

Determinants of Public Sector Employee's Performance in Pakistan

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ABSTRACT

Public sector performance is focus of researchers since many years. The reason behind this is the difference of efficiency level between private and public sector organizations. The study investigates the determinants of public sector employee's performance for the case of Pakistan. Data has been collected from 350 public sector officials belonging to various ministries of government of Pakistan. Multiple regression analysis technique has been used to analyze data through SPSS 17.0 version. The study found significantly positive effects of higher wages on public sector employee's performance, moreover positive relationship was also found between enforcement of rules in the department, transparency of decisions in the department; meritocracy, honesty and lack of resources with public sector employee's performance. Whereas, politicization of decision in the department and lack of voice of employees in the decisions of top management are having negative effects on the performance of public sector employees. The findings of this study are useful for policy makers concerned with improvement of public sector employee's performance and future researchers on this topic.

Keywords: Public sector, employee performance, politicization, meritocracy, Pakistan.

Paper Type: Research Paper

INTRODUCTION

Economic prosperity and widespread social welfare are the outcomes of good governance. Governments in any part of the world are charged with the responsibility to manage the public resources to generate maximum public good. In new public management citizens are as important to government agencies as customers for business entities. The main role of the government agencies is to provide better welfare facilities to public and to develop a sense of ownership among the public towards government and the country. Numbers of researches have been conducted on public sector performance measurement. Various models have been presented which included factors like civil servants wages, internal enforcement of rules, and autonomy of agency, external voice, transparency and politicization as variables that affect quality of public sector performance. This research aims to identify the factor that motivates or hinders the civil servants to perform efficiently. The factor thus identified could be focused in order to enhance the performance of civil servants and overall performance of the public sector in Pakistan.

In Pakistan the governance conditions are worst than most parts of the world. Pakistan Economist Intelligence Unit has ranked Pakistan on 7th number out of 170 countries in their Political Instability Index in 2007. The World Bank has stated in its reports that Pakistan's bureaucracy is having structural problems. Although plenty of efforts have been made to improve governance but politicization is the main obstacle in implementing policies to establish culture of merit in Pakistan. The Transparency International Pakistan in its National Corruption Perception Survey (NCPS 2009) stated that corruption in last three years has increased by 400% in Pakistan. According to respondents the civilian governments are more corrupt than past military governments in Pakistan. The main reasons of corruption were lack of accountability, lack of transparency and discretionary powers. Pakistani state has been declared as 'military-bureaucratic complex' by Alvi (1986) 'elitist' by Hussain (1999) and 'bureaucratic' by Niaz (2007).

Stephen M. L. during his visit to Pakistan observed and commented on bureaucracy of Pakistan. He stated that indigenous bureaucracy was not intended to be neutral. Today in Pakistan many sections of government can be found which are subjugated by single families. Bureaucracy is amazingly complicated by different rules and regulations. While dealing with bureaucrats it requires some personalized relationships and third party intervention to get work completed in appropriate time. The accumulated effects of poor governance in Pakistan are the social unrest prevailing in the citizens of Pakistan caused by the electricity, flour, sugar and other number of crises. Lots of differences are prevailing between the provinces and different ethnic groups. The people are spending miserable life due to mess of crises in Pakistan, whereas the political parties, bureaucrats, military officials, landlords and businessmen are minting money at the cost of poor citizens of Pakistan. INSEAD, Europe's top business school, has newly published the recent edition of its Global Innovation Index 2008-2009, which benchmarks the world's most innovative economies. Pakistan has been ranked at 93 out of 130 countries of the world.

Pakistan is also not having good relationships with its neighboring countries, especially with India and Afghanistan owing to its issues of terrorism. Stock markets of Pakistan have crashed very frequently due to inability of capital markets to attract potential investors caused by the uncertain conditions of the country and terrorism at mass level. Economy of Pakistan is dependent of foreign aid, and government has to ask IMF, The World Bank and other donor agencies to help in devastating financial constraints. On the contrary the politicians, military officials and bureaucrats are alleged for transferring their wealth to safe heavens of other countries. Haq et. al. (1998) has also investigated the factors that affect the quality of public sector efficiency in Pakistan. Mehmood (2006) in his book 'Good Governance Reforms Agenda in Pakistan' stated that good governance should be dependent of participation of people, accountability of government for its actions, transparency of decisions, timely decision and more importantly implementation of decisions, rule of law and respect of human beings, he elaborated that essential of good governance are well paid and trained civil servants, free flow of information, voice, commitment to fight corruption and a sense of ownership in employee of public sector.

