

**BEFORE AND AFTER EFFECTS OF PRIVATIZATION  
ON ORGANIZATIONAL PERFORMANCE:  
A CASE STUDY OF PAKISTAN  
TELECOMMUNICATION COMPANY LIMITED (PTCL)**

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IJSER

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**MPA (UPGRADED)**

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**INSTITUTE OF ADMINISTRATIVE SCIENCES  
UNIVERSITY OF THE PUNJAB, LAHORE**

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## DECLARATION

This is certifying that present research work will not be used for any other purpose to obtain additional degree from other university.

A handwritten signature in blue ink, appearing to read 'Adeeba Naz', is written in a cursive style.

**ADEEBA NAZ**

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## ABSTRACT

Privatization is an important part of structural reform programs including both developed and developing world. The privatization of Pakistan Telecommunication Company Limited (PTCL) an important telecom player in Pakistan was also a part of reform. The research studies before and after privatization condition of organizational performance in case of PTCL. Organizational performance measured in terms of profitability, retention rate, compensation and benefits, numbers of subscribers and environmental changes. To increase efficiency and create healthy competition among competitors were main objectives of privatization. In 2006, Government of Pakistan privatized PTCL to Dubai Based company Etisalat 26% shares with management control. Instrumental perspective has been used as theoretical evidence. It explains that structure of an organization is being designed in accord with means-ends evaluations. However we find that bureaucratic structure is still followed in PTCL after privatization. After privatization overall profit of the company has decreased in each consecutive year Retention rate is also not pleasing, before privatization it was good enough. Numbers of subscribers are decreasing in land lines but in Broad Band and Evolution (EVO) Wireless customers are increasing. Compensation and benefits for the employees have little improved after privatization but mostly permanent employees are on same scales. Organizational environment has positively affected such as information technology (IT) advancement, product expansions, customer oriented culture etc. Human Resource Department has now gained strategic importance in the organization. Before privatization it was under administrative branch. Union is weak now and has to follow the decisions of management of the company for its survival after privatization. Privatization enhances the organizational performance if it is implemented in its original form. For example in case of PTCL Etisalat accepted the demands of workers in 2008 but later on detached from it. According to workers there was an agreement between Government of Pakistan (GOP) and Etisalat for workers jobs and benefits before the privatization in the year 2005. Moreover Etisalat did not purchase all shares according to the deal. Etisalat is still liable of Rs. 80,000,000 to GOP. This research suggests that to improve organizational performance, first of all to retain the employees in the company it is needed to establish attractive salaries packages and give autonomy to employees in decision making that will increase motivational level and satisfaction of the workers.



**Keywords:** *Privatization, Pakistan Telecommunication Company Limited (PTCL), organizational performance, profitability, retention rate, compensation and benefits, environmental changes, numbers of subscribers, instrumental perspective, Government of Pakistan (GOP), Etisalat*

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## ACRONYMS

ABT	Agreements on Basic Telecommunication
ADB	Asian Development Bank
ALIS	Access Lines in service
APNS	All Pakistan Newspapers Society
BNCC	Billing and Customer Care
BOD	Board of Director
BPS	Basic pay scale
BRI	Building Research Institute
CBA	Collective Bargaining Agent
CDMA	Code Division Multiple Access
CE	Chief executive
CEO	Chief executive Officer
C.F.O	Chief Financial Officer
CISCO	Computer Information System Company
CNOOC	China National Offshore Oil Corporation
COLA	Cost of Living Allowance
CRM	Customer Relation Management
CSC	Consumer Sell Centre
CSR	Corporate Social Responsibility
C.T.O	Chief Technical Officer
CTR	Central
DSL	Digital Subscriber Line
DVC	Divisional Vigilance Committee
DWDM	Digital Wavelength Division Multiplexer
DXX	Digital Cross Connect
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortization
EIP	Etisalat International Pakistan
E.O.B.I	Employee Old Age Benefits Institution
EPR	Earnings per share
ERP	Enterprise Resource Planning
EVO	Evolution
EVP	Executive Vice President
FDI	Foreign direct investment
FMC	Fixed-line/Mobile-Convergence
HBL	Habib Bank Limited
HRM	Human Resource Management
HQ	Head Quarter
GATS	General Agreement on Trade in Services
GM	General Manager
GOP	Government of Pakistan
GPF	Gross Provident Fund

GPRS	Global Prepaid Roaming Services
GST	General Sales Tax
ICT	Information Communications Technology
IDPs	Internally displaced people
IMF	International Monetary Fund
IP	Internet Protocol
IPTV	Service Internet Protocol Smart TV
ISDN	Integrated Services Digital Network
ISP	Internet Service Provider
IT	Information technology
ITU	International Trade Union
IVR	Interactive Voice Response
LDI	Long Distance and International
LOP	Letter of Appointment
LTR	Lahore Transmission Region
LUMS	Lahore University of Management Sciences
MAXCOM	Maskatiya Communication Company (Pvt) Limited
M/C	Muslim Commercial
MD	Management Director
MEWE	Middle East Western Europe
MMS	Multi-media Messaging Service
NCPG	New compensation pay grade
NEPRA	National Electric Power Regulatory Authority
NFEH	National Forum for Environment and Health
NGN	New Generation Network
NGO	Non-Governmental Organization
NPC	National Press Club Islamabad
NTC	National Telecommunication Corporation
NTC	New Terms and Conditions
NTR	North Transmission Region
NTT	Nippon telephone and Telegraph
NUST	National University of Sciences & Technology
OGRA	Oil and Gas Regulatory Authority
OSS	One Stop Shops
PC	Privatization Commission
PCPM	Public Cash Payment Machines
PEMRA	Pakistan Electronic Media Regulatory Authority
PEs	Public enterprises
PKR	Pakistani rupees
PMS	Performance Management System
POP	Point-of-Presences
PPIB	Private Power and Infrastructure Board

PSTN	Public Switched Telephone Network
PTA	Pakistan Telecommunication Authority
PTC	Pakistan Telecom Corporation
PTCL	Pakistan Telecommunication Company Limited
R&D	Research and development
Rs	Rupees
RVC	Regional Vigilance Committee
SAP	Systems Applications and Products
SD	Standard
SEAMEWE	South East Asia, Middle East, Western Europe (fiber optic connections)
SECP	Securities and Exchange Commission Pakistan
SEECs	School of Electrical Engineering and Computer Science
SEVP	Senior Executive Vice President
SHMA	Sidat Hyder Morshed Associates
SMW	Semantic Media Wiki (Web application) Streaming Media World
STD	Subscriber Trunk Dialing
STM	Synchronous Transfer Mode
T &D	Training and Development
TSTV	Time Shift Television
T&T	Telephone and Telegraph
UAN	Universal Access Number
UNDP	United Nations Development programme
UNEP	United Nations Environmental Programme
UIN	Universal Internet Number
UPS	Uniform Pay Scale
US	United State
USB	Universal Serial Bus
USF	Universal Service Fund
VPN	Virtual Private Network

VSS	Voluntary Separation Scheme
WB	World Bank
WLL	Wireless Local Loop
WTO	World Trade Organization
ZVC	Zonal Vigilance Committee

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## **Before and After Effects of Privatization on Organizational Performance**

### **A Case Study of PTCL**

#### **1 INTRODUCTION**

Privatization is an international trend for both developing and developed countries. Many governments took steps to increase the role of private sector in the economy like United Kingdom (UK), China, Malaysia and United State of America (U.S.A) etc, so Pakistan is not exceptional. Sheshinski and Calva (2003) said that privatization is to achieve higher efficiency and economic growth like Serbia privatization was successful in financial term. Molano (1997) said that telecommunication sector has observed high privatization movement across countries such as British Telecom of U.K and Nippon Telephone and Telegraph of Japan etc. Today modernized telecommunication sector in any country plays a major role to enhance the economy with the immense growth and expansion in telecom services, the country economic development is the result. Telecommunication industry in Pakistan has grown strong and fast in last few years because of modern technology, liberalization and privatization policies. The historical development of the giant telecom player in south Asia, Pakistan Telecommunication Company Limited (PTCL) can be seen in the table given below:

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*Table 1: Historical Evolution (Source: Interview with Mr. Muhammad Mahmood Finance and Revenue Officer of PTCL, 2012)*

<b>1947</b>	Establishment of Posts and Telephone and Telegraph Department
<b>1972</b>	Separate Postal department and Telephone and Telegraph Department (T&T)
<b>1990- 91</b>	Pakistan Telecommunication Corporation (PTC) Access Lines in service (ALIS) : 850,000 Expansion Program of 900,000 line initiated (500,000 lines by Private Sector participation and 400,000 by PTC own resources)
<b>1995</b>	About 5 % PTC resources were transferred to PTA, FAB and NTC
<b>1996</b>	PTCL formed listed on all stock Exchange of Pakistan
<b>1998</b>	Mobile and internet subsidiaries were developed
<b>2000</b>	Telecom policy finalized
<b>2003</b>	Telecom Deregulation Policy declared
<b>2006</b>	Privatization of Pakistan Telecommunication Company Limited (PTCL)

According to above table, at the time of independence in 1947 there was only one department named as Post Telegraph and Telephone. On 15th December, 1990, Pakistan Telecommunication Corporation (PTC) came in to being instead of The Telegraph and Telephone (T&T) Department by delegating the powers to the Board of Directors for improvement of functions in telecommunication sector. Sohail and Qureshi (2006) reported that because of the liberalization and deregulation trends in Pakistan, on 1st January 1996, 4 main

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departments were established such as Pakistan Telecommunication Authority (PTA), the National Telecommunication Corporation (NTC), Frequency Allocation Board (FAB) and Pakistan Telecommunication Company Limited (PTCL). (p.2)

Sohail and Qureshi (2006) added that to boost the liberalizing tendency, on February 5 1998, Agreements on Basic Telecommunication (ABT) was signed, which included the diverse characteristics for instance right of entry in market, national dealing and supportive competitive guideline such as rivalry protection measures, assurance of interconnection, fair licensing procedure and autonomy of controllers. Deregulation Policy for Telecommunication segment was publicized in 2003. It unlocked the land line segment in Pakistan and eliminated the distinctiveness and monopoly of PTCL. PTCL privatization was announced officially in 2005. The Emirates Telecommunications Corporation's named as Etisalat proposed \$2.59 billion for its sale. (p.3)

Finally PTCL was privatized in 2006 with management control to Etisalat International Pakistan which is actually a subsidiary of Emirates Telecommunication Corporation. According to Asian Development Bank (ADB) Report (2008), majority of the foreign direct investment (FDI) was possible in the services sector of Pakistan because of telecommunication and services sector. Privatization induced Foreign Direct Investment (FDI) in the telecom business in Pakistan and PTCL was a fine example of it. More ever, privatization process made possible for overseas mobile phone organizations and companies to enter in the market to enhance health competition.

Although other side story was described in his article Munir (2009) said that before PTCL privatization, it had many specialist technicians, training institutes to polish skills, abilities and knowledge of new and current employees. PTCL could go for other options instead of



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privatization like other telecom industries all over the world such as SingTel, Etisalat or Telekom Malaysia; it could acquire some other organization within or outside the country or could become multinational. But the government sold PTCL to Etisalat with 26% shares along with the managerial control Munir further explained.

Munir (2009) described that nearly 32,000 employees accepted Voluntary Separation Scheme (VSS). The government paid cash of about 256 million dollars to workers who separated from the organization under this scheme. Although other side of story is that VSS scheme was optional and did not force the employees to leave as senior manager of PTCL explained during interview.

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#### ***1.1 Background***

Privatization is an important part of restructuring agenda in the structure including both advance and developing countries. There are different definitions of privatization. According to one paper of United Nations Development programme (UNDP) about privatization, Shehadi (2002) asserted that it is shift of or direct of assets utilized to distribute commodities and services from the communal to the private division. Savas (2000) found the following:

“Privatization” is the transfer of enterprise ownership- in whole or in part- from the state to private hands, also called denationalization. (p. 1)

Privatization is the global experience of twenty first Century which is mainly concerned with the selling of governments owned enterprises to the general public or private investors. This process dates back to Great Britain where it started in the late 1970s. Till the end of 20th century the global worth of privatization is estimated at around US\$1110 billion. Privatization also has part in capitalization of financial markets. (Bortolotti, Fantini, Siniscalco, 2004). Privatization has been implemented in different sectors, but one area is particularly important that is telecommunications sector which is involved in the process of privatization. The process of privatization in telecom sector started to 1981 when the British Government for the first time in the history of telecom announced to sell out British Telecom and after that Japan sold out Nippon telephone and Telegraph (NTT). This route obtained further drive in 1989 and three privatization attempts were made. Up till 1985, out of 23, 15 cases of privatization were accepted while eight were rejected (Molano, 1997). Developing nations have been privatizing state-owned companies and gradually creating healthy contest in the telecommunication industry.

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Structure reforms began in late 1980s which was the era of technological and innovation in telecom sector. World Bank (WB) and IMF carried out adjustment program in 1993. According to WB Report (1995) about privatization support agenda that Pakistan had made great progress to minimize trade restrictions and advancement in private sector to encourage competition and privatization program for state-owned enterprises. The Bank supported Privatization Commission (PC) with help of consultants and other financial assistance through Institutional Development Fund (IDF). At that time various countries followed privatization policy like Chile, Argentina, Venezuela and Mexico, Malaysia, Indonesia, Sri Lanka and Fiji in their telephone companies as well as decentralization of operations in India and China.

According to World Bank Report (2006) privatization is a driver of economic development Further, international donor agencies like International Monetary Fund (IMF), World Bank etc began pressuring countries to divest so as a result many countries like Europe, America and Japan etc followed the path of privatization in their telecommunications. WB report (2006) that WB carried out privatization reforms largely in Pakistan's telecommunication including the Telecommunication Regulation and liberalization or privatization oriented project. This report further described the consequences of the reforms. Sector performance had begun to improve markedly such as land lines and cellular industry as of 4.6 land lines for each 100 citizens for the year 2003 nearly 17.8 in 2005.

The present research is concerned with the effects of privatization on performance, to explain the performance is essential too. Generally, performance is defined as results, outcomes and achievements attained by an individual, firm or group. Organizational performance is referred to as an assessment of a performance of any firm with its preset aims and plans. There

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are 3 main effects or outcomes are evaluated inside company in terms of financial , market and shareholder value performance.

Different researchers have diverse point of views about performance. Hofer and Charles (2006) described that the concept of organizational performance is based upon the voluntary association of productive assets like human, physical and capital resources for the purpose of achieving a joint objective. Those providing the assets or resources will only commit with the organization as they are contented with the value generated they get in exchange or in return, relative to substitute uses to the assets. Organizational performance is multidimensional. For instance, Javier (2002) viewed that performance is equal to 3 things, which are economy, efficiency, and effectiveness, of a definite plan or agenda commonly called 3Es. Daft (2000) pointed that organizational performance is capability of the company to accomplish its objectives by utilizing its sources in an efficient and effective way. Quite similarly, Richardo (2001) asserted about organizational performance that it is an aptitude of the firm to accomplish its aims. Ricardo (2001) defined clearly that performance is comprehensive concept that contains productivity efficiency and some other indicators like quality, consistency etc.

To explain the relationship of privatization and organizational performance many authors such as Karamanis (2009), Sueyoski (1998), Dewenter and Malatesta (2001) agreed on the fact that normally, the telecom privatization increases the organizational performance. Karamanis (2009) said that public companies are inefficient, political involvement in recruitment, imbalance budget, no control of management to determine salary levels of employees and excess of government intervention which decrease the performance of the firm. Additionally, public organizations do not seek to maximizing profits but focus on societal and political goals, for

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example redeployment of money. This mindset diminishes the corporate efficiency. Shehadi (2002) in UNDP paper expressed his views that there are many consequences of privatization on the Performance of the privatized organizations in the form of profitability, efficiency, output, labor productivity, investment, dividends, financial leverages and exports.

In the Teralight Limited Report (2004) about privatization said that extensive evidence proved that privatization can lead to performance improvements like a strategy of privatization with full and open competition was implemented by New Zealand in 1990 and Chile used this model in its telecom sector too. Teralight limited is a consulting firm which provides its services to different telecom companies like PTCL etc.

#### 1.1.1 Performance Measures

**Profitability:** It indicates how an organization's capability to create profit soundly. Profitability refers to a company's ability to generate an adequate return on invested capital. Return is judged by assessing earnings relative to the level and sources of financing. Some formulas to measure profitability are following: **Gross profit percentage:**  $\frac{\text{Total cost of sales in a period}}{\text{Total sales revenue for that period}} * 100$ , **Operating profit percentage:**  $\frac{\text{Earnings before interest and taxes (EBIT) in a period}}{\text{Total sales revenue in the same period}} * 100$ , **Net income:** Total Revenue - Total Expenses, **Earnings Per Share:**  $\frac{\text{Net income} - \text{preferred stock or preference share interest}}{\text{Number of common (ordinary) shares issued and outstanding}}$ . **Return On equity:** Equity provides complementary information by expressing total equity as a percent of total assets. Company is less risky if it has more equity component.

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**Retention rate:** Employee retention strategies was explained by Gberevbie (2008) that these refer to the sources, policy or managerial or decision making actions are placed by firms to preserve their proficient personnel for performance (Gberevbie, 2008). Different researches showed that retention rate of any organization are maintained when it applies proper retention plans to achieve the organizational objectives. (Amadasu, 2003; Taplin et al., 2003; Gberevbie, 2008). Moreover job satisfaction, which is one of the strategies of retention, occurs from proper remunerations (Gomez-Mejia and Balkin, 1992; Heneman and Judge, 2003). There are some sources which are essential in retaining talent for firm's performance for instances pay for performance (Griffeth et al., 2000), training and development (Okoh, 1998), social networking, (Ayagi, 2001), job safety (Chartered Institute of Personnel and Development (CIPD), 2006), high pay and organization's image (Taplin et al., 2003), joint decision making and information sharing (Jike, 2003; Riordan et al., 2005). Employee's retention rate of PTCL will be measured as organizational performance dimension.

**Compensation and benefits:** The act of compensating or the state of being compensated is called compensation. It is also referred as something, such as money, given or received as payment or reparation, as for a service or loss. Benefit is a privilege offered in accord with a contract for instances insurance schemes and public support plans etc. Schuler (1975) said that entire compensation is the action through which firms assess the payments of employees sequentially to allocate direct and indirect, monetary and non-monetary returns transparently inside the company's capacity to pay and within lawful guidelines. Monetary sum made on or by the time the job is completed is known as direct compensation for instances pays or wages, salaries, commissions, overtime and bonuses etc. Wages is describes as to direct compensation

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get by a worker or employee foundation on hourly rate, whereas salaries are weekly or monthly pay in spite of explicit work hours. Indirect compensation is usually in the shape of indemnity, plans of pension, health and childcare, golden parachute, honors, golden handcuff, paid leaves, paid holidays, working conditions, recognition, wellness program, etc.

Compensation is a main instrument for enhancement of organizational performance (Trevor, 2008). Robbins (2001) stated that when employees are encouraged and recognized in their attempts and the corporation established transparent compensation plans and contentment then organization boast the motivation level of its employees. Employee's motivation leads to increase employee performance. Ofili (2003) opined that compensation is the procedure of evaluating the worker's inputs to the company transparently and justifiably and distributing direct and indirect remunerations in return for his performance. Total compensation assists the firm to hold excellent human resource (employees), boost competitiveness, growth, continued existence and profitability since humans in the organization are liable for direct and managing of materials and other assets or reserves for achievement of organizational goals. If people in the company are not treated well, they will not give their excellent performance and will eventually influence the whole performance of the organization. Companies that do not succeed to establish effective total compensation package, face low rate of retention and experience obstacles to countenance the vibrant and aggressive rivalry business environment (Ofili, 2004). As Babakus et al. (2003) explained that the reward perception of employees affects employees' attitudes. Moreover, there is positive relationship between organizational commitment of managers and rewards. Compensation can be used to establish the total benefits added in a described benefit plan. To examine the anti-discrimination programs, compensation is an aspect. To attract and

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retain employees, compensation is an important factor. It can be classified such as variable, performance-based, job-based and skill based pay. Employees in the organization always expect the justify distribution of pay. Research proves that pay is a valuable motivator in regards to employee's performance. Trevor (2008) said that compensation is a vital part of the relationship between employer and employee, besides it is the biggest expenditure for various companies; it is a device to improve organizational performance as well as employee's performance and sustained competitiveness.

Lawler (1990), the greatest strategic compensation expert said:

“The starting point for any compensation system design process needs to be the strategic agenda of the organization.” (p.15)

Lawler (1990) further added that when compensation is linked with strategic plan then it turns into an influential source to hire and preserve needed talent and draw required behavior results such as worker motivation, commitment and loyalty, all these factors are positively related to organizational performance. Employees' compensation dependent upon one of 3 blends of performance such as individual performance, team performance and organizational performance.

Before privatization PTCL had two types of employees:

- Permanent Employees
- New compensation pay grade (NCPG) Employees

There are 3 types of employees in PTCL after privatization:

- Permanent Employees
- Contractual Employees New Terms and Conditions (NTC)



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- New compensation pay grade (NCPG) Employees

NCPG stands for new compensation pay grade whereas NTC stands for New Terms and Conditions that category of employees had generated after privatization. So compensation and benefits of these 3 categories of employees will be studied in this study as organizational performance indicators.

**Number of Subscribers:** Subscribers mean contract to receive and pay for a certain number of issues of a publication, for tickets to a series of events or performances, or for a utility service, for example. Another definition is subscribers mean to obtain or be permitted to right of entry for electronic contents and services by subscription. According to Annual Report of PTCL (2010) Digital Subscriber Line (DSL) Broad Band customer base expanded from 200,000 subscribers across 125 cities to 422,000 spread over 500 cities and towns with 85% market share. The growth in DSL Broadband was made possible by introduction of various value-added packages. There are various products and services of PTCL for its subscribers like land line, U-Fone, Broad Band Pakistan, Evolution (EVO) Wireless Broadband, Internet Protocol Smart TV Service (IPTV) etc. Number of subscribers will be measures in landlines, cellular connection (U-Fone) and Broad Band service as organization performance indicator.

