

Human Resource Management Practices at Work in Third World Countries:

A Case Study of Kot Addu Power Company (KAPCO)

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Abstract: Human resource management is a component of every manager's job tasks. These responsibilities include placing the right people in the right time and at the right task. The employees then have to be polished through orienting, training and compensating to improve his or her job performance. The paper will discover the Human Resource Management Practices at work and will put forth some recommendations that I have found lacking during visit to the plant. KAPCO is one of the well known organizations of Pakistan. It was established in 1984 by the collaboration of International and National efforts. Company has a well organized working structure. It has an unbiased recruitment and selection process. The policies and procedures are made with mutual consent of Top, Middle and Lower level management. Employees' personal records are maintained very well, with each employee having his/her own KAPCO's identity cards, medical cards etc for recognition. Unionization is very strong at KAPCO with two unions running side by side for employees' rights. For severe type of misconduct inquiries are held and penalties are charged accordingly. Employees are provided with accommodation facilities. Transport, Medical, Education, Messing, Banking, Shopping complex facilities are provided within the premises of KAPCO.

Keywords: Human Resource Management; Corporate Social Responsibility

1. INTRODUCTION

Human Resource Management (HRM) is a task within a business that centers on selection of, management of, and providing direction for the people who work within the organization (Armstrong, 2000). Human Resource Management is not just the function of the HR department but it can also be done by line managers.

Thus Human Resource Management is the company-wide process that deals with issues related to people such as compensation & benefits, hiring or selection, performance management, organization development, safety, wellness, motivating, communication, administration, and training (Becker & Huselid, 1999).

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The field of Human Resource Management tries to mix together the traditional administrative function with the well-being of all employees (Guest, 1995). The ratio between retaining employees is proportional to the way in which employees are treated in return for their imparted skills and experience (Legge, 1989).

A Human Resource Manager tries to empower the relationship between different departmental employees and provides career planning at all levels (Beer & Spector, 1985).

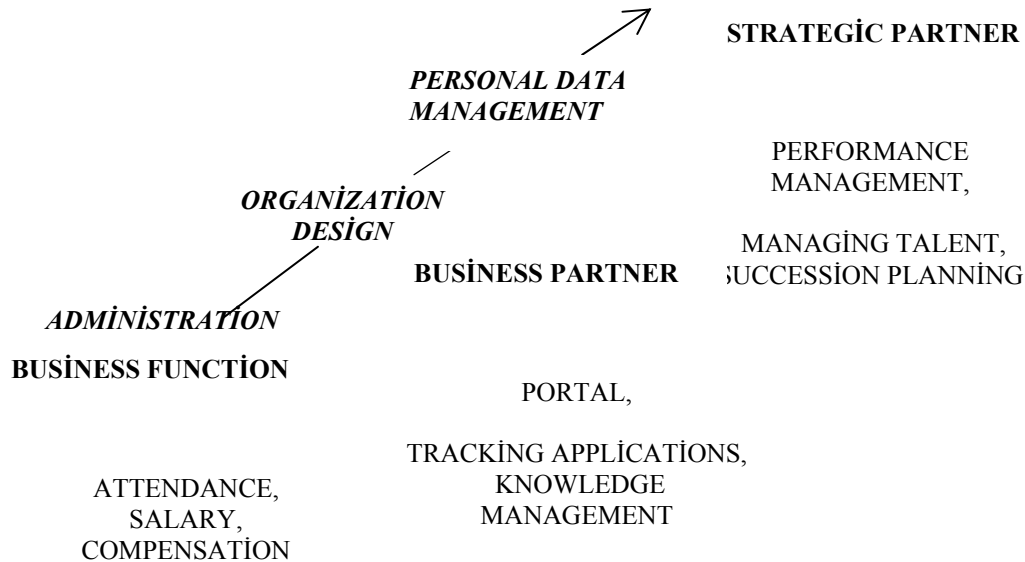


Figure 1: HR-Tree. Bhatia (2008) PP 1-10

The Human Resource Management Department is responsible for:

