



Human Capital Flight in Pakistan: Strategies for Coping Brain Drain Situation

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Abstract

The public administration plays a vital role in running the affairs of governmental activities at the all levels of government. The efficiency of public personnel in respect of performance depends on the ways the public personnel are managed to be responsive in performing the respective jobs. The flight of human capital from the country not only affects the human resource development of the country but as well as overall development of the country. The brain drain is one of the critical issues faced by the public organization in Pakistan. The proposed strategic approach has been developed on the basis of Harvard HRM Model. Hence study focuses on issues of Human capital flight. The research study has tried to explore the causes of the brain drain situation and finally it has proposed strategic approach to overcome the brain drain situation in the Pakistan.

Keywords: Human capital, brain drain, Harvard HRM model, public organizations.

1. Introduction

Today, the relationship between employees and employer organizations is undergoing fundamental changes. The employees adopt personal responsibility for developing and deploying their personnel human capital. The sweeping changes in the nature of relationship between individual and organization occurred in response to; fundamental changes in Society, in the nature of labor market and in the talent and aspirations of individuals (Gratton & Ghoshal, 2003).

The human capital refers to things people have. The operating word here is capital i.e. a productive resource and the adjective is humans. What are the productive resources that people have? What is about people as a value for the organizations? It is believed that there are three kinds of resources that people possess which are collectively known as Individual Human Capital (Gratton & Ghoshal, 2003). The following figure displays the three kinds of resources of an Individual Human Capital.

The above figure shows that the Human Capital consists of three elements- Intellectual, Social and emotional capital- which is of Individual and Organization (Gratton & Ghoshal, 2003). The total capital environment of an organization consists of four elements - Human Capital, Structural Capital, Social Capital and Customer Capital. Human Capital represents the knowledge, experience and attributes of employees. The Structural Capital represents the codified knowledge that resides within an organization. The Social Capital represents the value that can be found among the relationships within the organization to facilitate the transfer of knowledge, whereas the Organization Capital is the corporate memory possessed by those who have relationships with suppliers, customers and any other side entity that interact with the firm for the purpose of accomplishing the work of the organization. The emotional, social and intellectual capitals are the fundamental basis for building strong and supportive relationships and developing the courage and grit necessary for entrepreneurship and action taking. The challenge of competing on human capital is the challenge of managing this interactive cycle of building and leveraging intellectual, social and

emotional capitals (Weatherly, 2003).

Focusing on the issue of Human capital flight, firstly, the research paper has described the causes of Human capital flight and secondly, it has described the prevailing situation of the Pakistan with respect to the brain drain situation and finally, it has presented strategic approach by using the Harvard HRM Model for containing the brain drain in the country.

2. Literature Review

During last few decades, Human Resource Development (HRD) profession has undergone through tremendous changes. In the past, large organizations consider personnel department as the department of managing the paperwork for hiring and paying the employees in the organization (Joshi, 2009).

Generally, the governments of developing countries are confronted with daunting challenges that affect every nation, regardless of geographic location, political systems, social structure or level of development. The government requires good people to respond effectively to these challenges. The success lies in the ability of government to recruit and retain talented workforce. The countries that failed to compete successfully in the global quest for talent are likely to suffer dire consequences. These challenges are coupled with the need of new skills, attitudes and behaviors among public officials at all level of governments and effectively respond to the increasing complexity and number of demands placed on government (Bourgon, 2005).

According to official estimates of Pakistan's Overseas Employment Corporation that approximately 36,000 professionals, including doctors, engineers and teachers have migrated to other countries in the last 30 years. It has been noticed that this is indication of only a small proportion of actual migration, since the majority of emigrants do not register. The research indicates that the migration in recent years has increased around 45,000 people migrated to other countries. This situation indicates the alarming status of Human capital flight from Pakistan. A large part of the problem is that there are not enough opportunities offered to the country's highly skilled labor for contribution and advancement opportunities. Educated unemployment is very high and governments are unable to maintain an egalitarian income policy often keep salary levels for skilled workers (relative to unskilled workers) forcibly low (HRD, 2008).