**Environmental changes:** Environment refers to an organization's surroundings; the 'climate' in which it works. Dill (1958) asserts that concept becomes challenging when we study the characteristics of the environment. Andrews (1986)

“Awareness of the environment is not special project to be undertaken only when warning of change becomes deafening”. (p. 2).

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Here the focus is not only organization internal environment but also on external environment and changing nature of business in telecom sector moving from monopoly to competitive environment. Internal environmental factors are manageable in the organization. Internal factors are organizational structure, company values, mission, objectives, authority relationship, employees, firm image, physical assets, Research and development (R&D), technologies, fiscal and marketing resource.

External environment has two categories micro and macro environment factors that influence to business. External environment aspects are undirected because of variations in the legal, social, economic and technical in the industry. Micro environment frequently influences the company. It includes aspects given below:

- Employees of the organization
- Clients
- Suppliers
- Domestic community
- Rivalries

Macro environment generally caters the organizational matters and wider aspects. It incorporates the factors like:

- Economic factors of the firm
- Technological
- Political
- Legal

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- Socio-cultural

Economic, political pressures, price wars among cellular industry and Human Resource Management (HRM) are some key challenges for PTCL. As PTCL moved from monopoly to privatized direction so the internal environmental changes were evident like changing role of Human Resource, Customer Oriented Culture, wide range of products, efficiency improved, changed management or leadership control etc are evident. After 11<sup>th</sup> September, 2001 Trade Center Event, the environment for Privatization in markets like Pakistan and Afghanistan changed rapidly because investors were reluctant to invest in Pakistan as they considered them (Pakistan and Afghanistan especially) risky as senior manager of PTCL explained during interview.

#### **1.2 Research Questions**

Keeping in mind the significance of privatization and its presumed effects on organizational performance, this thesis aims to understand the effects of privatization by comparison of the before and after condition in PTCL.

The research question that will guide this study is further broken down into the following questions:

1. What are the main reasons of privatization?
2. What is the role of HR department in the organization to motivate and retain the employees in the organization?

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3. Has the financial profitability of the company improved?
4. How this privatization affects the company's performance as a whole?
5. Were there any internal environmental changes that could be seen as an effect of privatization of PTCL?

#### ***1.3 Significance of the study***

Privatization of Telecommunication has been always a controversial issue. Privatization process because of its developmental, political role and economic activity as well as employment (Human Resource) factors leads to its significance. Even some of the controversies over the privatization of state owned Telecom Companies have toppled some governments like the fall of Misotakis and Alfonsin governments in Greece and Argentina respectively (Molano, 1997).

Ernst, Edwards, Gladstone, Gregory and Holt (1999) have written that the Moroccan privatization program was successful because of its extended performance. They clarified through example that the Morocco Government tried to create efficiency in operations for public enterprises and lessened reliance of public sector and the budget burdens from its shoulders through privatization plan. Perevalov, Gimadii and Dobrodei (2000) asserted on the study of Russian Enterprises that in 1992–96; data showed that privatization in Russian enterprises produced slight progress in performance.

The main focus of the present research is to establish linkages with organizational theory using theoretical evidence. The government is still a key shareholder but the management vests with Etisalat. The privatization has been beneficial to the company as a whole, but the employees

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in PTCL feel insecure about their jobs. The company has faced continuous resistance before and after the privatization. The study helps to determine the effects of privatization on organizational performance in PTCL in terms of profitability, compensation and benefits, retention, number of subscribers and environmental changes and also will examine the changing role of HR department in the organization to motivate and retain the employees in the organization (PTCL) and to provide effective recommendations for employee retention to corporate leaders.

The study is vital because it will give exposure to strategy creators and planners to have a broad view implementing privatization successfully in our public companies. Especially in addressing the human side and its link to organizational performance because there is no doubt that employees are real assets of the companies and as Fey and Bjorkeman (2000) asserted that without their excellent performance organizations cannot achieve their desirable goals.

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## **2 LITERATURE REVIEW**

Privatization which is a global trend has been defined by various researchers in the following lines.

Shehadi (2002) defined privatization as:

It is the transfer of property or control of assets used to deliver goods and services from the public to private sector. (p. 6)

Yonnedi (2010) defined that privatization is to denationalization, mainly the auction of government possessions to the private segment, plus the vending entire or components of state owned enterprises (SOEs) to private vendors and share issue privatizations.

Savas (2000) gave the following definition of privatization:

“Privatization” is the transfer of enterprise ownership entirely or partly from the government to private sector, also called denationalization. It is the activity to minimizing the state function or rising part of private segment to fulfill people’s needs; privatization implies less dependence on state and more on private segment. (p.1)

There are many forms of privatization which are defined in below table:

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**Table 2: Forms of Privatization (Source: E.S. Savas, Privatization and Public-Private Partnerships (New York: CQ Press, 2000), Table 5.2.)**

<b>Forms of Privatization</b>	
<b>Delegation</b>	Contract Public-private competition Franchise Public-private partnership Grant, loan, favored tax status etc Voucher Mandate
<b>Divestment</b>	Sale Free transfer Liquidation
<b>Displacement</b>	Default Withdrawal (load shedding) Voluntary Action (voluntarism) Deregulation

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Delegation occasionally named as partial privatization; it involves an ongoing, energetic function for state and allotting production action to the private division. Examples of this form of privatization are agreements, public-private contest and corporation licenses, funding and mandates. Divestment defines shedding an enterprise, function, or asset. The company or resource is vended, delivered current industry or closed. Denationalization is another name of divestment. Displacement is an indirect practice that guides a state being displaced relatively slowly through the private sector. It is also called privatization by attrition. Displacement is very vital method through which valuable privatization frequently arises among pretty slight political conflicting.

According to Sheshinski and Calva (2003) the purpose of privatized programs are to generate efficiency and profitability in equally monopolistic and competitive sectors. These authors also said according to microeconomic theory that perfect competition, complete information and full agreements or contracts, possession does not issue. For instance examine similar performance of organizations in spite of their ownership structure (private or public). But it is idealistic in actual situation we do not have all information of market and contracts.

There are many reasons of privatization. Many governments took steps to raise the part of private sector in the economy. Al-obaidan (2002) defined many reasons of privatization such as inefficiency of state organizations lack of adaptive behavior in ever changing economic environment current account and shortfalls in balance of payments, increasing inflation and foreign debts were the causes to rethink the role of state from central state role to privatization and liberalization policies in the 1980's. He further added that since 1980 to new millennium



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almost 6800 state owned enterprises (SOEs) had been privatized and 2000 in developing countries.

Pinheiro and Schneider (1993) proposed that privatization was the speedy key to rid of the monetary deficits for any country and also providing governments to increase their earnings to continue funding enhancing social policies. Privatization is an important part of structural transformation agendas in all over the world. Sheshinski and Calva (2003) said that privatization is to achieve higher efficiency, fiscal growth and decrease public sector loans requisites through the elimination of needless subsidies.

Bortolotti and Milella (2008) argued that the growing worth of privatization moved up by regimes internationally USD\$1.35 trillion roughly, during the years 1977 to 2004. Western Europe economies accounted for 48 %, Asia 24 % and Latin America 11 % of global proceeds. Palcic and Reeves (2011) estimated that the privatization incomes generated worldwide approximately USD\$1.9 trillion from 1977 until 2008.

Shehadi (2002) explained that Former socialist countries like Soviet Union, Central and Eastern Europe, Egypt and Tunisia in 1980's and today Algeria is moving from state dominant society to market based economy. Perevalov, Gimadii and Dobrodei (2000) explained that in Russia privatization had increased the performance. So it should be continued. There are economic reasons such as to increase returns, to generate accepted capitalism, to prize political trustworthiness, to pacify the stresses or proposals of exterior fiscal agents, to decrease the managerial burden on the government bureaucracy, and to create the private sector investment possible behind the reform in Russia; Enhancement of performance was the main objective of privatization in Russian enterprises.

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Palcic and Reeves (2011) said that a distinctive element of Ireland's privatization has been the volume of the shareholdings accumulated by employees as component of current sales. Eircom Telecom in Ireland was privatized in 1999 (formerly Telecom E' ireann), the portion of 14.9 % of ordinary share capital to workers into the shape of an employee structured share ownership plan (ESOP) has become the rule. The ESOPs granted have outcome in handsome gains by the employees in various companies.

Bayliss (2005) told that experience of Serbia privatization has got remarkable macro successes via revenues of privatization keeps on sustaining the financial place. Whereas Bosnia Herzegovina, a small number of enterprises have been in Serbia under the post-2001 privatization programme. The majority have been sold to domestic and few to overseas investors. She added that financial performance in terms of capacity utilization and production volumes has improved in Serbia. Bosnia Herzegovina, emphasis on reduction social costs so its privatization programme increased employment level. In Serbia, there are high hopes from privatization to refresh enterprises, fetch in foreign investment and boost up economic growth, but many firms in Bosnia see the mass privatization as slow and disappointing phenomenon to attract the foreign investors because of fragmented and weak political and fiscal structure.

Massey and Shidlo (2010) said that modernizing process of public sector from last 30 years in UK has relied on privatization significantly. At first this was controversial, but when Labor came to power in 1997 then defense establishments were selected to sell-offs. The QinetiQ which was part of British defense sold to abroad private Equity Company and separated from direct state power. The new holder was not a publicly listed company, which meant that less accountability than would have been the case had the privatization been via the stock market.

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Al-obaidan (2002) said that privatization gained attention in the developing economies in the 1980s. Defining, protecting and promoting role of state has been transformed through an international trend in the direction of privatization and public commercialization. Inefficiencies in public sector were the reason behind it. State owned organizations are directed through political leaders, state ministers, and public administrators for their own self interests.

Molano (1997) said about privatization trend that many sectors have been implemented Privatization practices, but Telecommunications sector observed high privatization movement in both underdeveloped and developed nations. He further added that in Telecom sector privatization history when British Government of Margaret Thatcher privatized British Telecom first time in 1981. After that the Japanese administration sold one-third of Nippon Telephone and Telegraph (NTT), then a ray of restructuring or privatization policy increased from 1985 to 1988. There were 23 cases of privatization were recorded from 1981 to 1995, 15 were acknowledged and 8 were refused.

Moreover from Molano (1997) results he said that political aspect which is macroeconomic factor is also important to create the essential force or encouragements toward privatize. First example is from Argentina Entel Government decided to vend the state telecommunication company but it was obstructed by the members of opposition. But when the opponent captured the presidency, it had the authority to apply the auction. In 1995, Pakistan sold PTC. Prime Minister Benazir Bhutto did not get a massive support in the assembly; she was capable to execute the divestiture as her appointment. Same year the Turkish government also interested to sell off its national telecom entity, but Ciller government had not capable political sources to carry out the plan.

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Yeo and Painter (2011) said that worldwide donor institutions for instance World Bank (WB) and World Trade Organization (WTO) play an active role to reform the telecom sector in many countries for example low prices and healthy competition. He wrote about privatization of telecom industries of Asia Pacific countries like China and Vietnam. They further explained that Chinese and Vietnamese policymakers are introducing a version of marketization locally, entering the global world and participating in global institutions internationally. Telecoms regulatory rules in China and Vietnam increase the authority of the state as a market actor to attain key political goals, especially enhanced legitimacy and continued monopoly of political power of Communist Party.

In partial privatization, state carriers are privatized by a slow and assessed execution of contest into the terms of fundamental service assured to a definite phase. Many European nations have pursued the process of partial privatization and have busted the office or organization into many companies prior to privatization many countries like USA, Argentina, China and Brazil etc, whereas some selected to privatize it like a solitary body such as Sri Lanka, Malaysia, Philippines, Mexico, Denmark, Hungary, UK and New Zealand etc.

Khan (2003) wrote about privatization activity in Pakistan that two waves of privatization took place in Pakistan. Initial privatization was from 1992 to 1994 and other wave covered the years from 2001 to 2002. During the early era Rs.120 billion and in subsequent period Rs.65 billion value assets were divested. Asian Development Bank (ADB) has carried out the working of privatization process in first period. Results of post privatization were to the closure of many companies for examples Naya Daur Motors National Cement, Swat Elutriation, Nowshera Chemicals, Pak China Fertilizer, Karachi Pipe Mills, Fazal Veg. Ghee, Suraj Ghee Indus and

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Hydari Veg. Ghee etc he (Khan) further added. The Gross Domestic Product (GDP) was exceeding to 6% in the 1980s and decreased to 4% in the post privatization period. Reason was that sale of these units were without inspection the credit ratings of the party. Schon Group was one of that investor who did not pay installment to Privatization Commission (PC). The first privatization did not achieve its objectives because of corruption and lack of transparency in the processes. The second period privatization was pushed by International Monetary Fund (IMF). In this period the sale of United Bank Limited (UBL) to Abu Dhabi and Best Way Group was mysterious. Government of Pakistan (GOP) transferred Rs30 billion to cover nonperformance loans of UBL and made it privatizable. It had been vended to outsiders for Rs12.35 billion. The most interested parties in the bidding process were Abu Dhabi and Best Way Group. Rs17.65 billion was lost by GOP from UBL Privatization then next was the sale of PTCL assets.

According to Asian Development Bank report (2008), near the beginning of 1990s, the Government of Pakistan (GOP) followed the path of liberalization and good governance for private sector development. Though there were many barriers to apply deregulation policies such as macroeconomic volatility, political anxiety and improbability. During 1999, key restructurings such as fiscal structural, and governance commenced with views of creating macroeconomic constancy and establishing an atmosphere toward private segment promotion for economic development. Government of Pakistan (GOP) took some important decisions in terms of translucent lawmaking structure and macroeconomic strength to assist a business friendly atmosphere. There are many instances of it such as Ministry of Privatization and Investment formation Privatization Act 2000, creation of Board of Investment and Monetary and Fiscal Board for financial harmonization, reforming in State Bank of Pakistan (SBP) laws, carry out

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fiscal policy and a Fiscal Responsibility and Debt Limitation Act 2005 for decreasing revenue shortfall and dropping public debits. The progressive financial and investment environment created economic room plus options for private segment directed fiscal expansion through speedy privatization development, improved private investment and larger overseas direct and group investment. According to ADB Report (2008) in Pakistan today the banking, clothing and telecom industries and most of the energy, fertilizers, cement, sugar, automobile, oil and gas segments are in the private sector.

Unions play an important role for the welfare of their employees in any company. For example Malik, Basit and Qazi (2011) said that unions represent the non managerial employees of an organization and work for their rights e.g. salary issues, promotions, healthier working environment and employee safety etc. On the privatization issues trade unions of different countries have different experiences.

Bayliss (2005) said that in Serbia on the privatization issue there was an interest of Government of MK Komerc into the auction of three sugar industries, because their proprietor was a close companion Serbian ruler and a major monetary promoter of his Democratic Serbian Party. He further added that privatization is always a controversial if there is only one bidder like the case of Serbia. Opponents of privatizations especially trade unions took part in the election of the radical party majorly. They raised many successful protests in the year 2003 that assisted to triumph elections in majority areas for the Democratic Party of Serbia and the ultra-nationalist Radicals.

Hebdon (2006) explained privatization process and unions resistance in New York State, USA in 54 cases. Local government privatization had some harmful effects on employees in

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terms of decrease their living standards and employment mobility opportunities and discrimination between white and black people but in Government jobs black women had highly paid than in private sector in New York. He added that only some home employers had defensive strategies for influenced workers. Hebdon (2006) explained more that privatization had major deunionizing effects too in New York. Trade unions were the means pro opponent actions however merely for-income reforming cases. Trade unions favored contracting work back to the public segment in 9 cases; unions accepted reformation in 6 cases of contracting out to different administration they did not play its role as an opposition because of mix of restructuring strategies.

Shehadi (2002) about privatization viewed that Egypt implemented privatization in a gradual manner with strategies such as early retirements and micro finance to minimize labor and union opposition. The consequence was decrease in unemployment from 8.8 in the year's 1996-1997 to 7.4 % in 1999-2000.

Cheng (2008) wrote that managing redundancies in telecom industry associated with privatization, TeleDanmark pronounced to redundant 2,500 workers and hiring of 500 new employees. Both workers and trade unions criticized the company board because they had not succeeded to polish and reorganize existing employees. Later there was an agreement on redundancy matter signed between company authority and trade unions. In 1999, 2,500 persons had departed the organization and 1,000 fresh bloods had been employed. He (Cheng) also wrote about Germany that in 1995 DeutscheTelekom at the time of privatization, declared to reduce employees nearly 60,000 to 170,000. The corporation bargained joint contracts by 3 unions named as Deutsche Postgewerkschaft (DPG), Deutscher Postverband (DPV KOM) and

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Christliche Gewerkschaft Post, in which it announced redundancies till the finish of year 2000 and the unions agreed to demands for boosted movements and elasticity of workers. Toward personnel decline aim, attractive remuneration for separation and untimely retirement proposals were offered and generally acknowledged. In mid1999, only 174,000 staff members remained in service.

Candland (2007) explained that there were no developments of unions till 1952 in Pakistan. In 1969, labors started to get rights of establishing trade unions with all powers. Bhutto supported unions.

According to Shah (2010) General Zia again banned unions. Musharaf did the same thing. Former Prime Minister Gillani had been given some reliefs to employees by announcing Workers Welfare Fund Ordinance, Employees, Old-Age Benefit Act, and revised Industrial Relations Ordinance among security for worker, applying some provisions on the organization to lay off personnel etc.

In PTCL, union remained very powerful before privatization. But after privatization since 2006, the new management of Etisalat has reduced union power by implementing different polices. Edward (2010) said that the reasons of decline of unions in private sector were that unions in public sector drive for higher pays and do not care if the cost of government services goes up. Whereas, private-sector unions are aware that higher costs for employers may consequence in lost sales and less union jobs.

In Pakistan the public sector is inefficient which leads to decrease the performance so there is a need for the private sector to come forward to foster the efficiency. Khan (2003) in his article stated that because of political intervention and excessive employees, the efficiency of



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the public division is decreased. After privatization of PTCL nearly 32000 employees left the job under the VSS and this affect the employees' performance (in terms of employees' motivation as well as retention) and overall organization performance.

Vernon (1988), explained that there was a close relation between privatization and financial performance in under developed nations. He said they had intensely little money, so decided to auction their main state enterprises like in case of PTCL. Vernon further added that developing states picked mark organizations for privatization based under those costs; they would control the global souk.

Privatization promotes competition. It is vital for network enhancements and assuring profitability. For example U-Fone of PTCL has many competitors in the market such as Telenor, Mobilink, Warid and Zong etc.

In the Teralight Limited Report (2004) about PTCL privatization it was said that extensive evidence proved that privatization directs to performance enhancements. Teralight limited is a consulting firm which provides its services to different telecom companies like PTCL etc. Megginson (1994) analyzed before and after privatization monetary and operational performance of sixty one organizations including 32 sectors, plus telecom from eighteen states. These countries discovered privatization positive effects on proceeds, sales, investments, and employment. Ernst, Edwards, Gladstone, Gregory and Holt (1999) also explained that privatization is successful in Morocco in terms of enhance performance.

According to above literature review it is shown that, all privatization decisions has some highlighted objectives such as liberalization, magnetize private segment investment, shrink state participation make sure healthy contest (increased productivity, broader purchaser options and

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little costs), efficiency and expansion of the industry and which also effect the organizational performance in several ways. In the light of above literature a frame work has been developed to propose the relationship between the various types of privatization and the possible effects and impacts on organizational performance.

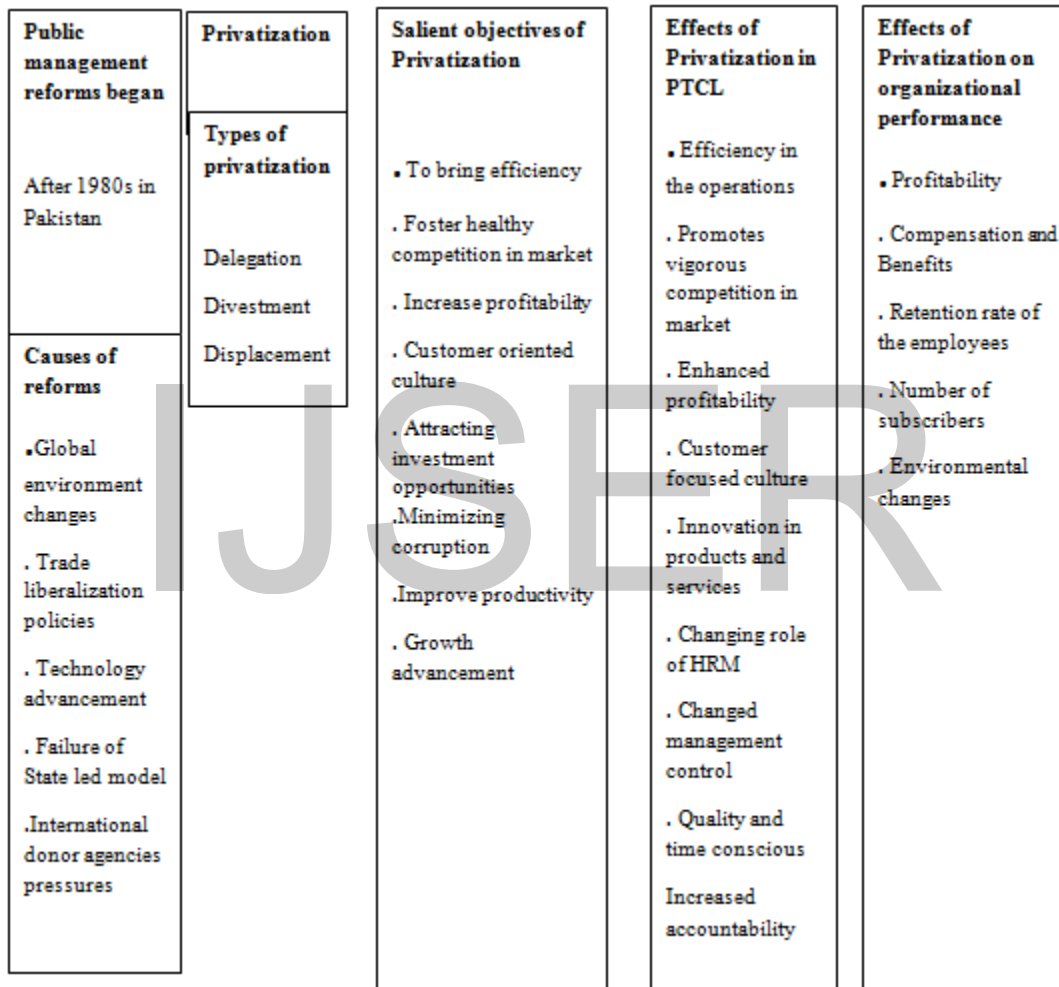
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### 3 THEORATICAL FRAME WORK

After the literature review for the current research the frame work will be below as:



**Figure 1: Privatization effects on organizational performance**

Organizational performance dimensions are profitability, compensation and benefits of all three types of employees such as BPS, NCPG and NTC, retention rate, numbers of

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subscribers and environmental changes. This frame work will be analyzed in the present research. Instrumental perspective has been used as theoretical support of current case study.

