

Bi-Cultural Reflections of HR Strategies of Pakistani-Owned Enterprises in the UK

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Abstract

This paper explores bi-cultural reflections of HR strategies and practices of Pakistani-owned enterprises in the UK. The study was aimed to discover some facts about Pakistani entrepreneurs' rationale in hiring and keeping talent with them in the UK's multicultural business environment. The topic of the research was investigated through questionnaire-based field survey around randomly selected 50 enterprises and 165 respondents located in major cities of the UK. The study revealed that Pakistani origin entrepreneurs are playing their role as bi-cultural mediators to grow, compete and succeed in the UK. Their dual socialization as Pakistani and UK citizens helped them to make their business entities attractive for both Asian and white British communities. Their HR practices were particularly influenced by cultural factors. They were inflexible, formal, professional and disciplined like white British, and flexible, tolerant, informal and social like Asians. Bi-cultural reflections of these enterprises provided them a wider platform to ensure more and more acceptability and adjustability in a highly competitive market of the UK. Despite financial and administrative limitations, Pakistani enterprises are moving forward in managing knowledgeable and skilled people with them. The findings of the study provide some practical lessons to SMEs in the UK in general and ethnic minority SMEs in particular.

Key words: Culture, HRM, Enterprises, Religion, Values, Ethnicity, recruitment, employment relations, motivation, discipline, UK, Pakistan

1. Introduction

The main themes of this research paper revolve around bi-cultural reflections of Human Resource strategies and practices of Pakistani-owned enterprises in the UK. The paper was aimed to discover Pakistani entrepreneurs' role as by-cultural mediators in shaping their HR approaches to survive, grow and compete in the UK's multicultural business environment. The study revealed that Pakistani entrepreneurs in the UK were making a blend of Asian and British culture in managing their employees at work. Instead of keeping them limited to Asian or British culture, they were taking limelight from both cultures to design and implement their recruitment, selection, compensation and performance management strategies. Despite having majority of their employees from Asian backgrounds, they were also inclined to hire some employees from African, European and white British backgrounds. They were aimed to keep people from diverse backgrounds to attract customers from wider communities and to achieve the status of mainstream companies. Multi-lingual communication pattern was another distinct feature of these enterprises. There was frequent use of Asian (Urdu, Hindi, Bengali and Punjabi) and English Languages. This trend was hardly seen in white British companies.

Performance Management practices of Pakistani-enterprises were found as a wider mix of Asian and British culture. Work schedules were more formal and organized at managerial and administrative level like white companies and flexible and informal like Asians at operating levels. They were found more disciplined at higher levels and less disciplined at lower levels. Despite well set schedules and patterns of work like whites, comparatively they were more lenient and flexible in allowing people to attend their emergencies. Employees of Pakistani companies were seen attending their medical appointments and picking and dropping their children during working hours. It was a true picture of Asian culture. In these companies employees were comfortable in maintaining in their personal and professional life. With regards to pay & compensation structure, these enterprises adopted formal and organized pay methods (paying through cheques, bank transfers etc) and applied

government's minimum wage policies for permanent employees performing at technical and managerial positions. On the other hand, unlike white enterprises they adopted informal and cash in-hand schemes of payments at administrative and operating levels. Indeed, Pakistani entrepreneurs were pursuing hard to perform as bi-cultural mediator to ensure more and more acceptability and adjustability in UK's multicultural business environment. Instead of keeping them limited to Asian communities they were more interested in attracting wider communities to achieve competitive advantage in the market.

Analysis of the data revealed that Pakistani entrepreneurs in the UK were pursuing hard in developing a moderate image of their companies while taking positive and popular thoughts of people management from both British and Asian culture. They were gradually moving forward in building their image as professional, disciplined and organized enterprises like white Britain entrepreneurs. At the same time they were under influence of Asian culture while accommodating insights from Asian values and traditions. Pakistani enterprises because of their Asian centric products and services prefer to recruit majority of their employees from Muslim and Asian-ethnic backgrounds to provide better services to the customers from similar backgrounds. However, by the passage of time, they were gradually pursuing to apply diversity management (DM) and equal employment opportunities (EO) policies as per requirement of UK employment legislation. In line with above findings, the empirical investigation discovered a range of cultural factors such as religion, values, traditions, ethnicity, diversity, languages and communication patterns playing a pivotal role in evolving and shaping HR strategies of these companies. The entrepreneurs/owner managers of these companies are pursuing to establish a working environment where people can perform their respective roles and responsibilities according to their religious values and beliefs; where they can avail breaks during working hours to perform their religious obligations and where employees of these companies are allowed to enjoy paid leaves to celebrate their annual festivals. Respondents were found of the opinion that employees felt them more comfortable in the organizations where they were allowed to meet emergencies or to attend their urgent appointments during working hours; where they could satisfy their spiritual needs alongside their material needs and where they could manage to maintain a desired balance between their personal and organizational life.