The salaries of highly skilled workforce in developed countries is 30-40 times higher than in Pakistan Money is not the only reason for many who opt to go abroad but lack of respect of the professionals is also one of the another major reasons. For instance, highly skilled software engineers are usually answerable to the bosses that have no knowledge about IT and they ridicule the computerized solutions that the engineer presents before them (HRD, 2008).

An important determinant of the international migration of scientists and technology experts is the availability of resources to conduct research and higher salary levels for researchers in recipient countries. These are the things that facilitate the experimentation and creative process. Unfortunately, the funds allocated for this purpose in developing countries are very meager, which often leads to the rusting of intellect (Abbas, 2000).

In Pakistan, annual average expenditure on education from 1997-98 to 2001-2002 has remained 1.7 per cent of the GDP. One of the major causes of brain drain is the growing frustration among the youth and the unavailability of opportunities in the existing social set-up. However, the economic factor is not the sole factor involved in the brain drain of human capital. There are also some other factors that contribute to the migration of skilled people to the developed countries. One of the important factors behind the acceleration of brain drain is low income at home. Skilled and educated people expect some kind of reward. But when they get no reward for their hard work and labor, they feel disappointed and frustrated (Nadeem & Ashfaq, 2004). Such situation compels the skilled workforce to leave the native country in search of better opportunities in other countries. In the case of Pakistan, professionals who are going abroad are mostly government servants and belong to the scientific community. These are the people who complain about the general attitude of society towards professionals, particularly scientists (Nadeem & Ashfaq, 2004).

Unfortunately, either the government does not realize the severity of the problem or prefers to brush it under the proverbial rug like so many other issues. The migration of Pakistani professionals to foreign countries, namely, US, Canada, Australia and New Zealand has increased considerably amongst the young

educated and skilled doctors, IT Experts, scientists and other professional. Most of them have either already gone or planning to leave. The fact was revealed by the Gallup survey of Pakistan that workers from all skill levels are losing or have completely lost faith in the economic future of the country. The survey has indicated that even the semi-skilled and unskilled workers want to migrate outside in search of better prospects. About 62% of the adults who were surveyed expressed the desire to migrate abroad while 38 % said that they would prefer to settle outside permanently. The high skilled workforce badly needed in Pakistan is going abroad in search for jobs. The educated and highly skilled workforce does not see their future in their home country but in other countries (Abbas, 2000).

According to the official estimates of Pakistan's Overseas Employment Corporation that in the last 30 years of history of Pakistan, approximately 36000 professionals related to various fields have migrated to other countries and in recent years the research indicates that the number has increased around 45000 professionals. This estimate has placed the Pakistan in the 4th place of most effected country by the brain drain in the world (Abid, 2012). The aim of the research study is to investigate the causes of Human capital flight in the country and propose a strategic approach for containing the human capital flight from the country. The research study addresses two research questions, first, what are the major causes of the brain drain situation in Pakistan and, second, how to overcome the brain drain situation for the future development human resource of the country.

3. Method

This research study is based on secondary source of obtaining the data. The data has been taken from the reviewing literature available from government website, official documents from the Ministry of Human Resource Development and other resources such as electronic library databases. The visits were also made to the Ministry of Human Resource Development for seeking more information on the research topic. The obtained information has been synthesized and conclusive findings produced on the said research topic.

4. Causes of brain drain in Pakistan

The term "brain drain" designates the international transfer of resources in the form of human capital i.e., the migration of relatively highly educated individuals from the developing to developed countries. This phenomenon, in the terminology of development economics refers to the loss of high quality manpower, which was once productively employed in the native country. The last decade has seen an increase in the international mobility of highly skilled, talented individuals in response to the expansion of the knowledge economy accompanying globalization (Nadeem & Ashfaq, 2004).