As explained by Christensen (2007) that according to Instrumental perspective said that public organizations work on behalf of society. Organizations are means to attain definite societal objectives perceived significant. In case of PTCL, the vision is to provide the best optimal technological services to satisfy its customers. For this purpose they privatized it as customization is the feature of New Public Management. Instrumental Rationality entails that organizational people assess obtainable substitutes in concurrence of related effects with the selected objectives, make willful preferences among choices and achieve needed results. It articulates through an organization's structure being designed in accord with means-ends assessments too and organizational structure determines the member's behavior while carrying out tasks.

The main assessment report of Privatization in Pakistan was presented by Asian Development Bank (ADB). ADB Report (2008) stated that Privatization would be the main factor of the state's policy used to energizing fiscal development, capturing investment, and generating preferences for the private part. Government of Pakistan had vended marginal shares through the stock exchange in chosen firms prior or subsequent to the shift of administration control in case of PTCL. According to ADB it would assist into domestic and foreign savings and also encourage corporate governance, as companies would be forced to abide obligations of the stock market and SECP. According to annual report of PTCL (2011) company has now established Online Performance Management System after privatization to access the performance of all cadres of employees in the company to ensure accountability (one of the

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determinant of governance) through Human Resource Committee of PTCL. In case of PTCL Privatization there were different objectives like inducing the foreign investors, minimizing the corruption, decreasing number of switching customers through Quality and Time conscious service (these two are also in the vision of company), improving the share of PTCL, fostering competition (like PTCL has competitors such as World Call, Brain limited Naya Tel etc), to strengthen internal control, customers satisfaction (which is also one of the core value of PTCL).

Then results were various changes occurred after privatization which has influenced organizational performance in many ways:

- Advancement in technology and product expansion like Virtual Private Network (VPN), Audio Conference Service, Digital Phone Facilities/ Modification Charges, UAN, UIN, Broad Band Pakistan, Digital Cross Connect (DXX), U-Fone etc)
- Changing role in HR department of PTCL
- Environment change
- Change in workers responsibility
- Change in Packages and Call rates
- Change in Management of PTCL
- Change in advertisement ( great innovation through hilarious ads which differs PTCL from other competitors say U- Fone Ads)
- Modify in organization response toward the customers

The consequences of the privatization in PTCL includes increased internal control on employees and organizational performance, customers are inspired to PTCL products (Like Broad Band Pakistan), introduction of low national and international rates, minimized the

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corruption (online performance evaluation of employees and strict monitoring now in the organization), proper handling of customer complaints (24 Hours Complaint Service available). Moreover, employees are more responsible now (because of strict accountability (one of the pillar of governance too) and HR Committee makes sure it in PTCL), generation of demand of PTCL products and services (like U-Fone Subscribers). Another effect is also included here which is employees' resistance against privatization. According to Labor Education Foundation News Letter (LEFNL) (2011), strike camp was held by PTCL employees in Lahore. The motive was that Etisalat accepted the demands of workers in 2008 but later on denied from it. According to workers there was an agreement between Government of Pakistan (GOP) and Etisalat for workers jobs and benefits before the privatization in the year 2005. Former Prime Minister Yousaf Raza Gillani announced 15 % salaries increased due to inflation in 2009. Etisalat did not act upon instead workers were sent to jail in wrong litigation. In 2010-2011 basic pay scales (BPS) was increased to 50% by Former Prime Minister Gillani but again Etisalat rejected it. Many trade unions had joined hands with PTCL workers like Labor Party Pakistan, National Trade Union Federation, Labor Employee Federation (LEF) and Staff Union Alhamra etc. they demanded that privatization should be eliminated and given to GOP ownership and pay should be given to shift out employees of PTCL.

Instrumental perspective of organizations holds that steering can arise in part, through designing the organization's structure, linkage with surroundings and influentially cogent accomplishments under these limits. Organizational heads can manipulate their own and others' contexts of action. The execution of rational deeds has 4 parts:

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- Objective: What does individual wish for attain, and what is the space amid desire and existing status of matters?
- Substitutes: What are probable options?
- Hopes in relation to results: What prospect outcomes with respect to purposes can relate to every option?
- Administrative imperatives: The way of choosing preference among options.

There were many goals of Privatization of PTCL. First to bring efficiency in the services of the company boost up the healthy competition in the telecom sector because many landlines companies came at that time like World Call etc, value added services and increase foreign investment. Some options which were available there. Savas (2000) explained 3 types of privatization such as delegation, divestment and displacement. PTCL used the voucher system, which was delegation (form of privatization) and sold off 26 % of shares to Etisalat which was a divestment.

Considering the fourth element of rational actions, the study of decision-making behavior Christensen (2007) asserted about the 'administrative man'. He performs in an established structural agenda. He has deficient or lacked consequences and awareness of substitutes or options available to make a decision as Simon (1946) outlined. Christensen (2007) described that a specialized organizational structure gives the individuals limited perceptives for easily knowing however they may be bounded and faced difficulty to observing their function and acts in a broader outlook. Khan (2003) said that one reason is also true that international donor organizations (IMF, WB) began pressuring countries to divest for e.g. privatization in Pakistan in

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the era of Former President Musharaf, IMF played a vital role and the entire planned community assets was the element of responsibility particular toward the sponsor to funding its Poverty Reduction and Growth Facility (PRGF).

To design a suitable structure, managers should choose to organize work and attempt perpendicularly and parallel too. PTCL Structure can be explained through 3 parts:

- Complexity
- Formalization
- Centralization

Christensen (2007) explained that a bureaucratic organizational structure like Weber said that it includes chain of command, division of labor and formalizations. Hierarchy involves upper and lower posts and different perpendicular ranks in the business. Someone at the top place has authority to control. He can coach assistants from descending contact means. It has a Bureaucracy in PTCL. It has Delegation of Authority Matrix of PTCL manual which includes all the powers, function which the positions in the organization have. All the organization members follow this document. The word complexity defines to the quantity of differentiation in a company. The additional distribution of labor in a firm, more vertical level in the chain of command and supplementary geologically scattered the organization's divisions, it is complicated to manage workers and their actions. PTCL has centralization decision making after the privatization as before privatization.

Mc Millan (2001) asserted that nature of organizational structure plays a major role on organizational performance. It explains the organization's proper system of communication and authority. It is represented in mostly organizations as an organization chart which specifies the



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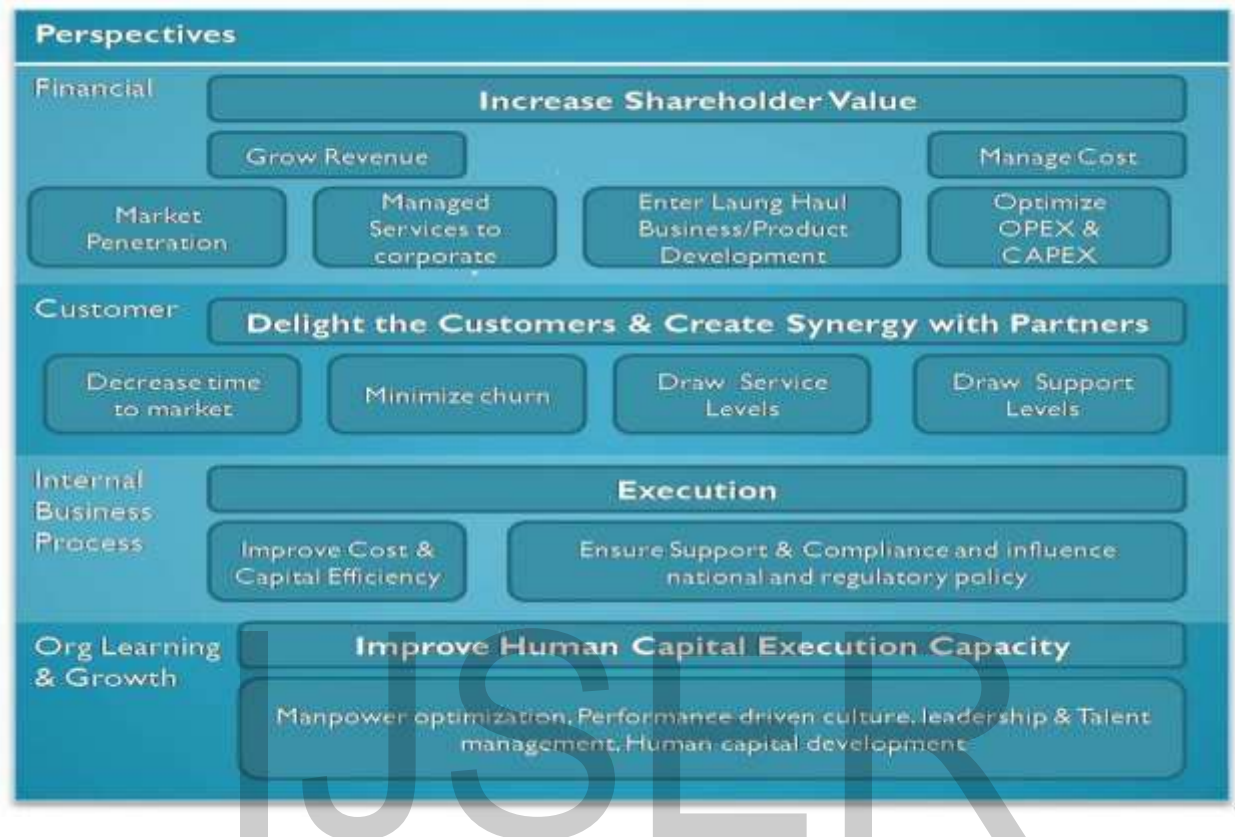
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responsibilities of individuals for implementing management plans. Organizational chart of PTCL before and after privatization has been attached in appendix. After privatization, the Chief executive (CE) post has been replaced with General Manager (GM). Management Director (MD) post has been removed in PTCL. Long hierarchy exists in the organization as before privatization.

As environmental changes are one of the dimensions of organizational performance for present research, it is evident from pre and post- privatization that environment of PTCL is slowly and gradually shifting in terms of development and improvement of internal and external environment. There are many instances in this regard. For the organization and personnel's improvement, PTCL uses Management Development Program. It has trained higher-ranking managers to make them company leaders. Consider the above dimension, a proposed modified strategy map for PTCL is suggested which could be the new face of PTCL.

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**Figure 2: strategy Map (<http://telecompk.net/wp-content/uploads/2007/07/strategymap.jpg>)**

According to above strategy map at the financial side, PTCL has increased shareholders value. With a perspective on sustained long-term growth in shareholders' value, PTCL continues to consolidate its position in traditional revenue streams while exploring emerging products and technologies considering customers' needs and dynamics of the industry after privatization. So because of these facts financial profitability is also chosen as a dimension of organizational performance.

As explain by the instrumental perspective, Horizontal specialization states to distribute diverse duties to a definite rank through organizational arrangement. Like PTCL case, a Finance

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employee can deal the matter of Revenue Department and vice versa. But usually people work in their own specialty areas as before privatization. There are 4 kinds of horizontal specialization. First purpose dispenses cases with respect to sector. PTCL uses sector principle specialization as before the privatization. Second geographical principle entails an organization's formation mirrors the communal distribution. It may come to expression within committees that capture duties like educational institutes and senior citizens care etc.

Through geographical specialization, the likelihood of harmonization will increase among diverse areas. Same principle is following in PTCL.

There are 3 geographical zones in PTCL Lahore as before privatization:

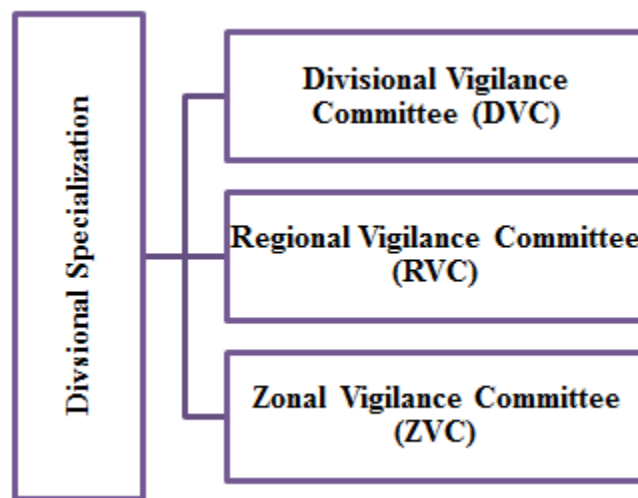
- Lahore Transmission Region (LTR) North Zone
- LTR South Zone
- Raiwind Zone

The fourth principle is Client principle; it stated every matter of specific segment of the people is assembled in a unified organizational element for instance in municipalities there can be entity divisions for women, aged people etc.

Christensen (2007) further described that there are some other kinds of organizational forms and can be substitute or even supplementary to a bureaucratic structure. Collegial structure includes board of directors (BODs) or a review committee at the upper positions in the organizational structure. BODs are also present in PTCL. Divisional specialization prevails in PTCL. There have made 3 committees in the organization after privatization:

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**Figure 3: Divisional Specialization**

Divisional specialization advances elasticity and adaptableness to fulfill requirements of key exterior stockholders. It permits for marking outside amends and presents for incorporation of skilled employees. Divisional specialization centers the achievement or breakdown of specific product, service, buyers or areas. For example in PTCL South Region Lahore only in February 2012 fixed lines Broad Band customers were 67000 which clearly shows the success of their product and excellent organizational performance as explained by respondent.

Diverse persons may have dissimilar aims can be entitled as heterogeneity. Bargain supported instrumental perception said that Firms may like alliances, every player performs through a rational technique there, is inspired with self-interest and can make unions to external groups of the company, who work for self-concerns like political parties. For example in organization besides management, employees and unions are other dominant actors whose interests may be different than management. Actors' rational decisions may be influenced to

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chosen alternatives. Other actors' point of views also matters and they can take part with knowledge about means-ends-relations.

Christensen (2007) added that dominant coalition can select among substitutes of act and push through its aims and concerns. Secondly, the actors can negotiate a compromise among diverse concerns or interests. They give the foundation of an instrumental rational option stood on facts regarding choices and outcomes.

Thirdly, the opposing objectives can be dealt separately because these direct the consideration for reliable results. Fourthly, through specialization and decentralization bounded targets or dilemmas may solve independently and can be said local rationality. If an alternative may adequate to conflicting parties then avoid defining contradictory objectives evaluation towards each other. Christensen (2007) explained that organizational environment is also important for the structure and how tasks to be accomplished.

This research will try to investigate how privatization has effected pre and post-performance of PTCL in terms of profitability, compensation and benefits, retention, number of subscribers and environmental changes and also will analyze the role of HR department in the organization to motivate and retain the employees in the organization (PTCL) and to provide effective recommendations for employee retention to corporate leaders, because to address the human side is very essential as Fey and Bjorkeman (2000) explained that organization can achieve high and maintain excellent performance only through excellence performance of employees and their development.

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#### **4 RESEARCH DESIGN AND METHODOLOGY**

The research design and methods section describes the design or procedures which researcher plans to follow in conducting the research. The study will be qualitative in nature. Qualitative research is based on variety of theoretical approaches and methods with common underlying objective of understanding the events, circumstance or phenomenon under study. Qualitative research is used for creating understanding, subjective interpretation and critical analysis. Since explanatory research provides meaning as well as description of the phenomenon, events or circumstance, the research will focus on the explanatory research.

##### **4.1 Instrumentation and Procedures**

Case Study is a comprehensive contextual investigation of small number of incidents, situations and their associations. Numerous researchers of diverse fields apply case studies to construct or make a fresh theory, to argument or confront theory. It also clarifies or gives a foundation toward relate answers to a condition and also discovers or expresses an object or event. Case study shares outcomes openly to the general readers. It assists to readers in consideration the multifaceted situations (Kaplan, 1994).

Case study is multi-perspective investigation. It indicates that the investigator judges the influence and view as well as the pertinent set of actors and their relations. Among the different attributes, this is one of the prominent features of case study methods. In case study technique document analysis will be used for analysis as it focuses on review the published and

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unpublished records of an organization such as press release, annual reports and newspaper articles published.

The unit of analysis is usually an organism of act more willingly than an entity or group. Case study inclines toward careful centering on 1 or 2 basic topics to know the observed system. Employees of all three groups will be used as unit of analysis such as basic pay scale (BPS), new compensation pay grade (NCPG) and new terms and conditions (NTC) of PTCL. NTC employees' category was created after privatization. NCPG and BPS employees were present before privatization.

Face to face interviewing will be used as the method of gathering primary data as well as observation as secondary data collection method. For the interview open-ended unstructured questions will be prepared. Convenience and quota sampling will be used. 4 respondents from each category of employees will be approached, this will provide for 12 responding interviewee's. The site will be PTCL 3 main zones in Lahore such as Lahore Transmission Region (LTR) North Zone, LTR South Zone and Raiwind Zone for the data collection. For the summary table is given below as:

**Table 3: Zones of PTCL Lahore and sampling techniques for data collection**

Sampling Techniques	Zones of PTCL Lahore		
	LTR North Zone	LTR South Zone	Raiwind Zone
Convenience	Yes	Yes	Yes
Quota	4 respondents	4 respondents	4 respondents

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It is two months internship based research as in observation; researcher observes and records the social behavior of subjects just like in case of PTCL. In current study environmental changes are also one of the dimensions of organizational performance that's why observation is vital as a data collection method. As Gummesson (1991) said that this method is widely acceptable in public and private sector both.

### **Operational Definitions of the Variables**

There are definitions of variables:

To define privatization Shehadi (2002) said that it is convey to or direct of assets utilized to distribute goods and services from the state to the private segment. Privatization is taken as independent variable in this research.

Organizational performance is referred to as an assessment of a performance of any firm with its preset aims and plans. Organizational performance is multidimensional. According to Javier (2002), performance is equal to 3things, which are economy, efficiency, and effectiveness, of a definite plan or agenda commonly called 3Es. However, according to Daft (2000), organizational performance is capability of the company to accomplish its objectives by utilizing its sources in an efficient and effective way. Five key dimensions are identified to measure organizational performance:

**Profitability** indicates how an organization's capability to create profit soundly. To measure profitability five financial ratios have been identified:

- Gross profit percentage (%): It can be expressed as:  $\frac{\text{Total cost of sales in a period}}{\text{Total sales revenue for that period}} \times 100$ . Sign / shows divide and \* indicates multiply.



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- Operating profit %: Operating profit can be calculated as Earnings before interest and taxes (EBIT) in period / Total sales revenue in the same period\*100.
- Net income (N.I) %: The surplus of revenues over outlays in a specified period of time (including depreciation and other non-cash expenses) is called net income. It signifies the total wealth residual minus operating costs, mark ups; taxes and preferred stock payments subtracted from sum returns. Principle equation is:  
Total Revenue minus all outflows = N.I
- Earnings per Share (EPS) times: The firm's EPS is generally a measure of the net income earned on each share of common stock. It basis provides a useful perspective for determining profitability stockholders and management.
- Return On equity % (ROE): Equity provides complementary information by expressing total equity as a percent of total assets. Company is less risky if it has more equity component. It is basically % of return invested by owner or efficiency of using equity to generate profit.

Through Income statement and financial highlights in annual report (2011) of PTCL above profitability measures will be manipulated. Gross profit, operating and net income figures will be taken from income statement with vertical analysis. Vertical analysis shows financial accounts in terms of every entry in the fiscal statement as a % of a base amount as well as % change for instance in income statement revenue or sales is used as 100 %.

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Employee retention strategies was explained by Gberevbie (2008) that these refer to the sources, policy or managerial or decision making actions are placed by firms to preserve their proficient personnel for performance. Retention rate before privatization and after privatization will be measured in all three categories of employees like BPS, NCPG and NTC.

The act of compensating or the state of being compensated is called compensation. It is also referred as something, such as money, given or received as payment or reparation, as for a service or loss. Benefit is an imbursement constructed or a privilege offered in accord with a pay contract for instances insurance schemes and public support plans etc. The compensation is a major tool for organizational performance improvement (Trevor, 2008). Compensation and benefits packages of all three types of employees of PTCL will be analyzed.

Subscribers mean to obtain or be permitted to right of entry for electronic contents and services by subscription. Number of subscribers will be measured in landlines connection, cellular connection (U-Fone) and Broad Band service of PTCL.

Environment refers to an organization's surroundings; the 'climate' in which it works. In the study environment includes both internal and the external environment and changing nature especially due to the business in telecom sector as it moves from monopoly to competitive environment.

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#### 5 FINDINGS

This is the responsibility of a researcher that research findings should be communicated to people who can benefit from them. Through the face to face interviews from 12 PTCL employees and observations primary data have been collected. Currently Basic pay scale (BPS) employees are 60%, new compensation pay grade (NCPG) 10% and new terms and conditions (NTC) 30% in PTCL. These details are summarized in table below as:

**Table 4: Categories of PTCL employees and respondents scales**

Categories of employees (% of total)	Pay scale range	Scales of employees				Total respondents
		19 -22	15-18	11-14	1-10	
BPS (60%)	1-22	19,19	18	11	-	4
NCPG (10%)	1-17	-	-	-	2,3,4,6	4
NTC (30%)	17-22	-	17,17,18,18	-	-	4

Above table shows the scales of respondents from whom the data has been collected. In PTCL, BPS employees scale ranges from 1 to 22. NCPG ranges from 1-17 scales and NTC from

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17-22. Sign- shows nil. Open-ended questionnaire has been used for this purpose. The questions and their consolidated responses are reported in the following section:

#### **5.1 Interview Results**

The following section reports consolidated responses from the interviewees against each question.