With regards to rewards management data reveals that small companies preferred to apply equal rewards policy for the people working at the same level regardless of high or low performance for the organization; on the other hand medium companies prefer to apply performance based rewards even for the people working at the same level based upon their efforts and contributions. Islamic spirit of rewards is a common phenomenon in these companies. Paying higher than agreed rewards, loan without interest, paid breaks, paid holidays, non-refundable financial support to needy employees are few examples of Islamic culture of rewards in these companies. Overall employment relations in these companies are based on brotherhood, voluntary covers for each other at work, respect, trust, equality, flexibility, tolerance, optimism, appreciation and recognition. Employer and employee relations are based on low power distance, consultation, participation, mutual trust and cooperation. The terms boss and subordinate are rarely used in these organizations. The entrepreneurs/owners managers clearly acknowledged the role of Islamic values and Asian traditions in developing and strengthening employment relation in their companies. They asserted that a culture of respect and request is far better to win motivated and loyal employees in contrast to the culture of orders and dictations.

2. Research Questions

- Q1. How do cultural factors influence HR strategies of Pakistani-owned enterprises in the UK?
- Q2. How do Pakistani Entrepreneurs perform as bi-cultural mediators in balancing their HR strategies?
- Q3. What are implications of these experiences for the similar enterprises in the UK?

3. Research objectives

- To identify key cultural factors and their role in shaping HR strategies of Pakistani-owned enterprises in the UK.
- To discover HR strategies emerged out of mediating role of Pakistani Entrepreneurs in the UK.

- To explore key results and making them a source of knowledge and inspiration for similar entrepreneurs in the UK

4. Literature review

4.1 Culture and Human Resource Management

A brief review of literature revealed that HR strategies and practices of SMEs in the UK were under influence of cultural factors including religious values, traditions, beliefs, ethnicity, diversity languages and communication patterns (ACAS, 2009). These influences were seen more visible when employers had to make certain adjustments to various identities while recruiting people from a broader range of ethnic and religious origins and beliefs (Mitchell, 2006). The literature further revealed that employees of these enterprises were less concerned with pays and fringe benefits and more concerned to spend their time according to their beliefs, values and traditions. They preferred to work with those employers who had managed to satisfy spiritual needs of people while providing them quiet rooms to perform their religious contemplations. Indeed, caring for both the physical and spiritual health of the workforce is becoming a part of good business practice (Mitchell, 2006). The research shows that the freedom of religious practices in workplaces is playing an important role in improving recruitment systems, employees' morale at work, employee turnover and also building a positive image of enterprises in the wider communities. It has been suggested that religious practices at work places can contribute a lot in developing better interpersonal relations among employees (Home Office Survey, 2004). At the same organizations may face some issues about cultural practices at work such as, hijab (veil for women in Islam) in public places, to wear a crucifix at work and to leave early to reach home before Shabbat begins at sunset (Daily Telegraph, 2008). The entrepreneurs/owner managers of these enterprises need to understand these issues and resolve them to avoid any sort of potential conflict between employees. They should endeavor to develop "*consistent ethical culture*" throughout the organization to develop a conflict free working environment (ACAS, 2009). Despite important role of cultural factors in shaping HR strategies of SMEs, up till now quite a few research papers have been published in the area of culture and human resource management (SHRM, 2008; White, 2008).

4.2 Influence of diverse cultural backgrounds

As highlighted by the Society of Human Resource Management, people from diverse ethnic and religious backgrounds feel them more comfortable with each other in small business settings (SHRM, 2008). Therefore employers need to hire people from diverse backgrounds instead of hiring people from specific ethnic and religious backgrounds (Mitchell, 2006). According to Allen White, without recognizing the influence of cultural and spiritual traditions, company leaders may face unwelcome surprises from both employees and consumers. Ultimately it may damage confidence of investors on company management (White, 2008). According to Griffiths (2007), today's business organizations, be they small or large, need to be aware and take due care about values and beliefs of the people working with them. People convinced and committed to their faith and culture are more comfortable and loyal to those organizations whose organizational culture match with their cultural needs and expectations.