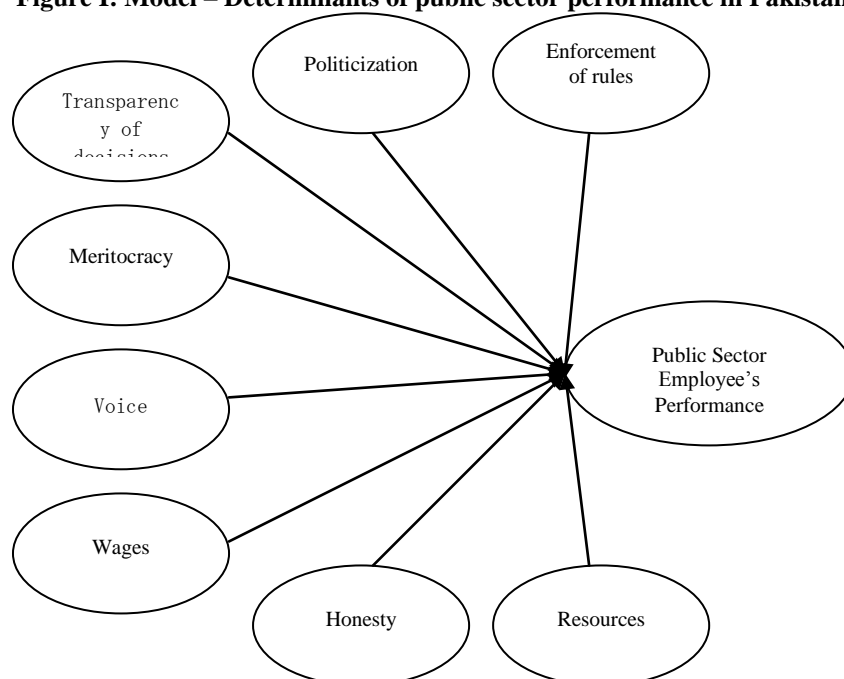
THEORETICAL FRAMEWORK AND HYPOTHESES DEVELOPMENT

Becker (1968), Becker and Stigler (1974), Rose-Ackerman (1975), Tirole (1986), Mookherjee and Png (1992, and 1995) found that individual tend to choose illegal activity if the pay off from legal activities are not good enough. Policies on wages of civil servants thus encourage higher wages and strong punishments in case of corruption by the civil servant. Enforcement means set of actions that governments or other agencies take to correct or stop

behavior that fail to corroborate with legal requirements. Politicization means influence of political forces on decisions made by public sector agencies. Sachs (2005) stated that politicization of the public sector hinders country's development. In Pakistan, political influence is considered as key to success in any transaction. According to World Bank's Report, Pakistan's bureaucracy, though not very large in size, suffers from structural weaknesses, which are quite common in the region, and improvement in civil service reforms has been quite restricted. Figure I explain the theoretical framework of this study.

Merit has great impact on performance of public sector in any country. Ignoring merit to gain some unfair advantage is the root cause of inefficient performance of public sector. Rauch and Evans (2000) stated that when job and promotions are done of the base of politicization and not on merit, it discourages the loyal and honest employees that to whom they should serve. Transparency International has also indicated that merit is not being followed in public sector of Pakistan. The service delivery in public sector departments is not in satisfactory conditions. The raising prices of petroleum products and electricity, hours of electricity load-shedding, long queues of people waiting for purchasing flour and sugar are reflecting the bitter conditions of public service delivery in Pakistan. In last government of Pervaiz Musharaf, the Local Government Ordinance was passed to decentralize the powers to the lower level. However the system is now abolished, by alleging that it cannot serve the masses.

Figure I: Model – Determinants of public sector performance in Pakistan



Becker and Stigler (1974), Klitgaard (1989), and Haque and Sahay (1996) have identified that high pay of public sector officials results in low corruption in public sector. However increasing pay as a tool to prevent corruption may have been criticized by Di Tella and Schargrodsky (2000) while stating that too tight or too loose control of public sector employees may also result in corruption despite of high wages. Van Rijckeghem and Weder (1997) stated that employee indulge in corruption when they perceive that their pay is less than the 'fair pay' which they should receive. Transparency International has identified alarming corruption in public sector of Pakistan. In Pakistan the recent increase in the wages of judiciary is also intended to reduce corruption in judiciary. The performance of Federal

Bureau of Revenue has increased considerably after the FBR has implemented the increased pay system for their employees.

Adequacy of resources like financial, human and technical resources is having great impact on performance of public sector. Pakistani public sector organizations are generally lacking resources due to poor financial condition of the country. Pakistani economy is considered as an aid based economy, which depends on the aid of IMF, World Bank and like donor agencies. The following hypotheses statements can be derived from the previous theoretical discussions.