**Q1.** What were the main reasons for privatization?

**Responses:** Interviewees admitted that privatization is a global phenomenon or trend it encourages private sector to play a part and reduces the state role in business activities but in case of PTCL, privatization was not desirable because it was already in profit. Monopoly of PTCL also ended after privatization. Some respondents were in the favor of privatization, because it was the need of that time as many telecommunication sectors were privatizing or adopting the deregulation policy internationally. To boost up the competition to compete and to bring innovative products in the market were other reasons of privatization.

Under the supervision of Government of Pakistan, there was no option to make large investments in Pakistan Telecommunication Company Limited (PTCL). One view was that Government of Pakistan had other departments or sectors to bear their expenses, one view was that. Another reason was that before privatization only landline was a major source of revenue. Some respondents felt that there was an interest of Government of Pakistan to Dubai based telecom Etisalat as it could increase its wealth by the sale of PTCL assets.

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**Q2.** Were you satisfied with the performance of PTCL before privatization?

**Responses:** Majority respondents said yes and argued that PTCL privatization was not good decision. Before privatization PTCL was already profitable so there was no need of privatization.

**Q3.** What was the role of government in privatizing PTCL? Now is there any intervention or involvement of government in the affairs of PTCL?

**Responses:** On the role of Government of Pakistan (GOP) all respondent agreed on that although Government of Pakistan (GOP) still has 74% share in PTCL but it does not directly interfere in the affairs of the organization, some respondents mentioned that Pakistan Telecommunication Authority (PTA) controls the activities of all telecom sectors and in PTCL there is an official of Government of Pakistan as a Board of Director (BOD). Privatization Commission (PC) was established by Government of Pakistan to take the part in the process of privatization.

**Q4.** What was the role of international donor agencies in the process of privatization in Pakistan as well as in telecommunication sector in Pakistan?

**Responses:** Majority interviewees said that in Pakistan international donor agencies such as International Monetary Fund (IMF), World Bank (WB) and Asian Development Bank (ADB) have their own parts to play. Few people argued that there was no role of these agencies; it was solely a decision of GOP. They provided instructions and different assessment reports on privatization in Pakistan. WB also assisted Privatization Commission in Pakistan to carry out privatization policy through Institutional Development Fund.

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**Q5.** Give your views on Voluntary Separation Scheme (VSS)?

**Responses:** Overall Voluntary Separation Scheme (VSS) was attractive according to respondents. The philosophy behind Voluntary Separation Scheme (VSS) was to shed the employees. This scheme was established at the time of privatization to remove the old employees by giving attractive monetary benefits to them so that they could voluntarily leave their job. There were various benefits associated with VSS Scheme. It was only for permanent employees because they could get more money than the monetary benefits which they could earn at the time of retirement, although it was an optional scheme. That was the footstep of brain drain from the organization.

**Q6.** What was achieved from privatization? What is the difference between past and current state of affairs of PTCL?

**Responses:** Current state of affairs is different from past in many ways according to responses. First of all information technology has advanced and progressed and SAP system has been introduced. Leave record is maintained on-line in SAP system. Reporting system is now on-line. All departments have PC systems and managerial level employees have Dell Laptops. Now the paperless culture is moving on. Customer oriented culture has been introduced, Billing and customer care (BNCC) is good example in this regard. Before privatization customers were dealt for granted. Now well educated people are joining PTCL and professionalism is coming after privatization. After privatization, product line expansion like Broad Band, EVO, Smart T.V and V- Fone etc has taken place. Technology has improved which was not advanced before privatization.

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**Q7.** What were the alternatives to privatization?

**Responses:** Few interviewees explained that it was the best option for PTCL as well as for all public sectors. It was the need of that time, some people are unhappy with it. Because they think that work load has increased due to labor shortage in the company. In case of PTCL privatization there were some options. Public private partnership, joint venture etc were options besides privatization. But some interviewees said that privatization was only the option because it was under government so it could not be a multinational. But some employees viewed that this was a wrong decision with no benefits for employees.

**Q8.** What were the objectives from privatization? Have these objectives achieved?

**Responses:** According to responses the objectives or expectations about consequences of privatization were:

- Efficiency
- Boost up competition
- Product line expansion
- Customer-driven culture
- IT advancement
- Profitability
- Transparency

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Majority of the objectives have been achieved. Examples of Customer oriented culture are introduction of Customer Relation Management (CRM) and New Generation Network (NGN). Although profitability in landlines has been decreased, at Broad Band Pakistan side it has increased. On-line performance appraisal is now conducted. It is transparent some employees gave opinions in positive. On-line performance system is one criterion in it which is number of complaints of that particular employee during a particular year and then is assessed him and the other is whether he is meeting his target timely or not.

**Q9.** How was the choice between alternatives of privatization made?

**Responses:** There were opinions that Government of Pakistan (GOP) did not want to spend funds on PTCL because it could not bear the expenses of PTCL and government wanted to sell the assets of the company to earn the money from it. That's way to choose the alternatives of privatization. It is also important that international donor agencies like IMF, WB and ADB also played their parts. Few responses clearly identified that GOP did not consider any alternative except privatization.

**Q10.** How did the 1980s liberalization policies and privatization trend affect PTCL?

**Responses:** After Zia's Government, Nawaz Sharif started to privatize the units because some government units were burden for the state according to respondent. So government also decided to privatize PTCL to earn profit.

**Q11.** How important is privatization for increasing the organizational performance?

**Q12.** Did you see any improvement in organizational performance after privatization?

**Q13.** What other effects of privatization on organizational performance do you notice?



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**Responses:** Majority responses agreed that improvement in performance has occurred in many ways after privatization. Examples are products expansions like Smart T.V, V-Fone and Broad Band Pakistan etc, on-line System is prevailing in the organization in the form of SAP Technology and PCs, laptops, electronic attendance and performance evaluation system. Some positive effects of privatization on organizational performance have occurred:

- Product line expansion
- Improved information technology
- Profit increased
- Corruption decreased
- Paper less culture
- Transparency in operations
- Healthy competition arose
- Brought efficiency
- Growth
- Pay for performance

### **Role of Human Resource (HR) Department**

**Q14.** What was the role of Human Resource (HR) Department before privatization?

**Q15.** Has HR Department has gained strategic importance in PTCL after privatization?

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**Responses:** Respondents discussed the role of human resource department. According to them Human Resource (HR) Department was under Administrative Branch of PTCL before privatization. Now it has a separate department and has gained strategic significance in policy making in the company. HR department acts as a conduit between headquarter and administration branch and has great contribution in establishing performance based system in the organization.

Presently, HR has an active role, appraisals of employees, restructuring of employees, pays and department all are handled by HR Department. After the headquarter Islamabad, in Lahore the centralized Human Resource Department is now working to see all the matters relate to that city. Same the case is with other cities of the country. Some employees agree that HR acts as facilitator for them. For example some employees said that when they apply for residences than Human Resource (HR) Department facilitated them and they got the residence. Other interviewees held that HR does not support them to increase employee benefits like compensation and benefits.

### **Retention Rate**

**Q16.** What was the retention rate of employees of PTCL before privatization in 2006?

**Q17.** Has there been improvement in rate of retention after privatization?

**Responses:** Most of the respondents told that retention rate is not very good especially among contractual employees after privatization. New terms and conditions (NTC) employees hardly completed 5 years. Their retention is a major challenge for human resource department. One reason of poor retention rate is employees are not promoted, instead of new people are hired

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for their positions. That's why people choose PTCL's strong competitors like Mobilink, Warid and Telenor etc. Contractual employees are less committed to the organization as compared to permanent and NCPG employees. Currently turnover rate is high. Last 4 to 5 months, in customer care department 5 to 8 people left the jobs which are highly competent and skillful people, which is simply a brain drain of human resource and it is a big problem for the company. They all were. Downsizing is continuing. Before privatization it was above 95% approximately.

### **Types of Employees and Compensation and Benefits**

**Q18.** Give the categories of employees present in the organization before 2006?

**Q19.** Give the types of employees in PTCL currently?

**Responses:** There were 2 types of employees at PTCL before privatization:

- Permanent employees or Basic pay scale (BPS)
- New compensation pay grade (NCPG)

There are 3 types of employees currently at PTCL:

- Basic pay scale (BPS)
- New compensation pay grade (NCPG)
- Contractual New terms and conditions (NTC) employees

**Q20.** What kind of compensation and benefits (C & B) were offered to employees before privatization?

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**Q21.** What changes have taken place after privatization?

**Responses:** It was suggested that after privatization Basic Pay Scales has not been revised, with same and no improvement. Although government announced to revision of pay scales many times, but PTCL authorities have never acted upon then dissatisfaction is found among the employees of PTCL. One respondent said that after privatization like permanent employees NCPG also can get loans from the company. Non-management employees got vehicles for their field work. HR department helped in approval of vehicle scheme. Former Prime Minister Mr. Yousaf Raza Gillani in 2009 announced 15% of basic salary increase package but organization did not upgrade salary scale, but company management only increased 8% in salaries. Contractual employees have advantages over permanent their pay are more than BPS Scale.

**Q22.** What was the percentage (%) of permanent employees against contractual employees before privatization? Is there any change occurred after privatization?

**Responses:** Before privatization 80% BPS and 20% NCPG employees which were considered as contractual. The % of permanent employees against contractual and NCPG employees are 60%, 30% and 10% at present.

### **Profitability**

**Q23.** Has financial profitability increased or decreased over the years after privatization?

**Responses:** Profitability has decreased over the years after privatization except in Broad Band and EVO Wireless profitability has upward trend shown in analysis part. DSL has nearly

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70 to 75 % share although various competitors are there but there is no substitute of DSL according to interviewee.

#### **Organizational Structure**

**Q24.** What type of structure had been followed before privatization in PTCL?  
(Bureaucratic structure, flat structure, collegial structure, Matrix structure)

**Q25.** What is the structure of PTCL currently after privatization?

**Responses:** With regard to the form of the organization, almost all respondents agreed that bureaucratic structure is followed in PTCL as before privatization. But other structures are also evolving presently for examples BODs also take part in policy making which is the indication of collegial structure. Sometimes matrix structure is also followed when revenue and finance manager has to report to his/her immediate supervisor as well as super supervisor and Head Quarter (HQ) in Islamabad.

**Q26.** How many levels of hierarchy were existed in PTCL before privatization?

**Q27.** Has there been any change in it?

**Responses:** There was a very large hierarchy before privatization. The PTCL organization structure operates with standardized guidelines, rules and regulations. Each officer/official knows his/her responsibilities of what he has to do. Due to these strict rules and regulations the PTCL organization's structure is more formalized. New posts have been created in hierarchy and older have removed. Actually new names are given to older posts nothing new.

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**Q28.** Do you think PTCL structure is still highly centralized in terms of relationship between departments? Are there any reform initiatives at administrative decentralization internally or externally by carving out new departments out of existing departments? What was the past practice in this regard?

**Responses:** In PTCL, organizational decision making is highly centralized at upper levels of management. Problems flow up to senior executives, who decides what, should be done. In some cases, decentralized policy is used and decision making is delegated to lower levels of management. Some employees viewed that only regional general managers have some autonomy in decision making in their jurisdictions. Before privatization there was also centralized authority. New departments have emerged and some departments have been removed. For the backups of the company data, big rooms were available before privatization now they have vanished. Digital Subscriber Line (DSL) Broad Band is new department which has separate manager. Consumer Sell Centre (CSC) which has service of One Stop Shop under marketing and Human Resource Departments, are newly emerged departments after privatization.

**Q29.** Is Horizontal specialization prevailing in PTCL Was Horizontal specialization prevailing in PTCL before privatization?

**Q30.** There are four types of horizontal specialization like sector, geographical, process and client. Which type is followed in PTCL before and after privatization?

**Responses:** All interviewee replied in positive regarding prevalence of Horizontal specialization. For instance a Finance employee can deal the matter of Revenue Department and

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vice versa. But usually people work in their own specialty areas or in their sectors as before privatization, e.g. HR person works in HR Department and marketing employee works in marketing this is sector principle according to instrumental perspective. Similarly land line men are transferred through Training and Development (T &D) and they are sent to Information Technology (IT) or as an installer. Geographical principle is also followed as different Zones have been established to work effectively. For example there are 3 Zones of Lahore as before privatization:

- Lahore Transmission Region (LTR) North Zone
- LTR South Zone
- LTR Raiwind Zone

There are also business zones all over Pakistan cities:

- Centre zone which covers Punjab
- South zone which covers area of Sindh
- North zone includes Headquarter Islamabad , Khyber Pakhtun Khawa and Baluchistan

Before privatization geographical principle was also exist. Client Principle is implemented for example Broad Band Student Bundle Package for the student and EVO Wireless connection which has offered ITD packages for the government employees after privatization.

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**Q31.** Does divisional specialization exist in PTCL?

**Responses:** Divisional specialization has prevailed in PTCL after privatization.

**Q32.** Is there any policy regarding the organizational structure of PTCL? If there is one what are its main elements?

**Responses:** Formalization is strict and rules and regulations are clearly defined in Delegation of Authority Matrix of PTCL, which is an important document. All interviewees answered in positive that they follow this document and it also describes the structure of the company.

### **Organizational Structure, Environment and Uncertainty**

**Q33.** How has the internal environment (Internal environmental factors are value system, mission objectives, management structure and its nature, power relationship, human resource management, company/organization image and brand equity, physical assets, R&D, technological capabilities, marketing resources and financial resources.) and external environment of the organization been affected by the privatization? (Micro environment includes human resource (Employees) of the organization, the customer of firm, the way of rising of finance of the firm, suppliers, local communities of the organization and Competitors in business. Macro environment consists of factors like economic, technological, political, legal and socio-cultural factors of the firm.)



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**Responses:** According to respondents there have many effects occurred in internal and external environment because of privatization. First of all internal environment affected in many ways:

- Value system

Evolving, Innovative, Human, Trustworthy and Quality Conscious are the values of PTCL. Before privatization there was no system of values in the firm. So a major change has occurred after privatization.

- Management structure has changed as now there is Etisalat control on management
- Company image and brand Equity increased
- Human Resource Development

Training and Development (T &D) has improved e.g. Talk and Resolve Problem Training has been launched for the managers of PTCL to improve their interpersonal skills.

- Employer and employee relationship improved

Opening of employee facilitation center to facilitate and improve the relationship between management and employees is a good example. Employees can enter any complaint about the management. Complain Fault Management (CFM) has been introduced after privatization.

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External environment also affected in various ways:

- Customer care increased

All interviewees consented that customer oriented culture is now part of PTCL. PTCL has provided for and is continuously improving upon various customer engagement points, geographical and virtual, like PTCL website with interactive capabilities; walk-in channels through One Stop Shops (OSS), exchanges and PTCL franchisees and phone-in channels managed by four Contact Centers, both for inbound and outbound calls.

- Technology advancement
- Suppliers increased like ZTE, IBM etc now new suppliers of PTCL after privatization. Sidat Hyder Morshed Associates (SHMA) gives its consultant services to U-Fone in the area of compensation and benefits. Sweden and China are new vendors of PTCL after privatization.
- Local communities welfare is part of operations of organization the example of this natural disaster like flood in 2010 and 2011 in various parts of Pakistan , PTCL raised funds through many camps for the victims
- Socio-cultural factors

Life style and culture is also changed for instance in 2012 there is painting competition launched for employees and their families.

- Political Factors

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Etisalat hires highly paid general managers from their own choice but now because of political instability and insecurity they moved back dear employees to their country for their safety. So specialization and investment which are made on them are useless because of rise and fell of governments in Pakistan in political scenarios.

- Economic factors

Mostly employees argued that economic factors like inflation also sloped up ward after privatization but employees' salaries remain same. PTCL officer more explained that since new government came in Pakistan its inflation rate has risen sharply. So the purchases for employer and customer both has increased for example landlines rent is increasing in every month for the customers and to import the technologies from other countries employer has to pay more import taxes now.

There have been many effects on organizational performance in internal and external environment of PTCL:

Almost all respondents agree that **efficiency** in the operations of PTCL came in the organization after privatization. Before privatization employees did not care about customers or subscribers complaints and took long time to fulfill their requests. Now the new environment has been created after privatization and key parameter indicators are defined for performance to bring efficiency in the operations. For example Information Technology (IT) Manager is responsible to timely issuance of telephone bills and support service maintenance and expansion of telephone lines on time and this thing effects on his/her compensation package like increment

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or some other sort of recognition from the company. Online communication has improved. Almost all work is done on computer or laptop.

Customers or subscribers side there is rapid growth in Broad Band of Pakistan because of its quality of technology and time conscious service.

There are many new services have been introduced after privatization before there was only one service which was landline. **Product line expansion** in PTCL includes:

- Internet Protocol TV (IPTV) Service (Smart TV):
- EVO Wireless Broadband
- Broadband Pakistan
- V-Fone
- Fone

**Customers** are real assets for PTCL as respondents said. On-line complaints or feedback process are updated for them. This customer care was not present before privatization.

Before the privatization there was absence of **healthy competition** but now there are the competitors in landline like World Call, Brain Limited and Naya Tel etc as well as in cellular industry such as Telenor, Warid, and Mobilink etc after the privatization.

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**Q34.** What type of organization is PTCL according to environment?

	Stable environment	Shifting environment
<b>Homogeneous environment</b>	1. Simple structure	3. Decentralization to regional sub-units
<b>Heterogeneous environment</b>	2. Several sub-units based on specialization according to purpose or process principle, each corresponding to homogeneous parts of the task environment	4. Decentralization to sub-units based on specialization according to purpose or process principle

**Responses:** According to environment there are numerous associate components supported with specialization according to function every corresponding to homogenous parts of the task environment. It is option 2. For example Broad Band employees work in technical side only because they are specialized people in their areas.

### Coalitions and Interest Articulation

**Q35.** How can conflict between actors of organization be dealt? Did a *dominant coalition* or a *compromise* between different interests of the actors about privatization?

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**Responses:** Mostly respondents responded that organization is strong unit, union is not powerful after privatization and there is no role of politicians. Union and employees especially permanent employees resisted more against privatization. Now union has to obey the rules of the management otherwise authorities have various alternatives.

Union tries to solve salary problems of the workers but in a limited way after privatization. According to the interviewee 50% salary has been increased but PTCL management has dealt with union and only 30% salary has increase only for union employees. In PTCL union election was won by the Employee Union. There is another union named as Shaheen Union. Collective Bargaining Agent (CBA) has not been nominated for last three years. Employees are agreeing on the point that union gets benefits for its own sake and makes agreement with management and in return the members of union get some attractive positions or monetary benefits.

**Q36.** Does the role of politicians affect organizational performance?

**Responses:** Many responses were in negative to any role of politician to affect the organizational performance after privatization. Some interviewees viewed that whenever union does strike, politicians also get involved, but the motive behind this is to use the employees for their own party interests.

**Q37.** What were the sources of resistances you faced in the organization on the part of employees during privatization process? Does there any conflict exist presently?

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**Responses:** Respondents recalled that in the year 2008, a big strike took place at PTCL. In reaction management punished many employees. It laid off the employees and till now does not allow working for their positions. At that time of strike union was strong but organization made a decision to give golden handshakes to union members with attractive pay packages. Slowly and gradually management gained power by using these kinds of tactics on union members and union became weaker.

### **Subscribers**

**Q38.** Give the number of subscribers of your landline and U-Fone services before privatization? Give the number of customers on landline, U-Fone Cellular Service and PTCL Broad Band during currently?

**Responses:** On this question PTCL authority provided written documents and annual report which are also on its official website. Respondent said that in landlines there is continuously a decreasing trend but in DSL Broad Band and EVO Wireless customers of PTCL are increasing.

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#### **6 DATA ANALYSIS AND INTERPRETATION**

Data analysis is the process of evaluating data using analytical and logical reasoning to examine each component of the data provided. Data from various sources is gathered, reviewed, and then analyzed to form some sort of finding or conclusion. There are a variety of specific data analysis method, some of which include data mining, text analytics, business intelligence, and data visualizations. Data interpretation can be defined as applying statistical procedures to analyze specific facts from a study or body of research. Data interpretation is sometimes also called data analysis. Fields notes, content which and narrative analysis have been used for analysis of present research data. Field notes contain demos, written reports, images or figures, notes and further subjective coverage that the investigator records during interviewing or observing. These are transcript after that they are valuable. Content analysis may be quantitative, qualitative or both. It is a technique of evaluating the content of printed communication such as texts, records of movies, tapes and speeches etc. Narrative analysis is representing past experience that contests chain of time and sequence of events actually occurred.

PTCL is an important telecom player in South Asia and a vital organization of Pakistan. There were 2 types of employees at PTCL before privatization:

- Permanent or basic pay scale (BPS)
- New compensation pay grade (NCPG)

There are 3 types of employees currently at PTCL:



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- Permanent or basic pay scale (BPS)
- New compensation pay grade (NCPG)
- Contractual New terms and conditions (NTC) employees

On the issue of privatization of PTCL, it is the general consensus of PTCL employees is that usually an organization is privatized when it faces financial losses. Privatization is a global trend it encourages private sector to participate and minimizes the state role in business activities but in case of PTCL, privatization was not desirable because it was already in profit. According to majority employees of the organization it was not good decision. Monopoly of the company also ended after it. Although Government of Pakistan still has 74% share in PTCL but it did not directly intervene in the affairs of the organization. But some employees said that Pakistan Telecommunication Authority (PTA) regulates the activities of all telecom sectors and in PTCL there is an official of Government of Pakistan as a Board of Director (BOD).

There were many reasons of privatization. The main cause was a monopoly of Telephone and Telegraph (T & T) Department and Pakistan Telecom Corporation (PTC) in telecom sector of Pakistan before privatization. At that time many competitors came in market to compete, so there was a need of privatization because in the hands of Government of Pakistan, there was no possibility to make large investments on Pakistan Telecommunication Company Limited (PTCL). Government had to bear the expenses of other departments. Another reason was that before privatization only landline was a source of revenue for the company. Innovative products were lacking. Some employees mentioned the reason that there was an interest of Government to

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the sale of assets of PTCL to Dubai based telecom Etisalat, so that it could earn lot and increased its wealth. Few employees said that privatization was a need of the time because many companies like Temasek (which also directs mass shares in Singapore Airlines and SingTel), China National Offshore Oil Corporation (CNOOC), Haier, Emirates airlines, Dubai Ports, and Petronas (Malaysia) were privatizing which became winning global firms after it.