Simply explaining in other word, the brain drain is the situation in which a country's most intelligent human resource go to another country for better salary or improve their living or working conditions (Nadeem & Ashfaq, 2004). The following factors are the major causes of the brain drain situation in Pakistan.

4.1 Unequal employment opportunities

In Pakistan, the organizations in practice do not offer equal employment opportunities to the candidates and there are instances of discrimination against candidates based on gender, religion, ethnic origin etc. Even if the employment opportunity principles are observed in an organization, the so-called jargons of "circumstances" and "acceptability" are used as a cover for inappropriate discrimination. This unfairness is practiced during short listing of applications as well as in interviews. The short listing prejudices have also been observed in the federal and provincial government jobs to be filled through Public Service Commission. The equal opportunities in Pakistan are not a mere implementation issue, but it is also faced with the challenge of better understanding and education at the institutional level. The current equal opportunity crisis in the country has its implication both for the employers and the recruits and at a wider scale the whole economic level (Nadeem & Ashfaq, 2004).

4.2 Job insecurity

Job security is a far cry for employees at the lower echelons. The legal mechanism has not proven effective for the individual pleas in the past and more than 95% of the cases of violation of employees' rights by the employers are not reported in a court of law. Apart from being unable to afford the court and lawyer fee and to sacrifice one's breadwinning time, this is also due to lack of general awareness in the recruits about

their rights and privileges under law. This is a practical dilemma that human resource in Pakistan faces the absence of a merit based recruitment policy, and the recruitment made on gut and objectivity based discretion (Nadeem & Ashfaq, 2004).

4.3 Discrimination in selection

Unfortunately merit does not come at the top while considering a candidate for employment. Most of the jobs are filled through personal connections of the candidates within the organization (favoritism) thus compromising the quality of recruitment. Pakistan is a high context society and tribal and ethnic fraternities among people are influential enough to weaken the system of merit in recruitment. Another interesting factor to secure a job is the Alumni network of certain institutes. For example, in Karachi, an informal but very influential network of graduates of IBA (Institute of Business Administration) is in operation that tends to prioritize graduates of this institute for employment. Similarly alumni networks of LUMS and the Punjab University are operating in Lahore (Nadeem & Ashfaq, 2004).

4.4 Better prospects abroad

The survey conducted by Gallup-Pakistan (a research organization) has found that more than two-thirds of Pakistan's adult population wants to go abroad to work. The survey also found that half of those who want to go abroad do not wish to return. The survey indicates that many Pakistanis are gradually losing faith in the country's economic future. A similar survey carried out in 1984 had found only 17% Pakistanis eager to settle abroad. The latest survey has strengthened the widely-held view that there has been a continuous brain drain from the country in the past decade. The poll indicates that not only qualified professionals and university graduates, but even semi-skilled or unskilled workers want to leave Pakistan in search of better prospects. About 62% of the adults interviewed for the survey said they would like to work abroad and as many as 38% said they would prefer to permanently settle outside the country as reported by Gallup-Pakistan 2009. Most educated Pakistanis today want for their future to settle down in America, Canada, Australia and European countries. Pakistanis, especially the professionals, have been leaving the country at an alarming rate in the last three decades as they look for opportunities and benefits outside their home country (Nadeem & Ashfaq, 2004).

Presently, Pakistan is facing acute problem of brain drain. There is a lot of migration of the human resource to the prospect countries. The migration of professionals to foreign countries such as the US, Canada, Australia and New Zealand has increased considerably in recent years. Young, educated, and skilled Pakistanis, particularly engineers, doctors, IT experts, scientists and other professionals either have left the country or are planning to do so. Due to the increasing demand of migration of young human resource has created good business prospects for the immigration consultants in the country and there is lot of immigration consultants operating in the country. Having known this grim situation of migration of youth human resource and workers the government remain unconcerned and up until now, no serious efforts have been made to stop this unfortunate brain drain situation (United Nations, 2004).