4.3 Becoming employer of choice

It has been suggested that employee wellbeing should be an important agenda of today's employers. Special programs need to be devised to fulfill needs and expectations of employees in the organization. To become employer of choice, employers need to introduce some incentives such as health and safety packages in addition to the agreed pay packages for their employees. Furthermore, according to emerging social and cultural realities, they need to address wider concerns such as work/home balance, stress at work and what are termed 'spiritual' needs of their employees. Literature reveals that strong moral and worker contentment often translates into higher productivity and more customer-friendly attitudes. Contrarily job performance can suffer if a worker's emotional well-being is neglected. Indeed, caring for both the physical and spiritual health of workforce is becoming a part of good business practice (Mitchell, 2006).

4.4 Conflict free working environment

Employees of smaller enterprises have been found with firm commitment with their religious values and beliefs; therefore, it is important for employers to recognize religion as integral part of their lives (Roomi and Harrison, 2008). Responsible employers understand the sensitivity of above listed issues and would wish to avoid conflict of interests between personal and corporate values. They should work hard to create and maintain a consistent ethical culture throughout the organization to develop a conflict free working environment by implementing the following (Miller, 2006):

- Welcoming, inclusive, affirming of all faith traditions.
- Recognizing and affirming the constructive role faith can play as an ethical anchor.
- Welcoming the whole person, body, mind and spirit
- Supporting an integrated, holistic life.

In addition to faith friendly guidelines and initiatives, the encouragement of networks as a means of promoting understanding is being increasingly regarded as good practice. These faith and inter-faith networks in the work place act as a channel to bring concerns to the attention of management, as well as an additional way of supporting individuals who have work, personal or family difficulties. It is pertinent to mention here that in US the growth in the faith and work movement has been significant (Miller, 2007).

5. Method

The study was undertaken through a field survey around different types of enterprises owned by Pakistani origin entrepreneurs in the UK. These enterprises are located in different counties/areas of the UK thickly populated with Asian communities. They were located through internet, UK-Pakistan Business Directory, UK-Pakistan Chamber of Commerce, local Borough Councils and personal visits. Target population was divided into two business categories – trading and services. There was simultaneous use of cluster sampling, simple random sampling and judgment sampling. An equal percentage of respondents was selected from all clusters included in both categories of enterprises. The researcher did his best to ensure that selected samples contain enough potential to represent total population. The survey was conducted with the help of a semi-structured questionnaire composed of a wide range of closed and open-ended questions.

Questionnaire was circulated through postal mails, emails, direct deliveries, self-administered face to face meetings. The questionnaire approach helped in gathering a wider mix of qualitative and quantitative data. To ensure validity (the extent to which the data accurately measures what they were intended to measure) and reliability (the extent to which the data collection method will yield consistent findings if replicated by others) of the data collected through field survey, the following measures were taken by the researcher as suggested by Saunders et al. (2007) and Pallant (2007).

- Well-written covering letter was enclosed with survey explaining purpose of questionnaire.
- Difficult terms and specialist language was strictly avoided.
- It was duly managed to convey only one meaning by every question.
- There was no use of negative words to avoid any sort of misinterpretation.
- Instead of mixing questions, it was managed to ask one questions at a time.
- Only questions relevant to the research were added.
- The questions requiring calculations were strictly avoided.
- Leading and value-laden questions (implying required answers) were avoided.
- Offensive / insensitive questions leading embarrassment were avoided.
- Difficult questions putting respondents in difficult situation were avoided.
- The researcher tried his best to keep questionnaire as short as possible but ensured to cover all relevant questions.

6. Findings

6.1 Recruitment: Majority of respondents (82 %) were found of the opinion that recruitment process of these companies was clearly influenced by a number of cultural factors including religious values, ethnicity, diversity, languages and communication patterns. They preferred to hire and keep people from Muslim and Asian ethnic (with dominant majority of Pakistanis) backgrounds. Similarly, they favored to have employees with multi-lingual communication patters. Around 70 % respondents suggested that Asian-ethnic people with an Islamic background, having multi-lingual communication patterns helped in understanding and dealing with customers as majority of them belonged to similar backgrounds. However, by the passage of time Pakistani entrepreneurs have recognized the fact that Islamic and Asian-ethnic preferences have narrowed their scope to become mainstream companies. Now there is a clear shift of mind and they are inclined to have people from diverse backgrounds. A number of Pakistani-owned enterprises have been seen with different religious and ethnic background such as Muslims (Pakistanis & Bengalis), Hindus (Indians), Christians (British by origin) and Jewish (British by origin). They are balancing their recruitment process to ensure more and more acceptability and adjustability in the UK's multicultural business environment.