In the privatization of many organizations in Pakistan international donor agencies have their own roles such as International Monetary Fund (IMF), World Bank (WB) and Asian Development Bank (ADB) have a major role. For the evidence, according to Asian Development Bank report in 2008, in the early 1990s, the Government of Pakistan pursued the path of privatization, deregulation, liberalization and good governance to promote private sector and World Bank (WB) and IMF carried out adjustment program in 1993. WB also assisted Privatization Commission in Pakistan to carry out privatization policy in the country through Institutional Development Fund.

Instrumental perspective is being used as a framework for this study. According to this perspective, public organizations work on behalf of society. Organizations are instruments for attaining definite aims observed as significant in society. Instrumental rationality demands that organizational people think existing choices with respect to results adjacent to choose objectives compose willful selections among substitutes and get needed outcomes. However instrumentality also expresses from an organizational structure being planned in concurrence among means-ends evaluations.

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Functioning of instrumentally rational actions consists of four elements which is also applicable in the case of PTCL:

- Objective or crisis:

The goal was privatization of PTCL. As there was absence of healthy competition in the market before privatization in the company, PTCL had a monopoly and employees treated their customers as granted, information technology (IT) was not advanced; landline was the only source of revenue. Now there are many differences:

- A culture of professionalism came after privatization
- Information technology (IT) has advanced
- New and innovative products introduced
- Better marketing
- Customer oriented culture developed

Customers can record their complaints about services not only through land line but with online system and mobile phones and their grievance are handled at first preference. PTCL introduced Billing and Customer Care (BNCC) system in which all complaints and suggestions of customers are recorded immediately and acted upon. After privatization many new products like wireless technology EVO, Broad Band Service, Smart T.V etc have been launched. Online performance evaluation system has been introduced as Performance Management System (PMS) is an instance of IT development.

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Second element of instrumental rational actions is Alternatives: What actions are possible? In case of PTCL privatization there were some options. Public private partnership, joint venture etc were options besides privatization. But some interviewee said that privatization was the option that only considered by the Government of Pakistan. It was under government so it could not be a multinational because government did want to spend funds on it. Interestingly some employees were in favor of privatization as a good option, while others were unhappy, because the work load has increased due to labor shortage in the company. In the process of privatization there are also some forms of privatization:

- Delegation
- Divestment
- Displacement

PTCL chose delegation and divestment. Delegation includes agreements, public-private contest and corporation, licenses, funding and authorizations. Divestment includes auction, open transfer and liquidation.

(Hopes regarding) consequences: What potential effects in relative to the goals can pursue as of every substitute, and how possible are these results, supposing that the substitute is selected?

There were some objectives or expectations about consequences of privatization:

- Efficiency

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- Boast up competition
- Product line expansion
- Customer-driven culture
- IT advancement
- Profitability
- Transparency

Majority of the objectives have been achieved. Say Customer oriented culture by introducing Customer Relation Management (CRM) and New Generation Network (NGN). Although profitability in landlines has been decreased but at Broad Band Pakistan side it has increased.

Administrative imperatives: The way of choosing preference among options.

Government of Pakistan (GOP) did not want to spend funds on PTCL because it could not bear the expenses of PTCL and government wanted to sale the assets of the company to earn the money from it. That was the way to choose the alternatives of privatization. It is also important that international donor agencies like IMF, WB and ADB also played their parts on their ends. Document of the World Bank Group named Country Assistance Strategy for The Islamic Republic of Pakistan for The Period FY06-09 (2006) and Asian Development Bank report as Impact Analysis of Privatization in Pakistan (1998) are important documents which

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described phenomenon of privatization and its impacts in Pakistan in various sectors including PTCL.

#### **6.1 Organizational Structure**

Bureaucratic structure is followed in PTCL. Centralization decision making is going on. The term centralization describes where the decision making authority is. In PTCL, organization decision making is highly centralized at upper levels of management as before privatization. Problems flow up to senior executives, who decides what, should be done. In some cases, decentralized policy is used and decision making is delegated to lower levels of management. Because team work is also important for PTCL and it is one of the core value of it. BOD also takes part in policy making which is the indication of collegial structure. Sometimes matrix structure is also followed like revenue and finance manager has to report to his/her immediate supervisor as well as super supervisor and Head Quarter (HQ) in Islamabad. There is long chain of command. There are strict rules which have to be followed by each employee, this is called formalization. Job description of duties and responsibilities of every employee is written and everybody has to work according to it. Formalization is strict such as a document named Delegation of Authority Matrix is important in this regard which is followed by each employee of PTCL.

Chairman and Board of Directors (BODs) usually take major decisions. There is little involvement of employees in decision making. In Delegation of Authority Matrix document of PTCL all people responsibilities and duties are identified. Any amendments in the powers or

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organizational structure policy of the organization can be done through Delegation of Authority Matrix document.

New departments have been emerged after privatization. DSL Broad Band is new department which has separate manager. Consumer Sell Centre (CSC) which has service of One Stop Shop under marketing and Human Resource Departments, are newly emerged departments. Interesting fact is that some employees viewed that only regional general managers have some autonomy in decision making in their jurisdictions. There is regional Procurement Committee which has 4 members. This committee imposes the check and balance in purchasing within certain limits. IT and Finance people are usually nominated for the member of this committee.

Horizontal specialization is prevailing in PTCL. For instance a Finance employee can deal the matter of Revenue Department and vice versa as before privatization. But usually people work in their own specialty areas or in their sectors like HR person works in HR Department and same marketing employee works in marketing this is sector principle according to instrumental perspective which is presented in literature review too and Christensen (2007) also explained it. Similarly, land line men are transferred through Training and Development (T &D) and they are sent to Information Technology (IT) or as an installer.

Geographical principle is also following there like in PTCL different Zones have established to work effectively. For example there are 3 Zones of Lahore as before privatization:

- LTR North Zone
- LTR South Zone

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- LTR Raiwind Zone

There are also business zones all over Pakistan cities:

- Center zone which covers Punjab
- South zone which covers area of Sindh
- North zone includes Headquarter Islamabad , Khyber Pakhtun Khawa and Baluchistan

Client Principle is implemented for example Broad Band Student Bundle Package for the student. EVO Wireless connection has offered ITD packages for the government employees after privatization.

### **6.2 Organizational Structure, Environment and Uncertainty**

There have been many effects on internal and external environment because of privatization:

#### ***Internal Environment***

- Value system

Evolving, Innovative, Human, Trustworthy and Quality Conscious are the values of PTCL. Before privatization there was no system of values in the firm. So a major change has occurred after privatization.



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- Management structure has changes now there is control of Etisalat on management
- Company image and brand Equity increased

For instance President and CEO of PTCL, Mr. Walid Irshad was awarded the TeleTimes International Leadership Award for Best Broadband services in the region by the TeleTimes Annual International Industry Excellence Awards.

- Human Resource Development

Training and Development (T &D) has improved like Talk and Resolve Problem Training has been launched for the managers of PTCL to improve their interpersonal skills in 2012 according to respondent.

- Employer and employee relationship improved

Opening of employee facilitation center is a good example to facilitate and improve the relationship between management and employees. Employees can enter any complaint about the management. Complain Fault Management (CFM) has been introduced. But in this system transparency does not exist Assistant Business Manager (ABM) evaluates the performance of the workers usually. Biasness and favoritism are part of appraisal.

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#### *External Environment*

- Customer care increased

PTCL has provided for and is continuously improving upon various customer engagement points, both geographical and virtual, like PTCL website with interactive capabilities; walk-in channels through One Stop Shops (OSS), exchanges and PTCL franchisees and phone-in channels managed by four Contact Centers, both for inbound and outbound calls. The complaint / feedback process of web-based queries was streamlined to ensure remote registration of customer complaints with SMS alerts which helps in speedy resolution thereof as well as timely provisioning of services. Through initiatives like “Voice of Customer”, efficacy of various PTCL services is gauged on monthly basis.

- Technology advancement

According to annual report of PTCL (2011), all IT infrastructures relating to Billing & Customer Care as well as Enterprise Resource Planning (ERP) were transferred to Tier-III Data Center equipped with latest technologies not only to improve the application accessibility but to decrease costs too. Similarly, center network infrastructure was changed with latest and superior technology. The recently provisioned joined resolution with tracking and boom capabilities assists with regular examining of IT network infrastructure, methods and functions so advancing quality ranks. Moreover, an entirely functional ruin revival place was launched in Karachi during the year 2011.

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- Suppliers increased like ZTE, IBM etc now new suppliers of PTCL after privatization. Sidat Hyder Morshed Associates (SHMA) gives its consultant services to U-Fone in the area of compensation and benefits. Sweden and China are new vendors of PTCL.
- Local communities welfare is part of operations of organization the example of this natural disaster like flood in 2010 and 2011 in various parts of Pakistan , PTCL raised funds through many camps for the victims
- Socio-cultural factors

Life style and culture is also affected for instance in 2012 there is painting competition launched for employees and their families. PTCL donated Rs. 5 million for the Flood victims 2010 to Punjab Government Funds. PTCL's regional offices gave Rs. 3.9 million to various local charities for affectees, Rs. 0.5 million with free medical care were granted through Flood Relief Camps and Mobile Medical Units to affected areas. PTCL set up a Fund Raising Service to help people to contribute to the Prime Minister's Fund for flood wounded. The subscriber just called the little code to give Rs. 10/call.

- Political Factors

Etisalat hires highly paid general managers from their own choice but now because of political instability and insecurity they moved back employees to their country for their safety. So specialization and investment which are made on them are useless.

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- Economic factors

Mostly employees agreed that economic factors like inflation also sloped up ward after privatization but employees' salaries remain same. PTCL officer more explained that since new government came in Pakistan its inflation rate has risen sharply. After privatization GST also increased so the purchases for employer and customer both has increased.

According to environment there are several sub units based on specialization according to purpose or process principle each corresponding to homogenous parts of the task environment. For example Broad Band employees work in technical side only because they are specialized people in their areas.

### **6.3 Profitability**

It defines a corporation's aptitude to earn income good enough on provided investment. Profit can be evaluated by reviewing incomes with financial resources. From the vertical analysis of income statement and annual reports figures of EPS and ROE, it is concluded that overall profitability of PTCL after privatization has decreased so effect of privatization on profitability in negative. The reasons are stiff competition in the market and more expenses of the company due to inflation increase.

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#### *Gross Profit*

**Table 5: Gross profit (Source: Annual report for the year ended 2011, Pakistan Telecommunication Company Limited)**

Year	2011	2010	2009	2008	2007	2006
<b>Gross Profit</b>	24.3	32.9	36.3	43.7	45.4	43.7
<b>Rs. %</b>						

Gross profit has decline trend over the years after privatization according to the table because total sales revenue has been decreasing in each consecutive year except in the year 2007 with 45.7% gross profit in rupees.

#### *Operating Profit*

**Table 6: Operating Profit (Source: Annual report for the year ended 2011, Pakistan Telecommunication Company Limited)**

Year	2011	2010	2009	2008	2007	2006
<b>Operating profit %</b>	21	25.7	25.2	(5.4)	34.1	39.4

In 2006, operating profit was 39.4% but in 2007 it decreased to 34.1% and in 2008 it went to loss figures and turned to 11.5 %. In the table, brackets show negative figure. In 2009 and 2010 it went up and in 2011 fell to 21%.

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#### *Net Income*

Net income is known as the bottom line, net profit, or net earnings too. The formula is:

$$\text{Total Revenue} - \text{Total Expenses} = \text{Net Income}$$

**Table 7: Net Income (Source: Annual report for the year ended 2011, Pakistan Telecommunication Company Limited)**

Year	2011	2010	2009	2008	2007	2006
Net Income Rs. %	13.5	16.3	15.4	(4.3)	22.0	26.2

In 2006, 26.2 % net income of PTCL but after that it decreased to 22% in 2007 and in 2008 it turned in negative. But after it there were increasing trend in 2009 and 2010 but in 2011 again there was slightly decreased in it.

#### *Earnings per Share (EPS)*

**Table 8: Earnings per share (Source: Annual report for the year ended 2011, Pakistan Telecommunication Company Limited)**

Year	2011	2010	2009	2008	2007	2006
Earnings per share (EPS) Rs.	1.46	1.82	1.79	(0.55)	3.07	4.07

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Before privatization EPS was Rs. 5.22 times in the year 2005. Earnings per share ratio in 2006 were on 4.07 times but after that it declined. In year 2008 it went in negative figures but after that it has risen and in 2011, it has increased to 1.46 although less than from the year 2010.

#### *Return on Equity Rs. %*

Equity provides complementary information by expressing total equity like % of entire assets. Corporation has fewer threats with more equity component. It is basically % of return invested by owner or efficiency of using equity to generate profit.

**Table 9: Return on equity Rs. % (Source: Annual report for the year ended 2011, Pakistan Telecommunication Company Limited)**

Year	2011	2010	2009	2008	2007	2006
Return on equity Rs. %	7.50	9.33	9.28	(2.71)	14.45	20.22

Return on equity was 20.22 % in 2006 and then it went to decrease in 2007 year to 14.45% then in 2008 it fell to 2.71 in negative terms. After that it went up to in two consecutive years and in 2011 it slightly went to 7.50%. Before privatization it was 25.45% in the year 2005. The year 2008 was that year in which VSS Scheme had completed; PTCL paid those people who left the job under this scheme and major portion of company income spent on them. This is a reason of decreasing trend in profitability especially in this year.

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#### **6.4 Retention Rate**

Effect after privatization on organizational performance is negative in terms of retention rate. Before it retention rate was very good. Retention rate is not satisfactory; it is high among fresh hired employees. When the new fresh blood gets an attractive opportunity better than current vacancy they leave the job and go to another organization. Commitment to the organization is the problem in PTCL. No efforts have been made yet by the management as well as HR to retain the talent in the company. Retention rate is very low especially in the contractual employees; its ratio is very low. New Terms Conditions (NTC) employees frequently switched from one organization to another. NCPG employees also do not leave the job. But many permanent specialist employees had left the job after offering the scheme of Voluntary Separation Scheme (VSS) at the time of privatization. Job security is downward trend. Now turnover rate is high. Last 4 to 5 months in customer care department 5 to 8 people left the job which is simply a brain drain of human resource. They all were highly competent people.

Voluntary Separation Scheme (VSS) was to shed the employees. VSS scheme was established to remove the old employees with give some good monetary benefits to them so that they could easily leave their job. It was also the part of privatization. There were many benefits associated with VSS Scheme. It was only for permanent employees because they could get more money than the monetary benefits which they could earn at the time of retirement, although it was an optional scheme. Pakistan Telecommunication Authority (PTA), on behalf of Government of Pakistan, gave the security to employees for their jobs if they would not accept to



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leave job voluntary, organization could not force them to accept this offer. That was the first step of brain drain from the organization.

#### **6.5 Compensation and Benefits**

In compensation and benefits side, there is little improvement. NCPG employees can get loans now like BPS employees. Any announcement from government side to increase in pay level does not implement in the organization in the pay of permanent employees. Employees are paid according to pay for performance rule. For this purpose targets for each employee are made. Contractual employees have good salary packages e.g. contractual officer can earn 1, 00000 Rs. But staff has no benefits like bonus etc. Promotions do not occur on merit, sometimes juniors are promoted on seniors and seniors are ignored. Many permanent employees are on same positions with same income levels for many years; however general managers get promotions frequently after privatization. In all 3 types of employees, scale 1-16 employees come in non-management category whereas from 17-22 grade employees are called management employees. There are three types of employees in PTCL and changes in their compensation and benefits are following:

##### ***6.5.1 Permanent Employee Compensation and Benefits (C & B)***

Basic pay scale (BPS) employees have been remained in same scale after privatization with same benefits. In the year of 2009, Former Prime Minister of Pakistan Mr. Yousaf Raza Gillani announced 15% of basic salary increase package but only 8% salary had increased and organization did not upgrade salary scale or bracket. Permanent employee of BPS-11

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compensation and benefits are given in appendices. According to scale basic pay in rupees are varied. Etisalat management stopped to recruit permanent employees after privatization in 2006.

#### **Pension and Gross Provident Fund (GPF)**

Pakistan Telecommunication Employees Trust of PTCL functions funded pension scheme for permanent staff hired before January 1, 1996 and also manages unfunded pension plan for employees appointed after January 1, 1996. This trust was developed after privatization. After privatization another trust named PTCL Employees GPF Trust has been created to manage funded PF for BPS employees.

#### **6.5.2 *New Compensation Pay Grade (NCPG) Employee C & B***

These are neither contract based nor permanent employees but can work till the age of 60. Before privatization NCPG employees could not get loan but after privatization they can get loan facilities like BPS employees. They have been remained in same scales since privatization as BPS employees. NCPG employees scale 7, there are some detail of associated benefits in appendices. These benefits are same as before privatization.

#### **Leaves**

Sick and casual leaves 08 days per annum as before privatization. 20 days of annual leaves on completion of 12 months continuous service. Annual leave may be carried forward up to a maximum of 28 days. Medical, casual and sick leaves cannot be en-cashed during course of employment. Un-availed annual leave can be en-cashed at the time of leaving the company up to

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a maximum of 02 years un-availed leave. All leaves except on medical grounds avail with the consent of the company.

#### **Overtime**

After normal day's hour and on holiday, employee will be paid overtime at double the ordinary rate of wages that include Basic+ Cost of Living Allowance (COLA) payable to the employee as before privatization.

#### **Hospitalization**

Hospitalization of employee's spouse, dependent parents and dependent children under 18 years covers under the company medical policy as before privatization.

#### **Gratuity**

Employees are entitled to gratuity of one month last drawn basic salary on completion of the probation period of each year of service as before privatization.

#### **Employee Old Age Benefits Institution (E.O.B.I)**

Employee will be covered under E.O.B.I Scheme and the company will pay total monthly contribution as required under the rules.

#### **6.5.3 Contractual Employee C & B**

NTC category of employee has been created after privatization. Their range of scales is from 17-22. Compensation and benefits of key account manager scale 18 are attached in

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appendices. His annual increment is based on the achievement of quantifiable objectives, his performance and management discretion.

#### **Other Benefits**

During the period of service, he receives the following benefits in addition:

##### ***1. Medical facility***

He can avail the medical facility for himself, one spouse and children as admissible to other equivalent grade 18 level employees as per company policy.

##### ***2. Telephone facility***

Employee shall be entitled to telephone facility at his residence, as admissible to other equivalent grade 18 level employees as per company policy. The service period rendered under letter of appointment of contractual employee shall not qualify for pension or any retirement benefits other than gratuity. The items under 1 and 2 sections above are subject to change from time to time depending upon company policies.

#### ***Gratuity***

He is entitled to one's month basic salary for each completed year of service on expiry of appointment.

#### ***Leave***

Employee is entitled 3 working days leave per month. However he is required to avail his leave annually.

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#### ***Travelling Allowance***

He is entitled at par with other equivalent grade 18 level employees of PTCL and entitlement of travelling and daily allowance as per Travel Policy of the company and it may be amended from time to time.

#### ***6.5.4 Free Service Telephone Connections (FSTCs)***

This information is provided by Engineering Supervisor of PTCL. There are some policies regarding FSTCs for the employees of PTCL as before the privatization:

- PA/Stenographer will not be provided a separate Free Service Telephone Connection in the office.
- Subscriber Trunk Dialing (STD) it is Telephone Connection with International Dialing Facility FSTC below Divisional Engineer & equivalent BPS-18 will be allowed by SEVP (HR & A) & SEVP concerned on case to case basis.
- All those not covered in this policy and yet require FSTC will be sanctioned by the competent authority i.e. concerned SEVPs.
- Senior Managers & below will not be provided more than 1 Free service Office telephone connection irrespective of their duties.
- All telephones connections provided in offices/residences will not exceed the limit as specified.
- Employees retired from PTCL service on superannuation will be allowed to convert FSTC into regular subscriber service without installation charges.
- PTCL employees on deputation will not be allowed FSTCs.

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#### **6.6 Environmental Changes**

There are many positive effects on organizational performance in internal and external environment of PTCL:

##### **6.6.1 Efficiency**

The respondents agreed that efficiency in the operations of PTCL has enhanced after privatization. Before privatization employees did not care about customers or subscribers complaints and took long time to fulfill their requests. Now the new environment has been created after privatization and key parameter indicators are identified to bring efficiency in the operations. For example Information Technology (IT) Manager is responsible to timely issuance of telephone bills and support service maintenance and expansion of telephone lines on time and this thing effects on his/her compensation package like increment or some other sort of recognition from the company. Online communication has improved. Almost all work is done on computer or laptop.

National Forum for Environment and Health (NFEH) a Non-Governmental Organization (NGO) arranges The Environment Excellence Award yearly. It is associated with the United Nations Environmental Programme (UNEP) and Pakistan Ministry of Environment. PTCL made efforts to generate enhanced job atmosphere for workers and community too. It focused on diminishing unfavorable environmental impact. Respect for the environment is considered and advocated within the workplace through frequent eco-drives. The blossoming green lawns,

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favorable employment situations, clean Cafeterias and many other facilities are indication of environment awareness plans inside PTCL. For the public benefits annual tree plantation and clean drinking water to the home community are great projects. PTCL has improved its safety and health strategies; plus protection things, handbooks and preparations for the field staff. PTCL has an official written Health Security and Environment Policy.

#### ***6.6.2 Advancement in Technology***

The services that are based on the most optimum technology is in the vision of the PTCL that is why, there is rapid growth in Broad Band of Pakistan after privatization because of its quality of technology and time conscious service.

According to annual report of PTCL (2011), all IT infrastructures relating to Billing & Customer Care as well as ERP were migrated to newly built Tier-III Data Center equipped with latest technologies not only to enhance the application availability but to reduce related costs as well. Likewise, core network infrastructure was replaced with new and better technology. Also, a fully functional disaster recovery site was established in Karachi during the year 2011. Annual report of PTCL (2011) further added that PTCL got the Presidential Award for Excellence in Public Relations (PR) and Corporate Communications by All Pakistan Newspapers Society (APNS) and ranked as top on ideas and marketing approaches by Aurora Magazine.