5. Harvard model of Human Resource Management

The Harvard Business School generated one of the most influential models of Human Resource Management (HRM). Harvard HRM Model sees employees as resources. However, they are viewed as being fundamentally different from other resources. According to the interpretation of this HRM Model, the employees cannot be managed in the same way as other resources of the organization are managed. It stresses on people as human resources (David, 1997).

The Harvard approach recognizes an element of mutuality in all businesses, a concept with parallels in Japanese people management. Employees are significant stakeholders in an organization. They have their own needs and concerns along with other groups such as shareholders and customers (David, 1997).

The Harvard HRM Model consists of four main components:

- 1) Human resource flows - recruitment, selection, placement, promotion, appraisal and assessment, promotion, termination, etc.
- 2) Reward systems - pay systems, motivation, etc.

- 3) Employee influence - delegated levels of authority, responsibility, power
- 4) Work systems - definition/design of work and alignment of people.

The adoption of Harvard HRM Model would bring 'four C's' that have to be achieved for retaining the Human capital in the country (David, 1997) which includes (a) commitment (b) congruence (c) competence and (d) cost effectiveness

6. Strategic approach for containing human capital flight

Over the past few decades, since Pakistan has been lurching full strangle into economic and political chaos, the phenomenon has become the nuisance of the society. The number of disappointed Pakistanis who wish to settle abroad is rising every year and the ones who are actually capable of breaking loose are coincidentally the educated ones, contributing alarmingly to the growing crisis of the Pakistani brain drain. To leave the country and settle abroad has become the most common norm amongst the people of Pakistan. The greatest effect of brain drain on any country is what is seen in Pakistan today; rampant corruption, poor administrations, lack of motivation and a fast diminishing nationalism. Unless there is nationalism there can be no collective progress and poverty and crime will continue to increase under the umbrella of plethoric apathy. Whatever the solution is, it needs to come fast and it needs to be come now otherwise - when the educated are away, the uneducated will play - as they are playing at the moment (United Nation, 2004).

After having highlighted the above causes and factors, the situation seems so complex that it will take long time to set up such multiple strategies that may minimize the level of brain drain situation in Pakistan. Keeping in view this critical situation if Pakistan's government wants curtail this alarming brain drain situation then it must adopt following strategies to overcome the brain drain situation.

In order to deal this critical situation, the author has proposed strategic approach consisting of short-term strategy and long-term strategy. The following framework shows the application of Harvard HRM Model to the short-term and long-term strategy for retaining the Human flight capital in the country. There are four components of Harvard Model. Keeping in view the nature of problem of brain drain, three components have been applied to the strategic approach for retaining and containing the Human Capital flight of the country.

The figure two demonstrates the application of Harvard HRM Model in the long-term and short-term strategies for containing the brain drain situation.

6.1 Short term strategy

The short term strategy is adopted to retain the skilled work force back to the country from abroad. 6.1.1 Human resource flow

The government should open the Recruitment Counter in the respective countries for the retaining the Human capital flight, where most of the skilled force have had migrated for the better opportunities.

6.1.2 Reward system

In order to motivate and retain the flight human capital, they should be provided attractive salary packages as per their experience and qualification.

6.1.3 Work system

For developing trust amongst the retaining skilled work force, government should provide them better work place environment acceptable to the international standard. In the short term strategy following mechanism is proposed for the retaining the Human Capital flight from the foreign countries.

The figure five demonstrates the mechanism of short-term strategy need to be adopted to contain the brain situation. The above strategy is consisted of four steps and it is proposed to stop the further human flight capital from the country.

6.2 Long term strategy

The Long- term strategy is proposed for containing the Human flight capital from the country in future. An Independent Provincial Human Resource Department may be established in each province. The provincial

HRM department made responsible for selection and recruitment of the employees for all the government organizations.

6.2.1 Human resource flow

The new selected employees before placing them on the relevant position, they may be provided job-orientation for making them capable to perform job functions in an effective manner.

