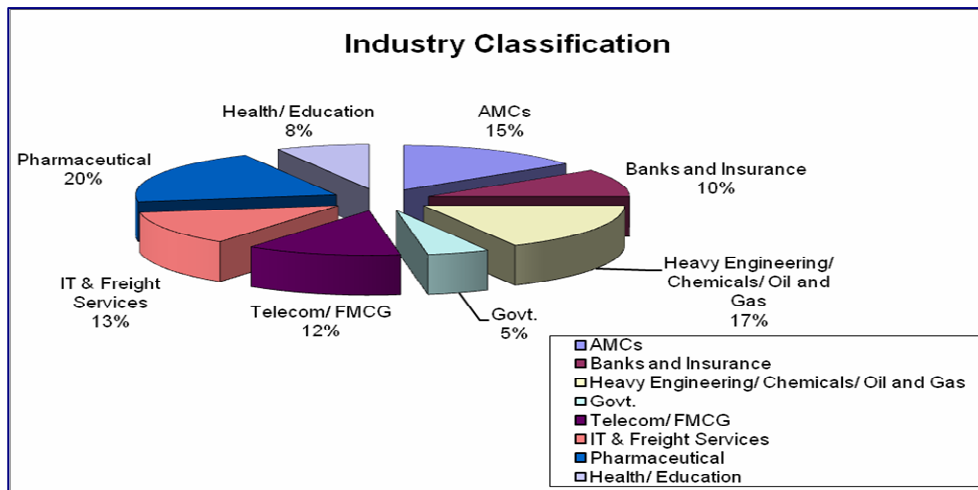


HR Benchmarking Survey 2008

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Sidat Hyder Morshed Associates conducted an HR Benchmarking Survey on HR Practices in Pakistan (HRBS 2008) in June and the results were made available in August. 39 companies representing various sectors participated in the survey. Major participating sectors included Banks & Insurance, Heavy Engineering, Oil & Gas, FMCG, Asset Management Companies, Telecoms, Pharmaceutical, High Tech and Health and Education. The key trends were also shared with the HR and Business Community on 12 August, 2008 during a Seminar held at one of the local hotels in Karachi. About 39 prominent Pakistani, Multinational and Government organizations participated in the comprehensive survey representing various sectors. Some of the survey respondents also kindly shared their "HR Success Stories" where they identified specific HR initiatives taken by their organizations which were regarded as successful. The survey was a follow up to the HRBS 2006 survey which also enabled some trend analysis and is geared to capture the current state of HR related practices in organizations operating in Pakistan.



Some of the **key trends** identified included the following:

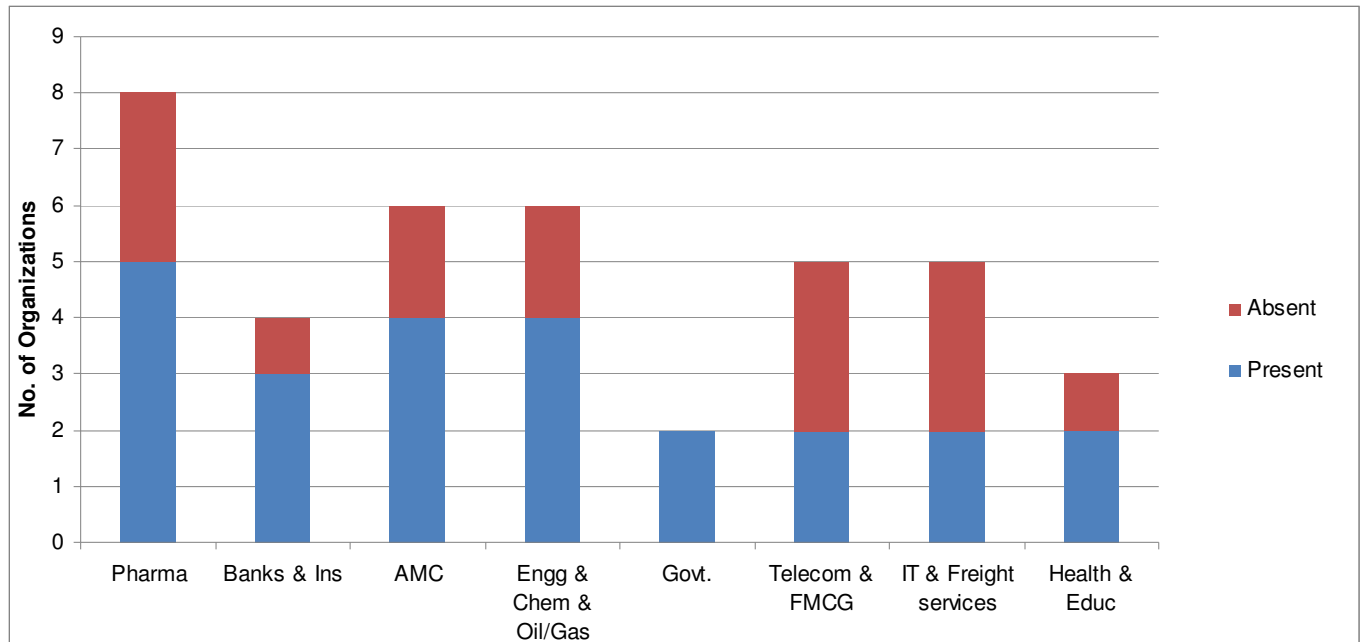
1. **Increase in Power of HR:** There seems to be an increase in the influence of HR functions, with the Head of HR almost always reporting directly to the top man in the organization. There is an increased specialization with the number of MBA-

HRs in every HR department going up and many HR departments have their own HR Mission and Vision statements as well as a key position in planning and budgeting for HR initiatives.