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#### **6.6.3 Product Line Expansion**

Many new services have been introduced other than landline after privatization. However, qualify this in terms of what was expected even before privatization because in the year 2005 many new rivalries came in Pakistan such as World Call, NTC etc. To survive among them, it was important for the organization to bring innovative services in the market.

#### **Internet Protocol TV (IPTV) Service (Smart TV)**

On 14th August 2008, a digital interactive television service SMART TV was introduced in Pakistan. It contains Interactive Television, Broadband and voice telephony as well as PTCL's telephone line.

#### **SEAMEWE-3 Submarine Cable System**

PTCL is a part of SEAMEWE 3 Cable Consortium (group) with its Cable Landing Station at Karachi. SMW-3 line joins 39 cable landing locations in 33 states and 4 continents. It is the longest system of the world with a length of 39,000 Km.

#### **Broadband Pakistan**

PTCL Broadband is the key and the fastest growing internet service in Pakistan. It facilitates above 318 cities in Pakistan. PTCL made possible the broadband affordable by lessening the obstacles to entrance, by physically conveying the technology to accessible general customer and by constant customer care service development. PTCL EVO 3G Wireless Broadband is Pakistan's speediest wireless internet. It is facilitating the wireless in Pakistan with elasticity to travel freely and serving to over 1000 areas of Pakistan.



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#### **V-Fone:**

PTCL has approximately 1.25 million V-Fone customers. It presents fixed wireless telephone for homes and industries.

#### **SMW-4 Submarine Cable System:**

It is a comparatively fresh submarine cable system, launched in December 2005 before privatization and ties 14 countries among 16 landing stations in Europe, Middle East and Asia. The system is using Terabit Digital Wavelength Division Multiplexer (DWDM) technology to attain.

#### **Satellite Communication:**

PTCL has Intelsat Standard Earth Stations near Karachi and Islamabad. These installations provide the diversity for International voice connectivity and also work as Hub for domestic satellite users.

#### **Ufone**

Ufone (Pakistan Telecom Mobile Ltd) a subsidiary of PTCL commenced its operations on 29th January 2001 before privatization as a GSM 900 service provider. It is now considered as among the most dynamic, aggressive and innovative actors in the mobile sector of Pakistan. Due to technological growth various technical or specialized people are hiring on contract basis with effective salaries packages. Although there are some problems with retention rate of contractual employees in PTCL, because they are not committed and whenever find any opportunity they turn to it so there are some serious issues with these professional people.

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#### ***6.6.4 Customer Oriented Culture***

According to responses in finding section interviewees admitted that before privatization employees treated their customer as granted. Customers are real assets for PTCL now. PTCL management has made different charts or slogans with attractive sentences for their customers which is also a sign of positive efforts or some excellent performance after privatization, some statements or slogans which have observed are:

- Customer grows your business
- Customer improves your business
- Customer directs your business

The complaint / feedback process of web-based queries are streamlined to ensure remote registration of customer complaints with SMS alerts which helps in speedy resolution thereof as well as timely provisioning of services. Through initiatives like “Voice of Customer”, efficacy of various PTCL services is gauged on monthly basis. Using the capabilities of the Contact Centers, regular customer satisfaction surveys are conducted. Customers are proactively engaged through telemarketing, regular bill payment reminders, SMS and win back campaigns. Before privatization there were no facilities like these.

Annual report of PTCL (2011) reviewed that locations for bill expense by customer over 800 cash collection points, internal and franchises are accessible for customers for examples above 190 One Stop Shops (OSS) which present different packages, record and correct client

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grievances. Opening of Public Cash Payment Machines (PCPM) at important community areas has assisted bill expenses by customers. Customer care practices are supported through widespread Customer Relationship Management (CRM) system which will facilitate PTCL to advance the service for customers around every feature of customer relationship in a coordinated way.

#### ***6.6.5 Healthy Competition***

Before the privatization there was absence of healthy competition. Now there are the competitors in landline like World Call, Brain Limited and Naya Tel etc as well as in cellular industry such as Telenor, Warid, and Mobilink etc. PTCL has a vision of customers' satisfaction through improved service experience at reasonable price continues. In an aggressive competitive environment, PTCL is centering the high worth to volume share of broadband; PTCL is retaining its headship in equally land-line and wireless broadband. That's why the President and CEO of PTCL Walid Irshad, was honored the TeleTimes International Leadership Award for excellent Broadband services by the TeleTimes Annual International Industry Excellence Awards. It is the indication of organization learning and growth culture in the company.

#### ***6.6.6 Role of Human Resource (HR) Department***

Human Resource (HR) Department was under administrative Branch of PTCL before privatization. Now it is a separate department to work effectively. HR department has gained strategic importance as well as policy maker role in the company. Human resource department is

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an intermediary between headquarter and administration branch to send all the record of the firm. It has great contribution in establishing performance based system in the organization.

Currently, HR is business partner and has an active role in many ways like in appraisals of employees, restructuring of employees, pays and department all are handled by HR Department. After the headquarter Islamabad, the centralized Human Resource Department is now working in Lahore to see all the matters relate to that city, same the case with other cities of the country. Some employees agree that HR acts as facilitator for them. For example some employees asserted that they apply for quarters than Human Resource (HR) Department facilitated them and they got the residence. Some viewed that HR does not support them to increase benefits for employees like compensation and benefits.

On October 28, 2011 Pakistan Telecommunications Company Limited (PTCL) has won the “2nd Global HR Excellence Award 2011” in recognition of its outstanding organizational performance in the telecom sector. Senior Executive Vice President (SEVP) Human Resource, Syed Mazhar Hussain said that this was the encouragement for HR Team of PTCL because of its vigorous efforts and loyalty in the direction of inspiring organization with novel achievements ladders and minimizing challenges. HR Department has played an instrumental role in creating a new thrust and infusing vitality within the organization to bring about a paradigm shift in its organizational culture. The decision power about the employees was transferred to Etisalat.

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#### ***6.6.7 Coalitions and Interest Articulation***

Conflict between actors of organization is dealt by negotiation. Mostly respondents responded that organization is strong unit, union is not powerful and there is no role of politicians. Union and employees especially permanent employees resisted more against privatization. Now union has to obey the rules of the management otherwise authorities have various alternatives.

In the year 2008, in the history of PTCL a big strike took place. In reaction management punished many employees. It layoff the employees and till now does not forgive them and does not allow to work for their positions. At that time of strike union was strong but organization made a decision to give golden handshakes to union members with attractive pay packages. Slowly and gradually management gained power by using these kinds of tricks on union members and union became weaker.

Union tries to solve salary problems of the workers but in a limited way. According to the interviewee 50% salary has been increased but PTCL management has dealt with union and only 30% salary has increase only for union employees. Union is beneficial for any organization to protect the rights of the workers. Union always takes part in the affairs and puts its demands in front of management. In PTCL union who won the election is Employee Union. There is another union named as Shaheen Union But surprisingly, Collective Bargaining Agent (CBA) did not nominate for last three years.

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Few respondents said that the relationship between management and union has improved which is a good sign for the organization. Employees are agreeing on the point that union gets benefits for its own sake and makes agreement with management and in return the members of union get some attractive positions or monetary benefits.

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#### 6.7 Numbers of Subscribers

As firstly there is table below to describe the customers in land lines.

**Table 10: Annual Landline Subscribers**

(Source:[http://www.pta.gov.pk/index.php?option=com\\_content&view=article&id=269:telecom-indicators&catid=124:industry-report&Itemid=599](http://www.pta.gov.pk/index.php?option=com_content&view=article&id=269:telecom-indicators&catid=124:industry-report&Itemid=599))

Year	PTCL	NTC	Brain Limited	World Call	Union Communication	Naya Tel	Total
2005-06	5,128,442	92,163	5,880	13,327	200	-	5,240,012
2006-07	4,676,204	99,665	6,089	10,748	2,500	11,000	4,806,206
2007-08	4,273,548	103,991	7,376	11,502	3,500	16,500	4,416,417
2008-09	3,375,103	104,538	12,234	18,850	3,700	18,850	3,533,275
2009-10	<b>3,268,642</b>	<b>104,819</b>	11,267	9,874	3,700	<b>19,500</b>	3,417,802

In 2005-06 before privatization, many rivalries came in market for instance World Call, Naya Tel, NTC etc in telecom sector but PTCL had more subscribers with 5,128,442 than any other landlines. In the year 2009-10 after privatization, PTCL has still more customers than any other competitors but in low quantity because the reason of introduction of mobile phones easy to carry for the people. Only 3,268,642 customers are remained in PTCL land lines as compared

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to 5,128,442 in year 2005-06. Overall, land lines customers are decreasing in each coming year because of popularity of cellular phones as compared to landlines among people. The other reason is Naya Tel and NTC are giving tough competition to PTCL. Their subscribers have been increased in 2009-2010 whereas PTCL has lost.

There are subscribers in cellular industry in below table:

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**Table 11: Cellular Subscribers**

(Source:[http://www.pta.gov.pk/index.php?option=com\\_content&view=article&id=269:telecom-indicators&catid=124:industry-report&Itemid=599](http://www.pta.gov.pk/index.php?option=com_content&view=article&id=269:telecom-indicators&catid=124:industry-report&Itemid=599))

Year	Mobilink	Ufone	Zong	Instaphone	Telenor	Warid	Total
2003-04	3,215,989	801,160	470,021	535,738	0	0	5,022,908
2004-05	7,469,085	2,579,103	924,486	454,147	835,727	508,655	12,771,203
2005-06	17,205,555	7,487,005	1,040,503	336,696	3,573,660	4,863,138	34,506,557
2006-07	26,466,451	14,014,044	1,024,563	333,081	10,701,332	10,620,386	63,159,857
2007-08	32,032,363	18,100,440	3,950,758	351,135	18,125,189	15,489,858	88,019,812
2008-09	29,136,839	20,004,707	6,386,571	34,048	20,893,129	17,886,736	94,342,030
2009-10	32,202,548	19,549,100	6,704,288	0	23,798,221	16,931,687	99,185,844
Dec-10	31,794,292	20,275,002	8,497,799	0	24,692,818	17,517,476	102,777,387
Jun-11	33,378,161	20,533,787	10,927,693	0	26,667,079	17,387,798	108,894,518

According to above table, Mobilink has the most subscribers in all mobile companies.

Last year till June 2011, Mobilink has 33,378,161 customers after that Telenor with 26,667,079 customers and then U-Fone which is subsidiary of PTCL has 20,533,787 customers. From the year 2004 to 2007 U-Fone has more subscribers than Telenor but in 2008, Telenor improved its

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performance and catered more customers than U-Fone with its attractive calls and sms packages. Stiff competition is going on in cellular industry, according to Telecom Quarterly Review Report (2011); Mobilink gained 30%, Telenor 24%, Ufone 19%, Warid 14% and Zong 12% market share in 2011.

Before privatization **Broad Band** service was not available because PTCL was under the supervision of Government of Pakistan (GOP) and in the hands of government there was no possibility to make large investments because it had other sectors also to bear expenses. From table 15 in appendices of Broad Band customers in each year are increasing all over the regions of PTCL. In each year thousands of new customers have been connected to Broad Band Pakistan. It has a great source of profit for PTCL than any other new product of it. For example in only Lahore (LTR) North region there were 13060 total customers in December, 2009 and in April 2012 it went to 49261 total subscribers which is clearly a large growth in Broad Band Network. Because of this rapid in customers list there is also definitely increase in the financial profitability of various regions of PTCL. There is also a tremendous change in external environment because of this PTCL product and impacts positively in terms of organizational performance of the company. From Broad Band PTCL has gained 58.4% market share as compared to 55% in 2010, according to Telecom Quarterly Review Report (2011).

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#### **7 CONCLUSION AND RECOMMENDATIONS**

The privatization provides policymakers with an opportunity to reform or restructure an entire industry. In Pakistan, Privatization Commission was set up in January 1991 as part of 1988 IMF/World Bank Structural Adjustment program with the government of Pakistan. Sales of telecommunication industry PTCL vouchers were a first step towards privatization in this regard. Pakistan Telecommunication Company Limited (PTCL) before its privatization had a monopoly. It was a big name in telecom industry and was a profitable organization. To increase efficiency and create healthy competition among competitors were main objectives of privatization. In 2006, Government of Pakistan privatized PTCL to Dubai Based company Etisalat 26% shares with management control. After privatization nearly 32,000 employees left jobs under the VSS Scheme.

In Teralight Limited Report (2004) it was said that extensive evidence proved that privatization can lead to performance improvements. For this purpose, current case study is based on before and after effects of privatization on organizational performance. Performance is measured in terms of profitability, retention Rate, compensation and benefits, numbers of subscribers and environmental changes for present research, whether privatization positively or negatively effects on these variables.

For the theoretical evidence Instrumental perspective has been selected. According to Instrumental theory organizations are means to attain definite aims which are significant for community. It asserted that structure of an organization is being designed in accord with means-

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ends assessments. PTCL chose delegation and divestment forms of privatization. There were many expectations of privatization like efficiency and competition, product line expansion, customer-driven culture, IT advancement, profitability and transparency.

Bureaucratic structure is followed in PTCL and there is long chain of command. Centralized decision making is going on and there is no participation from the employee side. Formalization is strict such as a document named Delegation of Authority Matrix is important in this regard which is followed by each employee of PTCL. BOD also takes part in policy making. Consumer Sell Centre (CSC) which has service of One Stop Shop under marketing and Human Resource Departments, are newly established departments after privatization. There is horizontal specialization going on. Client, sector and geographical principles of horizontal specialization are followed in PTCL as before privatization.

After privatization overall profit of the company has decreased in each consecutive year as evident in profitability tables in analysis part. Retention rate is also not satisfactory. Contractual employees switch frequently from one organization to another, although permanent employees do not leave the organization. There has been little improvement in compensation and benefits for NCPG employees they can get loans now like permanent employees after privatization. Non management technical staff got vehicles to do their duties after privatization. But any announcement from GOP in increase salaries of permanent employees does not effect on new management of PTCL. It increases according to their rules. Employees are not satisfied with this. Numbers of subscribers are decreasing in land lines but in Broad Band Pakistan customers are increasing day by day. There have many positive effects on organizational environment after

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privatization. Now after privatization key parameter indicators are defined for performance to bring efficiency in the operations as this was absent before privatization. IT is advancing for example functional disaster recovery site was established in Karachi in 2011. Smart T.V, Broad Band, EVO Wireless, U-Fone, V-Fone, SEAMEWE-3 Submarine Cable System and satellite Communication are instances of product line expansion. Before privatization only landline was a source of revenue for PTCL. Customer Care is increasing. Before privatization customers were treated as granted. Now 800 cash collection points in house as well as franchises are available to serve the customers. Introduction of Public Cash Payment Machines (PCPM) facilitate bill payment by customers. Customer care processes are being fortified by implementing a new automated and comprehensive Customer Relationship Management (CRM) system.

As concern the role of HR Department, it has now strategic important for the organization after privatization. In all key decisions HR plays a key and active role. It acts as a conduit between Head Quarter Islamabad and administration as well as between employees and management of PTCL too.

Mostly respondents said that politicians' roles do not exist now in the organization after privatization. Few argued that there is still a role of politicians they use employees especially union members for their own sake. In PTCL there are two main unions one is Employee Union and other is Shaheen Union But surprisingly, Collective Bargaining Agent (CBA) has not been nominated for last three years. Mostly participants admit that management is stronger than union because after the 2008 strike management punished employees and dismissed them. Union is liable to obey the decisions of management for its existence.

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Despite the entire situation one thing is very clear that PTCL is trying to come with innovative products and services for their customers. Privatization process is good or effective if it is implemented in its true spirit. According to one respondent Etisalat is still liable of 80 million rupees to GOP. PTCL authority needs to satisfy employees to retain them. For this purpose the need is to make compensation and Benefit (C & B) packages attractive for them so that specialized people cannot leave the jobs. Organization makes investment on them in the form of training and development. To stop brain drain is a main challenge for PTCL and its HR Department. Give employees autonomy in the decision making because discretion is also important and employees feel the importance of their presence.

Privatization fosters efficiency and competition. Profitability of PTCL also can increase by generating cost effective services for the customers. Petrazzini (1996) said in one note of World Bank that if a government thinks that it can survive in the competition which is definitely a challenge for any government, it should think about corporatizing the state-owned operator and slowly lowering entry barriers in both value added and basic services. Many developing countries like China, India, Malaysia, the Philippines, and Vietnam have selected this approach in an attempt to support the entrepreneurial capabilities of their public operators.

There are some suggestions that can be gleaned from the interviews and documentary evidences available. These are presented below:

- First of all the need is to retain the current workforce by offering them attractive pay and compensation packages otherwise brain drain within the firm remains the major problem for management as well as for HR Department.

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- The autonomy in decision making for the employees may assure so that they can participate in major decisions of the organization and feel that they are important part of the organization.
- Cost effective spread EVO Wireless technology all over the country including remote areas and villages too, since due to load shading other wire internet services are useless, for this purpose EVO technology is the best solution.
- Old customers should be retained. As Telenor market share is more than U-Fone, although it entered after U-Fone, the latter needs to improve its performance in this sector by giving some attractive offers in U-Fone services to customers so that they switch from other networks to U-Fone.
- Profitability should be increase in land lines for this purpose extensive higher technology should be used and timely fulfill complains of the customers are necessary.
- Management should try to establish good relation with trade unions of PTCL so that it can be beneficial for both employer and employees.
- Promotions of permanent employees should be based on merit
- An interesting opportunity exists for the Company on branchless banking with the fundamental aim for PTCL to offer its communication support assimilating banks, telecommunication operatives and consumers. This will result in

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establishment of a mobile banking hub in a many-to-many model as being encouraged by the State Bank of Pakistan where banks and telecom operators join hands to offer branchless banking services to virtually all bankable customers. The model offers maximum connectivity and hence almost outreach to all desired audience with the mobile operators and banks according to annual report of PTCL (2011).

- Any increase in BPS Scale of permanent employees from Government of Pakistan must take into account by the PTCL Authority; this will increase the motivational; level of employees and be beneficial in reducing turnover. It is beneficial for the employees and that is a way to satisfy the employees from the management.

#### **7.1 Limitations of the Study**

There are some limitations of the study:

- As the research has been conducted in the Lahore region, the research findings are limited to the said area and will be limited to specifically for this research only and Lahore City only and will not be generalized able to other researches.
- Due to cost and time constraints the study is limited to those people who are conveniently available.



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- It has been provided to the researcher due to confidentiality reasons; the mostly analysis is based on information from only publically available documents of the company for the public.

### **7.2 Recommendations for future Research**

The future research can consider the challenges of leadership of new management after privatization in state owned companies. Current research suggests exploring the concept of retention rate and its relationships with other factors such as commitment, motivational level and satisfaction of the employees should be considered. Organizational performance and union role after privatization in telecom companies is another topic of research which is needed to investigate further.

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#### APPENDICES

#### *Appendix A-SCHEDULE*

**April   May   June   July   Aug   Sept   Oct   Nov   Dec-Jan**

**(To be completed by Weeks)**

Tasks	1-4	5-8	9-12	13-16	17-21	22-25	26-29	30-33	34-39
Introduction and rationale of the research topic	→								
Literature Review	→								
Instrument construction		→							
Data collection			→						
Interpretation					→				
Report typing and corrections					→				

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#### *Appendix B-COMPANY INTRODUCTION*



As the leading Information and Communication Technology Service Provider in the region PTCL is the link that allows global communication. It is striving towards mobilizing the world for the future. By becoming partners in innovation, it is ready to shape a future that offers telecom services to bring the world closer.

#### **PTCL POSITIONING STATEMENT**

##### **Hello to the Future**

“Hello to the Future” is a blend of PTCL vision, brand philosophy, brand values and strategy. The essence is “futuristic approach”. Hello i.e. PTCL welcomes its customers and the future. Also it offers the outward communication through the word “Future” by promising customers the futuristic ideas and products. The first key word “Hello” captures the essence of the whole telephony network that is the backbone of PTCL. This word expresses the welcoming nature of the PTCL brand, its customer oriented approach and warm environment. “Hello” portrays the **relationship building** of PTCL with its customers. The second key word “Future” translates PTCL philosophy in a nutshell to provide **planned** and **proactive** solutions and products to its customers. The word “Future” holds the promise that PTCL is committed to, by providing complete **customer satisfaction** through innovative and futuristic services and products. PTCL is the future embracing mission to transform the world of telecommunication

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### **A Case Study of PTCL**

and the way its customers communicate. PTCL establishes itself as a **futuristic entity** which is working constantly towards inventing paramount solutions for its customers. The selected font style depicts the brand values that PTCL fosters.

#### **Brand Values**

- Evolving
- Innovative
- Human
- Trustworthy
- Quality Conscious

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#### **Vision**

To be the leading Information and Communication Technology Service Provider in the region by achieving customer satisfaction and maximizing shareholders' value'. In times to come, we will be the link that allows global communication. We are striving towards mobilizing the world for the future. By becoming partners in innovation to shape a future that offers telecom services that bring us closer.

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#### **Mission**

##### **To achieve our vision by having:**

- An organizational environment that fosters professionalism, motivation and quality
- An environment that is cost effective and quality conscious
- Services that are based on the most optimum technology
- "Quality" and "Time" conscious customer service
- Sustained growth in earnings and profitability

#### **Core Values**

- Professional Integrity
- Customer Satisfaction
- Teamwork
- Company Loyalty

#### **Corporate Information**



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#### **MANAGEMENT**

**Walid Irshaid**

President and Chief Executive Officer

**Muhammad Nehmatullah Toor**

S.E.V.P (Finance) / Chief Financial Officer (C.F.O)

**Mohammad Nasrullah**

Chief Technical Officer (C.T.O)

**Syed Mazhar Hussain**

S.E.V.P (HR / Admin & Procurement)

**Hamid Farooq**

S.E.V.P (Business Development)

**Javed Mushtaq**

C.I.O

**Sikandar Naqi**

S.E.V.P (Corporate Development)

**Naveed Saeed**

S.E.V.P (Commercial)

**Abdullah Yousef**

S.E.V.P (Business Zone South)

**Nasir Iqbal**

S.E.V.P (Business Zone Central)

**Farah Qamar**

Company Secretary

**Legal Affairs**

Zahida Awan

Ghulam Mustafa

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#### *Board of Directors*

- Mr. Saeed Ahmad Khan  
**Chairman PTCL Board**
- Mr. Abdulrahim Abdulla Abdulrahim Al Nooryani  
**Member PTCL Board**
- Dr. Waqar Masood Khan  
**Member PTCL Board**
- Mr. Abdulaziz Ahmed Saleh Ahmed Al Sawaleh  
**Member PTCL Board**
- Mr. Jamil Ahmed Khan  
**Member PTCL Board**
- Dr. Syed Ismail Shah  
**Member PTCL Board**
- Mr. Fadhil Mohamed Erhama Al Ansari  
**Member PTCL Board**
- Mr. Abdulaziz Hamad Omran Taryam  
**Member PTCL Board**
- Dr. Ahmed Al Jarwan  
**Member PTCL Board**
- Ms. Farah Qamar  
**Company Secretary PTCL**

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#### ***Appendix C-Company Profile***

PTCL is all set to redefine the established boundaries of the telecommunication market and is shifting the productivity frontier to new heights. Today, for millions of people, we demand instant access to new products and ideas. More importantly we want them for their better living standards with increased values in this ever-shrinking globe of ours. We are setting free the spirit of innovation. PTCL is going to be your first choice in the future as well, just as it has been over the past six decades.