- (1) It tries to understand and relate all employees as individuals, thus recognizing individual needs and career goals (Boxall, 1996).
- (2) According to Gibbs (2001) a constructive relationship should be developed between workers, to ensure collective enterprise productivity and growth of a standardized organizational culture.
- (3) One key responsibility is to identify areas that have insufficient knowledge and inappropriate training, and thus provide corrective actions in the form of workshops and seminars (Marchington, 1995).
- (4) To establish a platform for all employees to put across their goals and make available the essential capital to accomplish specialized and individual agendas (Richardson & Nejad, 1986)
- (5) To find out new operating practices to reduce risk and produce an overall sense of belonging and answerability (Beer & Spector, 1985).
- (6) According to Legge (1995) the main responsibilities include recruiting workforce and providing the promised payroll and benefits.
- (7) To resource the various strategies by creating and sustaining a competitive advantage (Armstrong, 2000).
- (8) To empower the organization by successfully meeting strategic goals, managing staff effectively and efficiently (Storey, 2001)

Ideally, a Human Resource Management Department is accountable for an examination of all staff members in the workplace (Ulrich, 1997). This approach calls for understanding diverse fields such as psychology, law, engineering and sociology (Porter, 1996). The department bears the burden of transforming the available task-force or hired individuals into strategic business partners (Francis, 2002). This is achieved through a process of dedicated Change Management and focused Employee Administration. According to Francis (2002) the HR functions with the intention of motivating employees to prove their mettle and to add value to the company.

2. LITERATURE REVIEW

2.1 Introduction to the Plant:

Kot Addu Power Plant (the "Power Plant") was built by the Pakistan Water and Power Development Authority ("WAPDA") in five phases between 1985 and 1996 at its present location in Kot Addu, District Muzaffargarh, and Punjab. The principal activities of KAPCO include the ownership, operation and maintenance of the Power Plant. Kot Addu Power Company Limited ("KAPCO") was incorporated in 1996 with the purpose to contribute economical power to the national grid. KAPCO has shown exceptional results in the area of plant maintenance, availability, quality standards and financial performance. In April 2005 KAPCO was formally listed on all the three Stock Exchanges of Pakistan. The location of the plant is given as follows:



Figure 2: Location of Kot Addu Power Company. Retrieved on 08 August, 2010 from <http://www.maplandia.com/pakistan/punjab/muzaffargarh/kot-addu/>

2.2 Salient HR practices witnessed at KAPCO

Power Plant technology: KAPCO is Pakistan's largest Independent Power Producer (IPP) with a name plate capacity of 1600 MW. The Power Plant's combined cycle technology enables KAPCO to use the waste heat from the gas turbine exhaust to produce steam in the Heat Recovery Steam Generator, which in turn is used to run the steam turbines thereby resulting in fuel cost efficiency and minimum wastage. The Power Plant is a multi-fuel gas-turbine power plant with the capability of using 3 different fuels to generate electricity, namely: Natural Gas, Low Sulphur Furnace Oil and High Speed Diesel to generate electricity. The Power Plant is also the only major plant in Pakistan with the ability to self start in case of a country wide blackout.

Integrated Management Technology: KAPCO is the first company in Pakistan to be awarded three simultaneously accreditations under the title of the Integrated Management System. For its achievements in areas of quality, environment and safety, KAPCO was awarded in July 2004 certificates of ISO 19001 - 2000 Quality Management System; ISO 14001 - 1996, Environment Management; and OHSAS 18001 - 1999 Occupational Health & Safety Management.

Occupational Health and Safety: The System has been planned on the basis of OH&S hazards & risk assessment and relevant legal requirements of the Country. For operation of the System, responsibilities,

awareness & training, documentation operational control, departmental objectives and emergency preparedness/ response have been implemented at all levels in the company.

Human Resource Development: KAPCO greatly values its employees and therefore Human Resource Development ("HRD") is a high priority in KAPCO's corporate objectives. HRD programmes are developed, from time to time, with a view not only to enhance essential business and professional skills but also to focus on the personal development of employees.

Corporate Social Responsibility: KAPCO as a responsible Corporate Citizen not only generates electricity, but is also dedicated to improve the well-being of the community it operates in. Since its inception in June 1996, KAPCO has initiated a comprehensive Social Action Programme with special emphasis on basic health and education facilities in order to improve the quality of life of the local people.

Health Care: Provision of health care equipment, infrastructure facilities to up-grade the standard of local government hospitals, primary and preventative medical care including free consultation, medicines, vaccinations, eye operations, surgeries and complete treatment of diseases like Tuberculosis for deserving patients. Enhance awareness among the local community in preventative health care.