6.2 Training: As mentioned above, Pakistani entrepreneurs were gradually moving forward to have people from diverse backgrounds to attract attention of wider communities. Despite having majority of employees from Asian backgrounds, they were also hiring people from African, European, and British backgrounds. The diversity trends in these enterprises compelled them to incorporate some social and cultural events in their training activities. Over 50 % respondents were found of the opinion that ethnic and religious conciliation and harmony is very much important to strengthen working relations among employees. It also contributes in developing conducive working environment in organizations. The primary data further revealed that Pakistani companies were used to arrange some formal/informal cultural events (such as seminars, inter-faith discussions and workshops) in their premises to familiarize their employees about features of cross-cultures to improve relations among different stake holders. The objective was to develop a moderate and balanced behavior among employees to recognize and respect each other's thoughts, beliefs and traditions. Cultural mediation was found as an important agenda of these enterprises to survive and grow in the UK's multicultural business environment.

6.3 Performance Management: The empirical investigation discovered that performance management practices of these enterprises were under direct influence of cultural factors including family culture, ethnicity, religion, beliefs and traditions. *Joint family system* is a common phenomenon of Pakistani families in the UK. Because of this system, there is acute interdependence of family members with regards to their economic and social matters which has directly influenced Asian-ethnic employee's punctuality and commitment to their jobs. Because of shared responsibilities to deal with household matters, they are facing difficulty in managing a required balance in their family and professional life. The entrepreneurs were found concerned about these issues and taking some appropriate measures to maintain a desired level of work-life balance in the interest of employees. Employees are allowed to attend their important appointments during working hours. They are facilitated to avail paid leaves in the case any unusual circumstances faced by them. As reported by 70 % survey participants, work rotas remain flexible and adjustable according to their personal conditions. They were allowed to perform their religious functions during working hours. The majority of respondents were of the opinion that the impact of cultural factors had a positive influence on overall performance of these companies. With regards to organizational structure and operations, these entrepreneurs were found in pursuing a balance between formalization and in-formalization, centralization and decentralization, individualism and collectivism, high power distance and low power distance. At managerial and technical levels they were found formal, organized, inflexible and centralized with high power distance like whites; whereas, at administrative and working levels they were found informal, flexible, decentralized with low power distance from employees like Asians. They were clearly avoiding keeping them strict with any specific organization culture (British or Asian). The data collected for this study further revealed that unlike white companies, a flexible and tolerant approach to discipline was preferred in Pakistani companies. They avoided using strict and inflexible rules and

regulations to control and correct behavior of their employees. The respondent companies (as reported by 65 % respondents) avoided any type of unilateral and speedy measures against wrong doings/misconduct of employees. However, disciplinary measures were taken as a matter of last resort because of repeated mistakes and negligence of employees. The overall disciplinary conduct of these enterprises could be seen as an offshoot of Islamic principles and values. Because of Islamic perspective the majority of the entrepreneurs/owner managers of these enterprises, they did not wish to impose any type of strict control over people or subject them to fear of punishment. Instead of disciplinary measures they preferred to use moral and social influence on their employees to correct their behavior and improve their performance at work.

6.4 Rewards management: Around 70 % respondents clearly acknowledged the role of religion in shaping rewards system of these enterprises. The respondents divulged the role of religious influences in paying more than the legal minimum wages. A number of entrepreneurs/owner-managers quoted the saying of the Prophet Muhammad (PBUH), *'pay their wages before their sweat dries'* – and pledged to pay people regularly and without any delays as directed by the Holy Prophet. The data revealed that Pakistani-owned SMEs made efforts to ensure economic welfare of the employees working for them. 56% respondents listed a number of *'special payments'* being granted by these companies over and above than normal wages. These include Qarz-e- Hasna (A loan without interest), Eid/Dewali/Charismas bonuses (special payments on annual religious holidays), marriage/death bonuses and contingency collections (within company premises) for unforeseen expenditures of employees. They especially mentioned the Islamic spirit behind these financial packages for deserving employees. Some of them quoted meanings of two Holy Verses from Holy Quran as: *'spend for Allah Almighty for those who deserve'* *'look after poor and dependants to please Almighty Allah'*, and expressed their heartfelt desire to look after their employees according to Quranic teachings. The above referred special payments were rarely seen in white companies.