#### **Business & Corporate Users:**

For clear communication the first choice of business circles is PTCL telephone for local, nationwide and international calling. Today businesses can have 10-100 lines with modern day services to meet their needs. Now you get options like Caller-ID, call-forwarding, call-waiting, Call Barring, to name a few.

#### **Other business specific services include:**

0800-Toll free number, 0900-Premium rate services, VPN-Virtual Private Network, Audio Conference Service, Digital Cross Connect (DXX), ISDN (Policy), Teleplus (ISDN/BRI), Digital Phone Facilities/ Modification Charges, UAN, UIN.

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#### **Nationwide Infrastructure:**

We have the largest Copper infrastructure spread over every city, town and village of Pakistan with over million installed lines. The network has over 6 million PSTN lines installed across Pakistan with more than 3 million working. Furthermore installed capacity of broadband is more than 0.6 million ports spread across 318 cities and town of the country

#### **National Long-haul Core Network:**

We have over 10,400 km fully redundant, fiber optics DWDM backbone network. It connects over 840 cities and towns with 270G bandwidth.

#### **White Label Services:**

PTCL customers can now provide uninterrupted services to their clients without undertaking large scale investment in infrastructure or developing expertise in their own network. PTCL White Label Services are focused on speed and simplicity at minimal capex. This will enable our customer to offer their own branded WLL, DSL etc to customers nationally, together with an array of key support services.

#### **EVO Wireless Broadband**

PTCL EVO 3G Wireless Broadband is Pakistan's fastest wireless internet which offers its customers "superior 3G internet experience". It has revolutionized the way people connect to the internet by offering true mobility. The coverage of EVO is at more than 1000 destinations across

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Pakistan. The portable, small & stylish EVO Universal Serial Bus (USB) device is a multipurpose device which not only delivers fastest wireless internet but can be used for Voice Calls by inserting a V-fone SIM and for data storage by inserting a standard (SD) Micro Card.

#### **Broadband Pakistan**

PTCL Broadband is the fastest growing Broadband service in Pakistan. PTCL made the broadband technology affordable by lowering the barriers to entry, by geographically bringing the service within the reach of a common user across Pakistan and by continuous improvements in customer care for the service. Unique offers that makes PTCL's Broadband unmatched are special packages for the student segment, FREE modem and installation, Availability of Wi-Fi Modems, FREE dial up service for its Broadband customers and FREE access to movies, music, classical Pakistani dramas, cricket matches, online gaming, educational and religious content on PTCL's entertainment portal 'BUZZ'.

#### **IPTV Service (Smart TV):**

PTCL SMART TV Using its state of the art Broadband network, PTCL entered the media sector on 14th August 2008, by launching a digital interactive television service for the first time in Pakistan. Branded under 'PTCL Smart Line', the service includes Interactive Television, Broadband and voice telephony all at the same time on PTCL's telephone line. The most revolutionary section of this offering is the ability to 'rewind' and 'pause' live TV channels through Time Shift Television (TSTV) feature, the ability to block / unblock any TV channel for

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parental lock and to search through video on demand content. The service is available in 16 cities of Pakistan including Karachi and Lahore etc.

#### **Pak Internet Exchange:**

It is the only IP enabled network with 40 (number increase) point-of-presences (POP) in 26 cities. The existing 16G active bandwidth is used for internet, videos, data and video-conferencing services and for voice of LDI. All PTCL Broadband users, narrow band users, corporates, mobile operators, and Internet Service Provider (ISP) are connected to this network.

#### **V-fone:**

PTCL also continues to be the largest Code Division Multiple Access (CDMA) operator in the country with approximately 1.25 million V-fone customers. It offers fixed wireless telephone for your homes & business. The network is already enabled for Voice, Dialup-Internet access (153.6kbps) and EVDO Broadband. V-fone can be bought from franchises or by dialing 1236 and it will be delivered within 48-72 hours.

#### **International Network**

##### **SEAMEWE-3 Submarine Cable System:**

PTCL is a member of SEAMEWE 3 Cable Consortium with its Cable Landing Station at Karachi. SMW-3 cable connects 39 cable landing stations in 33 countries and four continents. SMW-3 is the longest system of the world with a total length of 39,000 Km.

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#### **SMW-4 Submarine Cable System:**

SMW-4 is a relatively new submarine cable system (inaugurated in December 2005) and links 14 countries with 16 landing stations across Europe, Middle East and Asia. The system is using Terabit DWDM technology to achieve. The link between any two destinations is **STM-1**. SMW-4 is designed for relatively higher traffic volumes.

#### **I ME WE cable details and Status with Map:**

Middle East Western Europe (MEWE) Submarine Cable is a Tera bit capacity submarine cable system connecting India to Western Europe through Middle East. The Cable system is 13,000 km long with 10 landing points in 8 countries.

#### **Satellite Communication:**

PTCL has Intelsat Standard Earth Stations near Karachi and Islamabad. These installations provide the diversity for International voice connectivity and also work as Hub for domestic satellite users. There are four Intelsat Standard B Earth Stations at Islamabad, Gilgit, Skardu and Gwadar.

### ***Subsidiaries***

#### **Ufone**

Ufone (Pakistan Telecom Mobile Ltd) a wholly-owned subsidiary of PTCL commenced its operations on 29th January 2001 as a GSM 900 service provider. Ufone is now considered to

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be one of the most active, aggressive and innovative players in the mobile sector of Pakistan. Ufone was a pioneer in launching the Global prepaid roaming services (GPRS) services and Multi-media Messaging Service (MMS) in Pakistan.

#### **International Coverage**

Ufone provides International Roaming facility with more than 150 international operators across 79 countries. Ufone has GPRS roaming agreements with several international operators and also provides prepaid roaming facility to selective destinations.

#### **Customer Service**

Ufone is proud to have an efficient and friendly customer service through 21 company-owned Sales & Customer Service Centers and nearly 250 franchisees across the country. It has the ability to retain its existing customer base with a high level of customer satisfaction via optimum network service and a 24 hour call center facility.

#### **Network Coverage**

Ufone has always believed in a solid commitment to growth, security and reliability. Therefore, Ufone has always balanced its expansion efforts and quality of service. With a total current investment of \$400 Million, Ufone has network coverage in more than 260 cities and towns and across all major highways of the country.



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#### **MAXCOM**

PTCL acquired Maskatiya Communication Company (Pvt) Limited (MAXCOM) during the year 2009-2010. MAXCOM is an internet service provider operating in Karachi and some parts of Hyderabad. Its customer base is around 6,000 subscribers. The 100% shareholding of MAXCOM has been transferred in PTCL's name. Because of the acquisition, MAXCOM customers are now eligible to enjoy superior PTCL broadband and other products and services.

#### ***Appendix D-QUESTIONNAIRE***

**Note:** This open ended unstructured questionnaire is about the before and after effects of privatization on organizational performance. For this current case study I have taken five dimensions of organizational performance such as profitability, Compensation and benefits, retention rate, numbers of subscribers and environmental changes.

#### **Privatization and organization performance**

- Q1.** What were the main reasons for privatization?
- Q2.** Were you satisfied with the performance of PTCL before privatization?
- Q3.** What was the role of government in privatizing PTCL? Now is there any intervention or involvement of government in the affairs of PTCL?
- Q4.** What was the role of international donor agencies in the process of privatization in Pakistan as well as in telecommunication sector in Pakistan?
- Q5.** Give your views on Voluntary Separation Scheme (VSS)?
- Q6.** What was achieved from privatization? What is the difference between past and current state of affairs of PTCL?
- Q7.** What were the alternatives to privatization?
- Q8.** What were the objectives of privatization? Have these objectives achieved?

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**Q9.** How was the choice between alternatives of privatization made?

**Q10.** How did the 1980s liberalization policies and privatization trend affect PTCL?

**Q11.** How important is privatization for increasing the organizational performance?

**Q12.** Did you see any improvement in organizational performance after privatization?

**Q13.** What other effects of privatization on organizational performance do you notice?

#### **Role of Human Resource (HR) Department**

**Q14.** What was the role of Human Resource (HR) Department before privatization?

**Q15.** Has HR Department has gained strategic importance in PTCL after privatization?

#### **Retention Rate**

**Q16.** What was the retention rate of employees of PTCL before privatization in 2006?

**Q17.** Has there been improvement in rate of retention after privatization?

#### **Types of employees and Compensation and benefits**

**Q18.** Give the categories of employees present in the organization before privatization?

**Q19.** Give the types of employees in PTCL currently after privatization?

**Q20.** What kind of compensation and benefits (C & B) were offered to employees before privatization?

**Q21.** What changes have taken place after privatization?

**Q22.** What was the percentage (%) of permanent employees against contractual employees before privatization? Is there any change occurred after privatization?

#### **Profitability**

**Q23.** Has financial profitability increased or decreased over the years after privatization?

(Profitability in terms of Earnings per Share, Gross profit percentage, Net income percentage, Operating profit percentage and Return on equity)

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#### **Organizational structure**

**Q24.** What type of structure had been followed before privatization in PTCL? (Bureaucratic structure, flat structure, collegial structure, Matrix structure)

**Q25.** What is the structure of PTCL currently after privatization?

**Q26.** How many levels of hierarchy were existed in PTCL before privatization?

**Q27.** Has there been any change in it?

**Q28.** Do you think PTCL structure is still highly centralized in terms of relationship between departments? Are there any reform initiatives at administrative decentralization internally or externally by carving out new departments out of existing departments? What was the past practice in this regard?

**Q29.** Was Horizontal specialization prevailing in PTCL before privatization?

**Q30.** There are four types of horizontal specialization like sector, geographical, process and client. Which type is followed in PTCL before and after privatization?

**Q31.** Does divisional specialization exist in PTCL?

**Q32.** Is there any policy regarding the organizational structure of PTCL? If there is one what are its main elements?

#### **Organizational structure, environment and uncertainty**

**Q33.** How the internal environment (Internal environmental factors are value system, mission objectives, management structure and its nature, power relationship, human resource management, company/organization image and brand equity, physical assets, R&D, technological capabilities, marketing resources and financial resources.) and external environment of the organization affected from the privatization? (Micro environment includes human resource (Employees) of the organization, the customer of firm, the way of rising of finance of the firm, suppliers, local communities of the organization and Competitors in business. Macro environment consists of factors like economic, technological, political, legal and socio-cultural factors of the firm.)

**Note: Micro and macro environments are parts of external environment.**

**Q34.** What type of organization is PTCL according to environment?

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	Stable environment	Shifting environment
Homogeneous environment	1. Simple structure	3. Decentralization to regional sub-units
Heterogeneous environment	2. Several sub-units based on specialization according to purpose or process principle, each corresponding to homogeneous parts of the task environment	4. Decentralization to sub-units based on specialization according to purpose or process principle

#### Coalitions and interest articulation

**Q35.** How can conflict between actors of organization be dealt? Did a *dominant coalition* or a *compromise* between different interests of the actors about privatization?

**Note:** Actors mean performers or interest groups in and outside the organization which effect on organization like top management, employees, suppliers, competitors, political parties, Government of Pakistan, Etisalat etc.

**Q36.** What is the role of politicians to affect the organizational performance?

**Q37.** What were the sources of resistances you faced in the organization on the part of employees during privatization process? Is there any conflict exist presently?

#### Subscribers

**Q38.** Give the number of subscribers of your landline and U-Fone services before privatization? Give the number of customers on landline, U-Fone Cellular Service and PTCL Broad Band during currently?

---

## **Before and After Effects of Privatization on Organizational Performance**

### **A Case Study of PTCL**

#### ***Appendix E-TRANSCRIPT OF BPS EMPLOYEE*** **TRANSCRIPT OF BPS EMPLOYEE**

##### **Q. What were the main reasons for privatization?**

**Answer.** At this question manager of Pakistan Telecommunication Company Limited (PTCL) asserted that there was a monopoly of Telephone and Telegraph (T & T) Department and Pakistan Telecom Corporation (PTC) in telecom sector of Pakistan before privatization. At that time many competitors came in market to compete. So there was a need of privatization because in the hands of Government of Pakistan, there was no possibility to make large investments on Pakistan Telecommunication Company Limited (PTCL). Government had other departments or sectors to bear their expenses.

##### **Q. Were you satisfied with the performance of PTCL before privatization?**

**Answer.** Before privatization it was already in profit. Compensation and benefits were better because any change government announced, it was immediately applicable in the company. Customers had no option to use alternative services.

##### **Q. What was the role of government in privatizing PTCL? Now is there any intervention or involvement of government in the affairs of PTCL?**

**Answer.** PTCL Manager said: "The role of government is nominal now."

##### **Q. What was the role of international donor agencies in the process of privatization in Pakistan as well as in telecommunication sector in Pakistan?**

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**Answer.** In the privatization process there was a role of international institutions like International Monetary Fund (IMF), World Bank (WB) and Asian Development Bank (ADB). Now there is no role of them.

#### **Q. Give your views on Voluntary Separation Scheme (VSS)?**

**Answer.** There were many benefits associated with VSS Scheme. “VSS bht achi thy”, employee favored it. It was only for permanent employees because they could get more money than the monetary benefits which they could earn at the time of retirement, although it was an optional scheme. Pakistan Telecommunication Authority (PTA) gave the security to employees for their jobs.

#### **Q. What was achieved from privatization? What is the difference between past and current state of affairs of PTCL?**

**Answer.** There have some differences occurred after privatization:

- Professionalism came after privatization
- Information technology (IT) has advanced
- New products introduced
- Better marketing

#### **Q. What were the alternatives to privatization?**

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**Answer.** Privatization was only the option because it was under government so it could not be a multinational.

**Q. What were the objectives from privatization? Have these objectives achieved?**

**Answer.** There were many objectives of privatization:

- Rightsizing of employees through VSS
- IT advancement
- Profitability
- Boost up Competition

Many objectives have achieved but overall profitability has decreased because main landlines customers have been decreased after privatization because of mobiles and other competitors' services. Healthy competition is going on.

**Q. How was the choice between alternatives of privatization made?**

**Answer.** Government did not want to spend funds on PTCL because it could not bear the expenses of PTCL and government wanted to sale the assets of the company to earn the money from it. That was the way to choose the alternatives of privatization.

**Q. How did the 1980s liberalization policies and privatization trend affect PTCL?**

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**Answer.** After Zia's Government, Nawaz Sharif started to privatize the units because some government units were burden for it. So government also decided to privatize PTCL to earn profit.

#### **Q. How important is privatization for increasing the organizational performance?**

**Answer.** If there is sick unit then this is important to downsize in the company and privatize the organization.

#### **Q. Did you see any improvement in organizational performance after privatization?**

**Answer.** There has been improvement in many ways:

- Efficiency increased
- New technology introduced
- Automation
- Customer care has increased
- Broad Band and EVO customers are increasing although there is decreasing trend in land lines of PTCL

#### **Q. What was the role of Human Resource (HR) Department before privatization?**

**Answer.** It was a part of administration department before privatization.

#### **Q. Has HR Department has gained strategic importance in PTCL after privatization?**



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**Answer.** Now HR has an active role in many ways like in appraisals of employees, restructuring of employees, pays and department all are handled by HR Department.

**Q. What was the retention rate of employees of PTCL before privatization in 2006? Has there been improvement in rate of retention after privatization?**

**Answer.** Permanent employees are retained as well as new compensation pay grade (NCPG). Contractual employees are frequently switched from one organization to another because of attractive compensation and benefits packages.

**Q. What kind of compensation and benefits (C & B) were offered to employees before privatization? What changes have taken place after privatization?**

**Answer.** Every increase from the government in C & B had been implemented but now pays for performance practice is going on in the company. Targets for each employee are made now.

**Q. What was the percentage (%) of permanent employees against contractual employees before privatization? Is there any change occurred after privatization?**

**Answer.** It is about 60% of permanent employees and 40% of contractual and NCPG.

**Q. Has financial profitability increased or decreased over the years after privatization?**

**Answer.** No, it is decreasing.

**Q. What type of structure had been followed before privatization in PTCL? (Bureaucratic structure, flat structure, collegial structure, Matrix structure)**

**Answer.** Bureaucratic structure had been followed in PTCL.

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**Q. What is the structure of PTCL currently after privatization?**

**Answer.** Bureaucratic structure is in PTCL. There is also collegial structure in the form of Board of director which is actually an approval committee. Sometimes matrix structure is also followed like revenue and finance manager has to report to his/her immediate supervisor as well as super supervisor and Head Quarter in Islamabad.

**Q. How many levels of hierarchy were existed in PTCL before privatization? Has there been any change in it?**

**Answer.** It has been long hierarchy. Some designation has changed but work is same.

**Q. Do you think PTCL structure is still highly centralized in terms of relationship between departments? Are there any reform initiatives at administrative decentralization internally or externally by carving out new departments out of existing departments? What was the past practice in this regard?**

**Answer.** Yes and many new departments also emerged like Customer Care (CC) and Human Resource Department.

**Q. Was Horizontal specialization prevailing in PTCL before privatization?**

**Answer.** Yes.

**Q. There are four types of horizontal specialization like sector, geographical, process and client. Which type is followed in PTCL before and after privatization?**

**Answer.** Sector, geographical and client principles are following in the firm as before privatization.

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**Q. Is there any policy regarding the organizational structure of PTCL? If there is one what are its main elements?**

**Answer.** BOD does that and Authority Matrix is important in this regard.

**Q. How the internal environment (Internal environmental factors are value system, mission objectives, management structure and its nature, power relationship, human resource management, company/organization image and brand equity, physical assets, R&D, technological capabilities, marketing resources and financial resources.) and external environment of the organization affected from the privatization? (Micro environment includes human resource (Employees) of the organization, the customer of firm, the way of rising of finance of the firm, suppliers, local communities of the organization and Competitors in business. Macro environment consists of factors like economic, technological, political, legal and socio-cultural factors of the firm.)**

**Answer.** There were many effects after privatization:

- Value system
- Management structure has changes now there is Etisalat control on management
- Customer care increased
- Corruption decreased
- Company image improved

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- Technology advancement
- Brand Equity increased
- Training and Development (T &D) has improved like Talk and Resolve Problem Training has been launched for the managers of PTCL to improve their interpersonal skills.
- “Phle Local suppliers thy”, employee added. Suppliers increased like ZTE, IBM etc now new suppliers of PTCL after privatization
- Local communities welfare is part of operations of organization the example of this natural disaster like flood in 2010 and 2011 in various parts of Pakistan , PTCL raised funds through many camps for the victims
- Life style and culture is also changed for instance in 2012 there is painting competition launched for employees and their families.

#### **Q. What type of organization is PTCL according to environment?**

**Answer.** According to above figure there are several sub units based on specialization according to purpose or process principle each corresponding to homogenous parts of the task environment. For example Broad Band employees work in technical side only because they are specialized people in their areas.

#### **Q. How can conflict between actors of organization be dealt? Did a dominant coalition or a compromise between different interests of the actors about privatization?**

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**Note: Actors mean performers or interest groups in and outside the organization which effect on organization like top management, employees, suppliers, competitors, political parties, Government of Pakistan, Etisalat etc.**

**Answer.** By negotiation conflict between actors of organization is dealt. Organization is strong unit, union is not powerful.

**Q. What is the role of politicians to affect the organizational performance?**

**Answer.** No, there is no role of politicians.

**Q. What were the sources of resistances you faced in the organization on the part of employees during privatization process? Is there any conflict exist presently?**

**Answer.** Union and employees especially permanent employees resisted more against privatization.

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#### ***Appendix F-TRANSCRIPT OF NCPG EMPLOYEE*** **TRANSCRIPT OF NCPG EMPLOYEE**

**Q. What were the main reasons for privatization?**

**Answer.** In the matter of Pakistan Telecommunication Company Limited (PTCL) privatization some employees argued that monopoly was better. Government of Pakistan saw commission in it to sale of its share to Etisalat. “Mje tu ush waqt ke ministers’ ka commission nazar ata hai”, interviewee said.

**Q. Were you satisfied with the performance of PTCL before privatization?**

**Answer.** It could not understandable to privatize a profitable organization according to respondent.

**Q. What was the role of government in privatizing PTCL? Now is there any intervention or involvement of government in the affairs of PTCL?**

**Answer.** It was totally government decision to privatize PTCL.

**Q. What was the role of international donor agencies in the process of privatization in Pakistan as well as in telecommunication sector in Pakistan?**

**Answer.** There is no role of International Monetary Fund (IMF), WB (World Bank) etc to privatize the company.

**Q. What were the objectives from privatization? Have these objectives achieved?**

**Answer.** There were some objectives like:

- Efficiency

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- Competition
- Transparency
- Growth
- Product line expansion
- Profitability

These were some aims of privatization as the literature also showed especially foster competition and efficiency are two main reasons of privatization.

**Q. Did you see any improvement in organizational performance after privatization?**

**Answer.** Many positive effects of privatization on organizational performance have occurred:

- Product line expansion
- Improved information technology
- Profit increased
- Corruption decreased
- Paper less culture
- Transparency in operations
- Healthy competition arose

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- Brought efficiency
- Growth
- Pay for performance

**Q. What was the role of Human Resource (HR) Department before privatization? Has HR Department has gained strategic importance in PTCL after privatization?**

**Answer.** Human Resource department has strategic role in the organization. Human Resource (HR) is main approval body now. After the headquarter Islamabad, in Lahore centralized Human Resource Department is now working to see all the matters relate to that city. Same the case is with other cities of the country.