Education: Provision of infrastructure facilities such as construction of class rooms, toilets, furniture, electric water coolers, scholarships, books, uniforms and bags to deserving students. Gold Medals to the top achievers of Kot Addu in SSC and HSSC examinations.

Infrastructure: Improvement of infrastructure facilities in surrounding areas such as provision of street lights, construction of public waiting rooms at bus stands, electric water coolers, fans, benches, and improved sewerage systems.

Training and Development: Provide technical training opportunities to local students through Apprenticeship Training Schemes and internships.

Sponsorships: Provision of financial assistance and prizes to local sports events. Other activities include Kot Addu fire brigade, hospitals machines etc.

Provision of Manpower: At KAPCO internal recruitment is preferable due to which motivational level of employees increases. For executive posts Head hunting is done as well as advertisements are given for all types of posts. Interviews are both structures as well as unstructured. Panel interviews are also held with 3 interviewers at minimum. For entry level first of all written tests are taken. Group discussions and presentations are held at which sudden topics are given to candidates to present. For assistant managers posts an experience of at least 2-3 years is required and for managers an experience of 5-10 years is required. Selection is done on fair basis. Candidate's performance in the interview matters a lot. The interviewers observe their communication skills, stress handling skills. There are 20-30 evaluators in each recruitment session. Moreover there is special software which tells about the shortlisted candidates. Due to such activities chances of biasness are very low. After recruitment feedback is also taken from those who are not hired, for improvements or to know about flaws that they may mention in recruitment process.

Industrial Relations: Workers don't unionize just to get more pay or better working conditions though these are important factors. But Union workers also generally receive significantly more holidays, sick leaves, unpaid leave, insurance plan benefits, long term benefits, and various other benefits than do nonunion workers. Unions also seem to have been able to somewhat reduce the impact of downsizing and wage cuts in most industries. The concept of Employees Trade Union as Collective Bargaining Agent (CBA) under the umbrella of Industrial Relations Ordinance (IRO) 2002 is to provide the platform to workers for protection of their rights. In case of any complaints or grievance of employees CBA assess the HR Department. The CBA in relation to the establishment undertakes collective bargaining with employer or employers on behalf of workers on matters connected to employment, non employment, terms of employment and working conditions while maintaining the smooth functioning and industrial peace in the establishment.

Time management/Attendance: KAPCO lay down rules for recording of hours worked by and / or marking attendance of employees and to maintain transparent work norms consistent with international working standards. Company places high importance to punctuality and discipline of its employees. But in case of emergency employee can leave earlier as well. Monthly attendance is reviewed in order to check whether the employees are coming on time or not.

Personal Records/Leave Records: Employees personal files are maintained properly in which each employee's previous records are also maintained. Medical record of each employee and its dependant is maintained, with each employee's own personal medical files which are renewed every year. Each employee has its own medical file number for ease. KAPCO issues medical cards for employees and their dependants to get treatment from referred hospitals. KAPCO has its own identity cards for employees which are used for employees' recognition at several places. KAPCO issues annual reports of any loan taken from organization by the employee. Salary statements are also issued periodically. 40 Leaves are allowed to each employee every year i.e. 22 Annual leaves, 10 sick leaves, 8 casual leaves.. Leave record is also maintained. Proper record of promotions, transfers and turnovers is also maintained by the HR department.

Personnel Policies and Procedures: For internal communication circular, notices are issued. Time schedules for meetings are circulated as well as minutes of meetings are also recorded. Policies and procedures are made on long term basis and reviewed periodically i.e. quarterly, semi annually and annually, depending upon the requirement, Employees' feedback is also taken whether they are satisfied with companies' policies or not. If employees are not satisfied with the policies, then CBA and management hold meetings in which employees' complaints are mentioned.

Salaries, Bonuses and Allowances: Salaries that are given to employees range from 20000 to 1 million, while monthly salary of CEO is up to 2 million. Performance bonuses are given to employees three times in a year i.e. May, July and September. These performance bonuses are given on the basis of percentage of employees' performance and his basic salary. Allowances are of three types i.e. Officers' Allowance, Staff Allowance and Leave Fair allowance. Officers' Allowance includes Basic, Utility, Conveyance and Pension Allowance. Staff Allowances include Basic, Maintenance and Operations Allowance. Every year Leave Fair Allowance (LFA) is given to employees i.e. up to 45000.