The primary data further revealed that Pakistani entrepreneurs were neither formal like white companies, nor informal like Asian companies in paying rewards to their employees. They were paying on weekly or monthly basis through cheques/bank transfers to their permanent employees; whereas, they had applied variable paying schedules for their temporary, part-time and contract employees. Majority of these employees were being paid through cash-in hand basis instead of bank transfers. Similarly, majority of people performing at higher positions were receiving fixed pays; on the other hand, majority of people performing at lower positions were receiving variable pays according to the nature of their work and work schedules. Indeed, Pakistani entrepreneurs were in pursuance of mixed rewards system while making a blend of both white and Asian styles of rewards/pay structures.

6.5 Employment relations: Analysis of the data revealed some specific features of employment relations in these enterprises. According to 73 % respondents, employer to employee and employee to employee relations in these enterprises remained formal at managerial and technical levels where people were performing some specialized roles; whereas, at administrative and lower levels employment relations in majority of these enterprises remained informal where people were deputed to perform generalized roles. In other words, Pakistani-ethnic entrepreneurs were more moderate and balanced as compared with white entrepreneurs who were more inclined to establish formal relations. Similarly, employer and employee were found close to each other while performing their respective roles in the organization. The evidence received from 77 % respondents, reflected very close and consultative relations between both parties. Employees were entrusted with important assignments and were closely supervised and supported by their managers. On the other hand in some cases a culture of high power distance was found in these enterprises. In big Pakistani companies managers kept their distance from subordinates and so were socialized less with them. Widened power distance was also reported between top and middle management and similarly between middle and lower management.

Employees to employee relations in most of these enterprises were based on collectivism. Around 70 % respondents mentioned team work, a broad skill base, cooperation, help and support as main features of

collectivism in these companies. However, a mixed trend of individualism and collectivism was highlighted in big enterprises. Respondents reported strong individualism at managerial level, a mix of two at administrative level and strong collectivism at operational level. Overall relations in these enterprises were under influence of both – Asian and British culture. It was not possible for them to keep themselves limited to any specific culture. The influence of Islamic culture on employment relations was quite evident in these enterprises. Islamic spirit of 'brotherhood' was found as the essence of mutual relations in these companies. In the light of holy instructions of the Holy Prophet, these organizations aim to develop a culture of 'mutual interest' and 'mutual respect' instead the culture of self-interest only.

7. Key Findings

- There is positive relationship between cultural factors and HR strategies and practices of Pakistani-owned enterprises in the UK.
- Cultural influences on HR strategies have contributed in growth and development of these enterprises.
- The trend of hiring and keeping people from diverse backgrounds has contributed in widening scope for them to penetrate into wider communities.
- Inter-faith participations and interactions contributed in developing religious, communal harmony and strengthening relations among employees.
- Influence of Islamic values and Asian traditions has enhanced commitment and loyalty among employees.
- The cultural influences have developed an amicable and conducive working environment in these enterprises.

7. Conclusions

The empirical investigation undertaken around a wider group of Pakistani enterprises in the UK revealed that cultural influences on HR strategies have contributed in strengthening overall employment relations in these enterprises. To survive and grow in the UK's multicultural business environment Pakistani-owned firms are gradually moving forward to sell wider mix of products and recruit people from diverse backgrounds. The objective is to attract customers from wider communities instead of keeping them limited to Asian customers. These companies are pursuing to reflect their image as well balanced and moderate companies. At higher levels they are formal, inflexible and well-disciplined like Whites, and at lower levels they are informal, flexible and less disciplined like Asians. Mediating role of Pakistani entrepreneurs in making blend of both Asian and British cultures has ensured more and more acceptability, adjustability and compete-ability for these enterprises. The study provides some useful lessons to other ethnic minority enterprises to take advantages of positive and enlightened aspects of both cultures to become mainstream companies. They need to hire and keep people from diverse backgrounds to survive, grow and compete in the UK's multicultural business environment.

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