**Q. What was the retention rate of employees of PTCL before privatization in 2006? Has there been improvement in rate of retention after privatization?**

**Answer.** Contractual employees are less committed to the organization as compared to permanent and NCPG employees.

**Q. What kind of compensation and benefits (C & B) were offered to employees before privatization? What changes have taken place after privatization?**

**Answer.** Compensation and benefits of employees have been freeze. He added, “Kayen benefits freeze kar diye hain”. No improvement yet has been made. NCPG employees gained few benefits and some are blocked so the disturbance among employees. More ever they do not



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satisfy with their on-line appraisal because there is an element of biasness in opinions and favoritism. “No work no pay”, employee said about compensation and benefits.

**Q. Has financial profitability increased or decreased over the years after privatization?**

**Answer.** Profitability has risen because of various marvelous products and services. Like DSL and land lines still are major sources of revenue for PTCL. “Profitability bht achi hai”, respondent told.

**Q. What type of structure had been followed before privatization in PTCL? (Bureaucratic structure, flat structure, collegial structure, Matrix structure) What is the structure of PTCL currently after privatization?**

**Answer.** Bureaucratic structure is still going on as before privatization.

**Q. Do you think PTCL structure is still highly centralized in terms of relationship between departments? Are there any reform initiatives at administrative decentralization internally or externally by carving out new departments out of existing departments? What was the past practice in this regard?**

**Answer.** Centralized decision making is following. Authority Matrix of PTCL is a fine example of formalization.

**Q. There are four types of horizontal specialization like sector, geographical, process and client. Which type is followed in PTCL?**

**Answer.** Geographical dispersion is there in the forms of zones.

**Q. How the internal environment and external environment of the organization affected from the privatization?**

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**Answer.** There are many effects of privatization in internal environment:

- Now company rules are followed
- Time Management is part of work
- Management Changed
- Technology improved within the departments
- Punctuality

After privatization PTCL shares prices trended downward. This is a sign that privatization affected PTCL economically. Some suppliers are reluctant to invest or provide services to Pakistan because of political uncertainty and terrorism. In headquarter of PTCL political recruitment is going on. But PTCL is still using services of different firms for recruitment and selection e.g. ASK and HTA for sales promotions of their products.

**Q. How can conflict between actors of organization be dealt? Did a dominant coalition or a compromise between different interests of the actors about privatization?**

**Answer.** At this question employee has viewed that union is still powerful in Pakistan Telecommunication Company Limited (PTCL). Major decision is consulted with union members.

**Q. What is the role of politicians to affect the organizational performance?**

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**Answer.** Some politicians also gave some monetary rewards to union members to take side of particular political party at the time of privatization for their own sake of interests. Collective Bargaining Agent (CBA) did not nominate for last three years. Politicians act as a CBA at this time.

**Q. Give the number of subscribers of your landline and U-Fone services before privatization? Give the number of customers on landline, U-Fone Cellular Service and PTCL Broad Band during currently?**

**Answer.** PTCL is now the leader in consumer broadband in Pakistan, leading the country into 21st century. Experience the Internet at its fastest with high-speed access from Broadband Pakistan. Broad Band of Pakistan customers are increasing day by day due to high quality of services of DSL. Student Bundle offer gets renewal name among the students.

#### ***Appendix G-TRANSCRIPT OF NTC EMPLOYEE*** **TRANSCRIPT OF NTC EMPLOYEE**

**Q. What were the main reasons for privatization?**

**Answer.** It is observed through interviewed from PTCL Employees that usually an organization is privatized when it faces financial losses. Privatization is a global trend but in case of PTCL, privatization was not desirable because it was already in profit, as the respondent also mentioned it.

**Q. Were you satisfied with the performance of PTCL before privatization?**

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**Answer.** Privatization is a global phenomenon but for of PTCL, privatization was not suitable because it was in profit at that time too. According to employees of the organization it was not good decision. Monopoly of the company also ended after it.

**Q. What was the role of government in privatizing PTCL? Now is there any intervention or involvement of government in the affairs of PTCL?**

**Answer.** At this question one employee had opinion: that although Government of Pakistan has still 74% share in PTCL but it did not directly intervene in the affairs of the organization. Leadership is in the hand of Etisalat as employee asserted.

**Q. What was the role of international donor agencies in the process of privatization in Pakistan as well as in telecommunication sector in Pakistan?**

**Answer.** “I did not any idea about this”, respondent said.

**Q. Give your views on Voluntary Separation Scheme (VSS)?**

**Answer.** Voluntary Separation Scheme (VSS) was an optional scheme for the employees of Pakistan Telecommunication Company Limited (VSS). It was advantageous for the employees whose length of service was 20 years or plus at that time. This scheme had attractive compensation package. In this scheme employees got double money than the money that they could not take after usual retirement. The reason of using this scheme was to downsize in the company. In the result of downsizing 32,000 employees reportedly left the company through VSS.

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**Q. What was achieved from privatization? What is the difference between past and current state of affairs of PTCL?**

**Answer.** Customer oriented culture is now developed. People can record their complaints about services not only through land line but with online system and mobile phones and their grievance are handled at first preference. Before privatization customers were treated as granted.

**Q. What were the objectives from privatization? Have these objectives achieved?**

**Answer.** According to employee of PTCL, the main objectives of privatization of PTCL were:

- To improve customer oriented behavior
- To bring efficiency in the operations
- Expansion of product line
- Pay for performance
- Transparency in performance evaluation of the employees

When we talk about whether these objectives are achieved or not, it is observed that efficiency is brought in operations by introducing innovations in the products of PTCL rapidly. It is also observed in the working places of the organization different boards have been used with different slogans to determine the importance of customers in the eyes of the organization and their employees. On line Performance Management System has started in the organization to

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access the employee performance by eliminating the old Annual Confidential Report (ACR) methods. But its transparency is still a question mark according to interviewee.

#### **Q. Did you see any improvement in organizational performance after privatization?**

**Answer.** Interviewee asserted that as it early mentioned that there are many effects of privatization on organizational performance:

- Efficiency came in
- Product line expansion like Smart T.V, Broad Band Pakistan, V-Fone, U-Fone etc
- On line performance system to improve the performance the employees as well as of the organization
- Introduction of customer oriented culture

#### **Q. What was the role of Human Resource (HR) Department before privatization? Has HR Department has gained strategic importance in PTCL after privatization?**

**Answer.** Privatization is important at that time when one organization needs a serious and rapid change and when its condition of finances is not satisfactory. At the HR department issue PTCL officer viewed: “Before privatization PTCL had Rs. 30,000,000,000 profit. But privatization took place and human resource of the organization also drained. In the result of downsizing 32,000 employees reportedly left the company through VSS as well as conflict with management.” Human Resource (HR) Department had the role of administrative department; later on after privation it gained strategic importance. But issue is that HR does not pass any

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policy which can be beneficial to the employees. May be their policies impact on upper management but no improvement can be seen at lower level according to respondents.

**Q. What was the retention rate of employees of PTCL before privatization in 2006? Has there been improvement in rate of retention after privatization?**

**Answer.** Retention rate is not satisfactory permanent employees do not leave the job but turnover rate is high among fresh hired employees. When the fresh blood gets an attractive opportunity better than current vacancy they leave the job and go to another organization. Commitment to the organization is the problem in PTCL. No efforts have been made yet by the management as well as HR to retain the talent in the company.

**Q. Give the categories of employees present in the organization before 2006?**

**Answer.** There were 2 types of employees at PTCL before privatization:

- Permanent employees
- New compensation pay grade (NCPG)

**Q. Give the types of employees in PTCL currently?**

**Answer.** There are 3 types of employees currently at PTCL:

- Permanent employees
- New compensation pay grade (NCPG)
- Contractual New terms and conditions (NTC) employees

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**Q. What kind of compensation and benefits (C & B) were offered to employees before privatization? What changes have taken place after privatization?**

**Answer.** As with the concern of compensation and benefits initiatives in PTCL, in the year of 2009, Mr. Yousaf Raza Gillani announced to increase 15% in the pay of permanent employees but PTCL authority did not act upon in it. According to Instrumental perspective it is steering role of the government it means it can direct the organization but cannot force it to follow. Talking more on this issue PTCL officer said that Compensation and benefits were negatively affected. Pay for performance slogan is not working because fixed increment is given to employees. No improvement is going on despite rapid increasing inflation in the country.

**Q. Has financial profitability increased or decreased over the years after privatization?**

**Answer.** No, I think it is decreasing. It was more profitable before privatization.

**Q. What type of structure had been followed before privatization in PTCL? (Bureaucratic structure, flat structure, collegial structure, Matrix structure)**

**Answer.** Bureaucracy is still in PTCL as before privatization. Board of directors has also powers to take the decisions so some kind of collegial structure is also in the set up.

**Q. How many levels of hierarchy were existed in PTCL before privatization? Has there been any change in it?**

**Answer.** It has AUTHORITY MATRIX OF PTCL manual which includes all the powers, function which the positions in the organization have. All the organization members follow this document. So formalization is followed in the company. PTCL has centralization decision making after the privatization.



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**Q. Do you think PTCL structure is still highly centralized in terms of relationship between departments? Are there any reform initiatives at administrative decentralization internally or externally by carving out new departments out of existing departments? What was the past practice in this regard?**

**Answer.** Yes, PTCL has centralized power of decision making.

**Q. Was Horizontal specialization prevailing in PTCL before privatization?**

**Answer.** Yes, horizontal specialization was prevailing in PTCL. For example a Finance employee can deal the matter of Revenue Department and vice versa. But usually people work in their own specialty areas.

**Q. There are four types of horizontal specialization like sector, geographical, process and client. Which type is followed in PTCL before and after privatization?**

**Answer.** Sector principle is also followed in the organization for example different department are there to serve like Finance, Marketing , HR, IT, Switching and Transmission etc , all department are working according to their guidelines. Geographical is followed in PTCL as before the privatization. There are 3 zones in Lahore:

- North Zone
- South Zone
- Raiwind Zone

Client principle is also used the best example is Broad Band student package which subsidized the student with unlimited internet usage with fixed charges of DSL.

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**Q. Is there any policy regarding the organizational structure of PTCL? If there is one what are its main elements?**

**Answer.** Yes, PTCL employees follow Authority Matrix.

**Q. How the internal environment and external environment of the organization affected from the privatization?**

**Answer.** Internal environment is affected in many ways. Now on line system is going on. Paper less work trend is in. HR involve in higher level participation. Mission, vision, and value system are now customer focused. In outside environment competition is now healthy among competitors. Economic conditions of country also impact on the organization like inflation. Natural disaster like 2010 and 2011 floods had destroyed or damaged phone lines and network of the company which eventually negatively impacted on economic performance of country as well as PTCL performance too. So rehabilitation programs were arranged at badly affected flood areas. Political interference is low.

**Q. How can conflict between actors of organization be dealt? Did a dominant coalition or a compromise between different interests of the actors about privatization?**

**Answer.** In case of union and management, management is more powerful and it seems compromising situation form the union side they are confined to obey the management rules.

**Q. What is the role of politicians to affect the organizational performance?**

**Answer.** Their intervention is very low.

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**Q. What were the sources of resistances you faced in the organization on the part of employees during privatization process? Is there any conflict exist presently?**

**Answer.** Employees and union are main resistance forces. Now their influence is very low.

#### *Appendix H-ORGANIZATIONAL CHART BEFORE PRIVATIZATION*

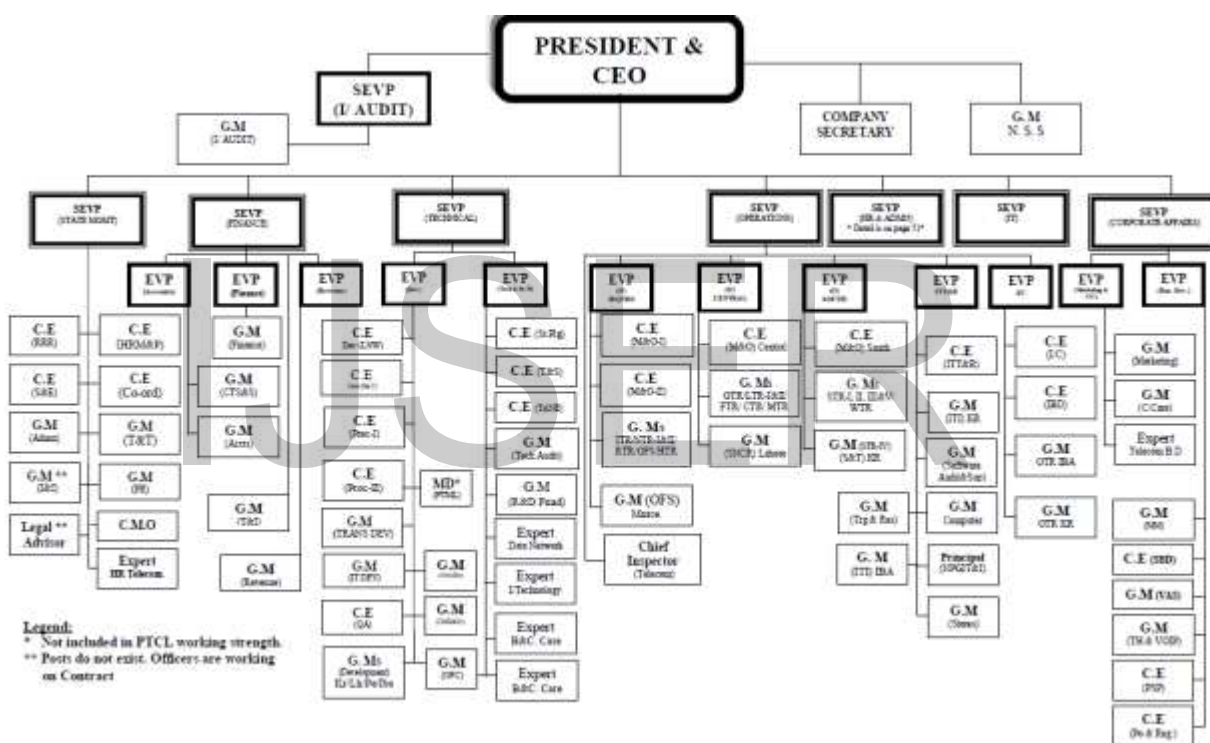


Figure 4: Organizational chart before privatization(Source: Rashid, M.A., (2007).

*Internship Report on Pakistan Telecommunication Company Limited)*

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#### Appendix I-PRESENT ORGANIZATIONAL CHART

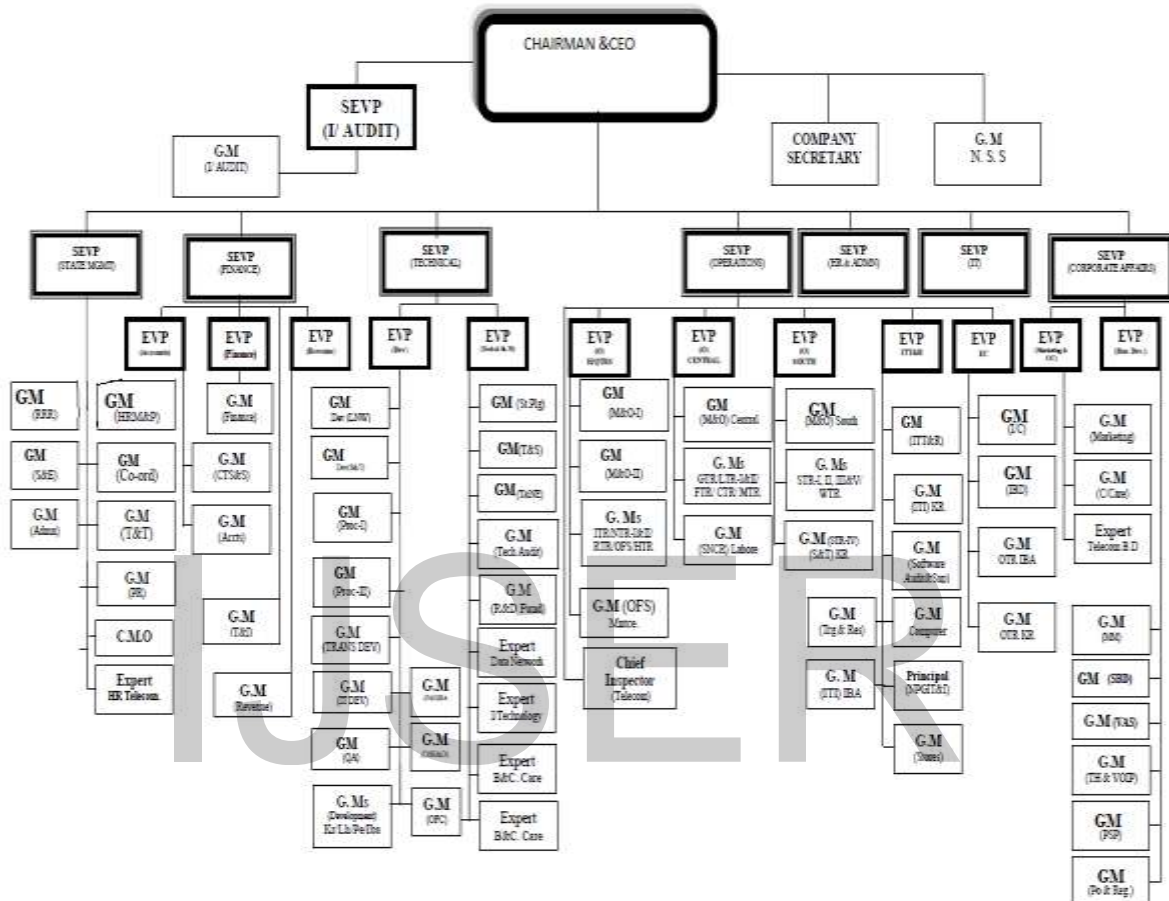


Figure 5: Present organizational chart Source: Interview with Mr. Muhammad Mahmood

Finance and Revenue Manager of PTCL, 2012

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#### *Appendix J-C & B OF PERMANENT EMPLOYEE*

<b>Current payments:</b>	<b>Rupees (Rs)</b>	<b>Deductions :</b>	<b>Rupees (Rs)</b>
Basic pay	7,140	House build Installment	1,376
Good conduct pay	200	Motor cycle Installment	500
Incentive pay	2,142	Gross Profit Fund (GPF) Installment	1,100
Conveyance Allowance	1,360	General Provident Fund	415
Washing Allowance	150	Benevolent Fund	155
House request Allowance	5,885	Total deductions	3,546
Medical Allowance	500	Net Amount Payable	25,525
Utility Allowance	300	Loan details	Rupees (Rs)
Special Allowance	1,725	Loan balance Habib Bank Limited (HBL)	59,613
Telecom Allowance	300	Loan balance Muslim Commercial (M/C)	19,000
Adhoc Allowance	572	Loan balance GPF	41,200
Special Relief Allowance	572	Taxable income	340,656
Special Relief Allowance II	1,428		
Adhoc Allowance	3,570		
Adhoc Allowance II	1,214		
Uniform Allowance	2,013		
<b>Gross pay and Allowances</b>	<b>29,071</b>		

#### *Appendix K-REMUNERATION OF NCPG EMPLOYEE*

**Table 13**

#### *Remuneration of NCPG employee*

<b>ITEM</b>	<b>NEEDED</b>
Basic salary (including all cost of living allowances)	Rs. 4129.03 per month
House rent	Rs. 1858.06 per month
Utility Allowance	Rs. 412.90 per month
Total salary	Rs. 6400/-per month

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#### *Appendix L-SALARY AND ALLOWANCES OF NTC EMPLOYEE*

**Table 14**

#### *Salary and allowances of NTC Employee*

<b>Salary and Allowances</b>	<b>Rupees (Rs)</b>
Basic salary	Rs. 54839/ per month
House rent Allowance	Rs. 24677/ Per month
Utility Allowance	Rs. 5484/ per month
Total salary	Rs. 85,000/ per month

#### *Appendix M-BROAD BAND CUSTOMERS*

**Table 15**

#### *Broad Band Customers*

<b>Billing month</b>	<b>Regions</b>	<b>Total Customers</b>
December 2009	CTR	6788
December 2009	FTR	23536
December 2009	HTR	4687
December 2009	LTR-NORTH	13060
December 2009	LTR-SOUTH	38093
December 2009	MTR	23206
December 2009	NTR-1	19068
December 2009	NTR-2	3704
December 2009	RTR	8756
December 2009	STR-1	12418
December 2009	STR-2	17994
December 2009	STR-3	29215
December 2009	STR-5	7218
December 2010	CTR	14634
December 2010	FTR	40018
December 2010	HTR	9623
December 2010	LTR-NORTH	31826
December 2010	LTR-SOUTH	42836
December 2010	MTR	33341
December 2010	NTR-1	34097
December 2010	NTR-2	7730
December 2010	RTR	18761

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December 2010	STR-1	22374
December 2010	STR-2	21228
December 2010	STR-3	22736
December 2010	STR-5	13977
December 2010	STR-IV KARACHI	24343
December 2011	CTR	28167
December 2011	FTR	65351
December 2011	HTR	16887
December 2011	Hyderabad	33784
December 2011	Karachi-1	29401
December 2011	Karachi-2	31350
December 2011	Karachi-3	33976
December 2011	LTR-NORTH	46991
December 2011	LTR-SOUTH	58610
December 2011	MTR	51963
December 2011	NTR-1	60039
December 2011	NTR-2	12093
December 2011	Quetta	25182
December 2011	RTR	34109
December 2011	Sukkur	23815
April 2012	CTR	29339
April 2012	FTR	69984
April 2012	HTR	18664
April 2012	Hyderabad	36179
April 2012	Karachi-1	29772
April 2012	Karachi-2	39493
April 2012	Karachi-3	26807
April 2012	LTR-NORTH	49261
April 2012	LTR-SOUTH	60510
April 2012	MTR	56909
April 2012	NTR-1	66127
April 2012	NTR-2	12702
April 2012	Quetta	26228