Disciplinary methods: Company maintains discipline and control over unwarranted act or methods to maintain decorum of the plant and office. Following are the misconduct of which company may issue, without prejudice to the generality of the term 'Misconduct', it shall be deemed to include the following and any other issues which the management may specify from time to time:

Procedure for Complaint: For severe offences, formal disciplinary actions shall be taken. For disciplinary actions, procedures shall be carried out. A written complaint about the alleged misconduct shall be submitted to the Factory Manager. Written charges sheet to employee -Reply of Employee to said charge sheet- Then inquiry – Inquiry report – Decision. An employee shall have the right to appeal against a penalty to a higher level authority.

Accommodation and utilities: KAPCO owns and maintains housing complex for its employees and their families. The residential colony is spread over 170 acres and comprises over 900 houses apart from bachelor's hostel, a guest house, secondary schools for boys and girls and three mosques. There are two markets in KAPCO colony with Grocery/General stores and shopping centers facilities. The clubs are equipped with all allied sport facilities like, Swimming Pool, Badminton Hall, Gym, Pool/Snooker, Table Tennis, Jogging track and TV/Newspaper reading rooms. The officer's club is looked after by Club Management Committee and arranges different type of functions for its members like Musical function, Dinners, Fun Fairs etc. Indoor sport tournament like badminton, Pool /Snooker, Table Tennis, Swimming are also arranged by Club Management Committee.

Medical Facility: KAPCO provide the unlimited medical facility to all employees and their families. Family mean wife /husband, son, daughter, and parent (mother & father) as defined in KAPCO medical Policy. All employees & their families have access to KAPCO medical Centre located in KAPCO colony where a team of 5 doctors are available for general treatment. In case the treatment is not available at KAPCO medical centre then the concerned employees are referred to other hospital at Multan which is at KAPCO panel. These hospitals include CMH, City Hospital Multan, MIC, Seyal Medical Centre, and Alkhaliq Hospital Multan. If treatment is also not available at these panel hospitals then the patient is referred to Agha Khan or other hospital according the nature of treatment after approval of management. All employees have their employment card issued by management and these cards are used for identification of employee at the time of getting the facility at medical centre. However in case the patient is referred to panel hospital by senior medical officer, a referral slip is issued to patient for concerned hospital with complete description about the employee on that slip having a three copies of referral slip, one for

panel hospital, one for employee and one for record at medical centre. Company provides the transport for pick and drop of patient from KAPCO to Multan. However if the employee is referred to Karachi or other city then he is given transport charges as per company policies.

Transport: Company provide the company's maintained car and car leasing facility to officers whereas for other staff, company has pool cars and buses for their pick & drop and also for their shopping trip to Multan and DG Khan three times in a week. Company also provides transport for pick & drop of the employees' children living in hostel of BZU University once in a week from KAPCO to Multan.

Control of Appraisal and ACR: There is a performance management system (PMS) at KAPCO. System of appraisal or ACR is an old system and has been replaced with PMS. It is reviewed after every 3 months. Motivation level is increased by informal sessions and if employee's morale is down then employers try to find its reason to encourage their employees, so that they can work with full concentration and devotion.

3. CONCLUSION AND RECOMMENDATIONS

After observing the organization first hand we have come to certain suggestions. These loopholes if filled up can make the organization far better:

(1) At KAPCO, pure water is not available. There is mixing of water with oil that causes many stomach diseases. Water pipelines should be kept at reasonable distance from oil so that any mixing should be avoided.

(2) There should be computerized software to maintain personal records of employees. System should not be manual rather it should be Automatic recording system to avoid biasness or any type of wrong doing.

(3) The quality of medicines available at KAPCO medical centre should be improved.

(4) Wires within the plants should be properly insulated so that no employee could be getting harmed by electric shock or other.

(5) As WAPDA is not providing people with sufficient electricity KAPCO should establish such an infrastructure to provide people electricity own its own rather than selling all the electricity to WAPDA.

(6) Awards should be given to employees i.e. employee of the month, employee of the year etc. in order to motivate them.

The trip to KAPCO has provided insight into the HR practices at a developing country. The study has given us practical knowledge of a well recognized organization's working. The study is important as it gave us more exposure, a broader vision and know how of good organizations.

Human resource management is a growing department in Pakistan like other developing countries. Due to its importance, it's also necessary to know what is the base on which is this department works. The study will also help the organization by considering some of our recommendations which we gave in order to improve their performance.

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