Table I: Hypotheses statements

	<i>Hypotheses statements</i>
H1	Enforcement of rules has positive effects on public sector employee ' s performance
H2	Politicization has negative effects on public sector employee ' s performance
H3	Transparency of decisions has positive effects on public sector employee ' s performance
H4	Meritocracy has positive effects on public sector employee ' s performance
H5	Lack of employee's voice in the top management decisions has negative effects on public sector employee ' s performance
H6	Higher wages have positive effects on public sector employee ' s performance
H7	Honesty has positive effects on public sector employee ' s performance
H8	Lack of sufficient resources has negative effects on public sector employee ' s performance

Research Methodology

This is an exploratory research conducted to identify the factors that induces or hinders public officials to work efficiently for providing service to the public. The data has been collected from 350 public sector officials working in different ministries of government of Pakistan. The sample population contained 83 % male respondents and 17% female respondents in public sector of Pakistan. Multiple regression analysis technique has been used to analyze data though SPSS 17.0 version. The survey instrument of this study has been adopted from Kaufmann, Mehrez and Gurgur (2002). The instrument contained separate items for each variable on 5 point Likert scale. The dependent variable was public sector employee performance. To measure employee performance, the concept of employee's organizational commitment was used, based on assumption that employees having higher organizational commitment, performs higher. The instrument to measure public sector employee's organizational commitment was adopted from Javorski and Kahli (1993). Zaheer et al. (2008) also adopted this instrument to measure the employee performance. The instrument contained seven items on organizational commitment, the items were measured on five point Likert scale.

Results and Discussions

This study was conducted to determine the factors that affect the performance of public sector employees in Pakistan. In this context it was important research, as it identified the factors which can be addressed to improve public sector performance in Pakistan. Table II shows the results of this study. The study found positive relationship between enforcement of rules in

the department and employee performance, therefore we accept H1 hypothesis. Transparency and meritocracy in the decisions of the management was also having positive effects on employee performance, therefore we accept H3 and H4 hypotheses. Significantly positive relationship was observed between high wages and public sector employee's performance, therefore we accept our H4. Moreover honesty with job regarding public service delivery was also having positive impact on public sector employees, we accept our H6 on this basis. Politicization of decision in the department is having negative effects on employees performance, therefore we accept our H2 as well. Lack of employee's voice in the decisions of top management found negatively associated with employee's performance. Since, we assumed that lack of opportunity to raise voice in top management decision will have negative effects on employee's performance, therefore we accept our H5 as well.

Table II: Results of Regression Analysis

	B	Beta	t	Sig.	Hypotheses	Results
(Constant)	2.167		1.588	.122		
Enforcement	.281	.285	1.321	.195	H1	Accept
Politicization	-.196	-.173	-.979	.334	H2	Accept
Transparency	.533	.338	1.403	.170	H3	Accept
Meritocracy	.599	.506	1.269	.213	H4	Accept
Voice	-1.474	-.986	-1.746	.090	H5	Accept
Wage	.466	.491	2.643	.012	H6	Accept
Honesty	.181	.185	1.105	.190	H7	Accept
Resource	-.378	-.325	-1.193	.241	H8	Accept

Dependent Variable: employee' s performance

Transparency International Pakistan in its National Corruption Perception Survey (NCPS 2009) also found that 'accountability of public office holders', 'judicial process to be streamlined' and 'appointing on merit' are the measures of corruption in Pakistan.

CONCLUSION

The study concludes that enforcement of rules in the department, transparency of decisions in the department; meritocracy, high wages and honesty with job regarding public service delivery are having positive impact on public sector employees. Whereas, politicization of decision in the department and lack of employee's voice in the decisions of top management are having negative affects on the performance of public sector employees.

The study proposed that public sector organizations should develop a mechanism that eliminates the political influences on organizational policies, moreover individuals should also be given due opportunity to raise their voice in decision making process and a participatory decision making approach should be adopted to gain maximum performance from public sector employees. Moreover, the wage structure of the public sector organizations should improved in order to enhance the individual and resultantly organizational performance in public sector of Pakistan.

Future research is proposed on analyzing the human resources management policies of different public sector department having different levels of wages, resources and so on and conduct a comparative study in order to examine what differentiates regarding performance among employees of different departments belonging to government of Pakistan. The results

of this study are having important implications for the decision maker interested in improving the efficiency of public sector employees in Pakistan. The study also provides useful literature for the future researchers on this issue.

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