2. **Greater Accountability of HR:** There is an increase in the accountability of the HR department and the most common expectations of the CEO from the HR department are, in order of priority, as follows:
 - i. HR policy should be in place
 - ii. Employee turnover should be as desired
 - iii. Recruitment turnaround time should be minimized
 - iv. Performance management should be timely
 - v. Updated job descriptions should be present
3. **Dynamic Organization Structure:** Organization Structure is becoming more dynamic and 47% respondents felt their organization chart will change dramatically in the next 2 years
4. **No Change in HR Outsourcing:** There is no change in the trend for outsourcing HR activities. About 60% respondents only partially outsource their HR activities (mostly recruitment and training services) while a huge 40% do not outsource any of their HR activities at all.

Outsourcing of

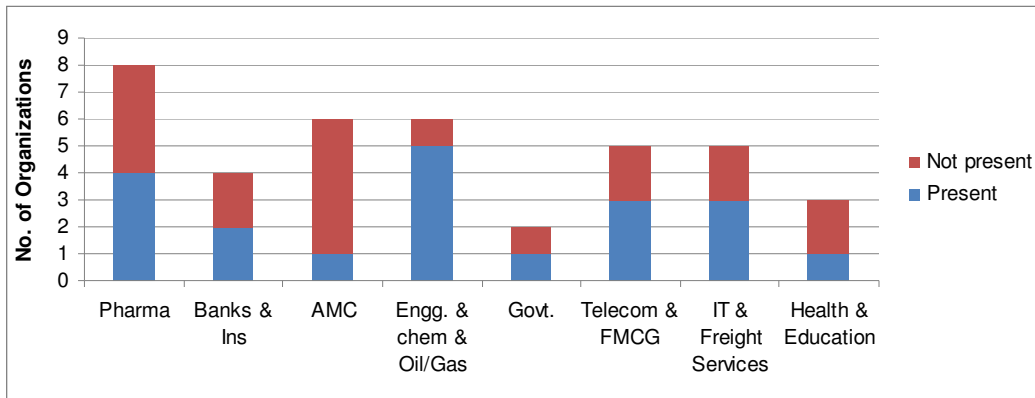
HR Activities



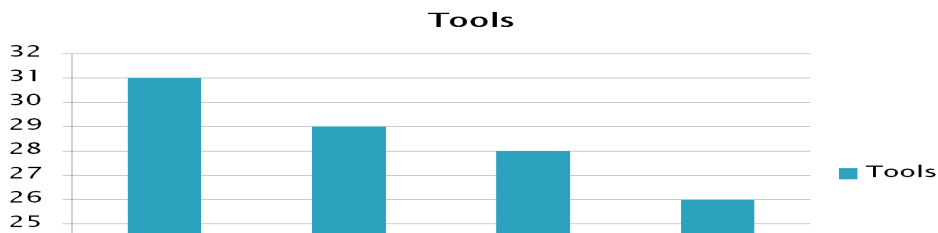
5. **Increased Focus on Work Life Balance:** There is an increased focus on work-life balance and many 'extra' facilities are routinely being offered to employees such as subsidized lunch (64%), mosque facilities(56%), pick and drop for females (51%) and some others such as gym at office premises (26%) and day care facilities (10%)
6. **Increased use in Technology:** There is an increased use of technology in organizations and email (95%) and company intranet (67%) are very common. Other tools are also quite commonly used such as teleconferencing (67%), video conferencing (46%) and sms (51%). Less common are online forums and virtual work groups but there is a great interest in using these more in the future.

7. **Employer-Employee Relationship becoming more Transactional:** Only about half of the respondents reported that they would never pay out notice period as a matter of policy, others admit that they would do so if the situation required. Counter offers are also on the rise (only 15% respondents reported that they never practice this). Senior managers are also re-hired by 44% of the respondents.
8. **Greater formalization of informal HR practices** e.g there is a rise of 20% in practice of formal succession planning.

Presence of Formal Career Planning



9. **Traditional Training Methods found Most Effective:** Most effective training methods were thought to be i) On job training, ii) External courses, iii) In-house courses and iv) Seminars/Conferences. It was also identified that managers at all levels need more soft skills training.



10. **Widespread Dissatisfaction with Employee Turnover Rates:** Only around 30% respondents were satisfied with their current level of employee turnover. About half the respondents wished they had lower turnover than they currently do while only 3 respondents wished they had higher turnover than they currently have.