. The new Board of Directors once in place must be given the powers to restructure and right-size respective organizations.
- e. Subsequently, information on costs, activity, productivity and outcomes should be improved. Baselines criteria should be set to the performance of the employees.
- f. Front-line staff, service providers and users must be involved in redesigning public services.

### **7.2.2 Recruitment/Training**

- a. The recruitment procedures must be made transparent and merit based.
- b. The involvement of government in the selection process must be eliminated and should not be used a tool for political compensation.
- c. Focused training at the lower and middle tier be increased to develop efficient and skilled work force.

### **7.2.3 Pay Structure**

- a. Similar to the private sector, the pay structure must be performance based rather than being entitlement based.
- b. Bonuses should also be linked to productivity and efficiency to enhance the morale and output of the work force.
- c. The pay scales should be raised gradually after right sizing to attract and retain top talent from the HR pool.

### **7.2.4 Performance Evaluation / Job Security**

- a. Continuous assessment of top level management.
- b. The performance evaluation forms needs to be revised and assessment traits be directly linked to productivity and efficiency.
- c. A separate study may be conducted to ascertain the contents of this

proposed evaluation form. Consequently, it will bear significant effect on HR management.

d. The MDs must have the authority to fire non-productive and reward productive work force without any political interventions.

### **7.2.5 Corruption**

a. A very positive and strong will is required by the government to eradicate corruption.

b. Drastic measures must be taken to identify and eradicate the deep routed corruption and an independent Public Sector Auditor must be established at the earliest.

c. Selection of the top management being critical must strictly follow the principles of competency, merit, consistency, transparency, fairness and diversity.

d. Subsequently, strong support by the government must be provided to take tough and bold decisions to expel the corrupt elements from Public Sector organizations.

### **7.2.5 General**

a. Tax Collection base needs to be broadened to provide requisite monetary support for drastic reforms in the Public Sector and plug financial loop holes.

b. Ensuring flow of performance analyses information through regular, informative, easy-to-use published reports. Mechanisms need to be in place to ensure that this information can be used as a catalyst to improving performance.

c. Alternative providers of services within the Public Sector may be introduced, thus improving competitiveness, efficiency, productivity and quality of services.

d. Internal security situation must be improved to provide feasible environment for foreign investment.

## **Conclusion**

The management system of Public Sector organizations is monolithic in nature and has loop holes particularly with regards to HR management and over centralization. The employees feel highly disempowered and consider their feedback is not taken to improve the system- which seriously affects morale. The recruitment systems in majority of public organizations are very biased and level of training is not satisfactory. Political compensation is a major criterion for governments in Public Sector recruiting. The employee's morale is seriously affected and the impetus to excel is lost. Pay structure is not subject to performance and there is no desire amongst employees to perform better than their colleagues and hence competition is discouraged. There is also a general feeling amongst Public Sector employees that they are paid less as compared to private sector counterparts which also results in demotivation.

The assessment of employees is still being done according to out-dated and old assessment forms. This assessment does not reflect the contributions of the employee towards the productivity of the organization. Thus, the assessment is mostly uniform and employees take their jobs for granted. Corruption is assumed to be the leading contributor towards Public Sector non-productivity.

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### **Abstract**

Governments all over the world are responsible to manage the public resources in the most efficient and effective way in order to benefit the public to its maximum. The role of the Public Sector thus gets importance not only for the smooth running of government but also for the welfare provided to the public. Unfortunately, Pakistan after its independence is suffering from political instability, poverty, lawlessness, injustice, social and economic disparities. The same effects reflect on the Public Sector of Pakistan which is inefficient and non-productive mainly due to political interferences, lack of transparency, low wages and large unskilled workforce. Thus instead of contributing to the economy, the Pakistan's Public Sector has become a burden on the economy where government is spending the money to keep the Public Sector's enterprises running. This paper will endeavour to find the underlying reasons for the non-productivity of the Public Sector and to suggest some recommendations in order to make it productive.

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## Özet

Tüm dünyada hükümetler, maksimum kamu yararı amacıyla en verimli ve etkin şekilde kamu kaynaklarını yönetmek için sorumludur. Kamu Sektörünün rolü dolayısıyla hükümetin düzgün çalıştırmak için değil, aynı zamanda kamuya sağlanan refahı için değil, sadece önem kazanmaktadır. Ne yazık ki, Pakistan, bağımsızlık sonrası siyasi istikrarsızlık, yoksulluk, hukuksuzluk, adaletsizlik, sosyal ve ekonomik eşitsizlikler muzdariptir. Aynı etkiler siyasi müdahalelere, şeffaflık eksikliği, düşük ücretler ve geniş vasıfsız işgücünün başlıca nedeni verimsiz ve üretken olmayan Pakistan'ın Kamu Sektörü yansıtmak. Böylece yerine ekonomiye katkı, Pakistan'ın Kamu Sektörü hükümeti çalıştıran Kamu Sektörünün işletmelerin tutmak için para harcama ekonomi üzerinde bir yük haline gelmiştir. Bu kağıt Kamu Sektörünün olmayan verimlilik için yatan nedenleri bulmak ve verimli hale getirilmesi için bazı öneriler önermek için çalışacağız.