6.2.2 Reward system

A better salary packages may be offered to the employees as per their knowledge and expertise. A performance based career promotions should be introduced for the employee in order to attain their commitment to the organization.

6.2.3 Work system

A viable working environment may be provided to the employee. Each employee should be provided clear Job description. An employee having a relevant degree should be placed in the relevant field of work. A proper person should be placed at the proper place. In the long-term term strategy following mechanism is proposed for the retaining the Human Capital flight from the foreign countries.

The figure six shows the long-term strategy for containing the human capital flight from the country. It is consisted of five steps

The above short term and long term strategies seem to be well thought out but the question arises of implementation of these above strategies. In this regard, it is very vital for the government that for the implementation of above strategies successfully, the government should hire team of experts each possessing different skills to achieve desired goals of these strategies. The outcome of these strategies should be evaluated on annual basis to make confirm that strategies are going well according to the set objectives, if any amendment needed that may be made accordingly.

Conclusion

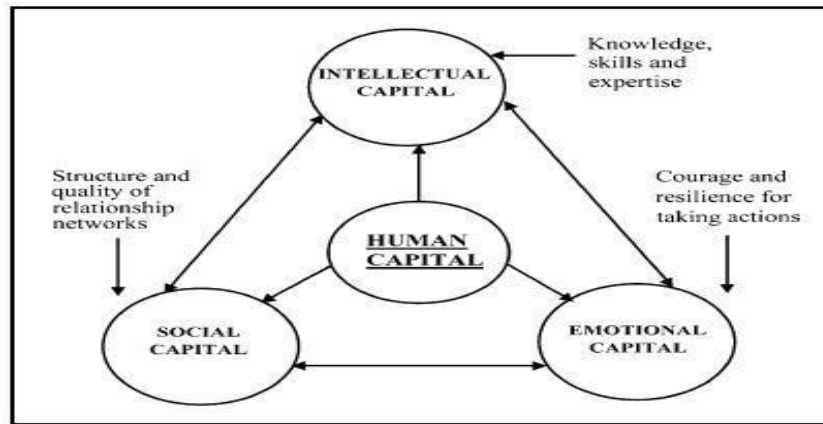
It can be concluded from the prevailing situation that Pakistan is going through the critical situation of brain drain. It is very pertinent for the government to take immediate measures to minimize desperation amongst the unemployed skilled employees. This study is conducted to draw an attention of government officials and policy makers towards the apathetic situation of the managing of human resource in the country. The proposed short-term and long-term strategies are providing the direction to tackle this critical issue of brain drain in the country.

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Figures

Figure 1: Kinds of Resources of Human Individual Capital.



Source: Gratton & Ghoshal, 2003

Figure 2: Harvard HRM Model's Strategic Approach

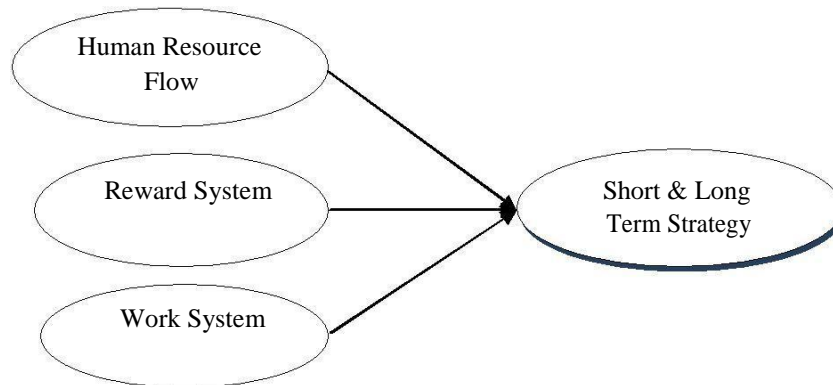


Figure 4: Long-term strategy framework

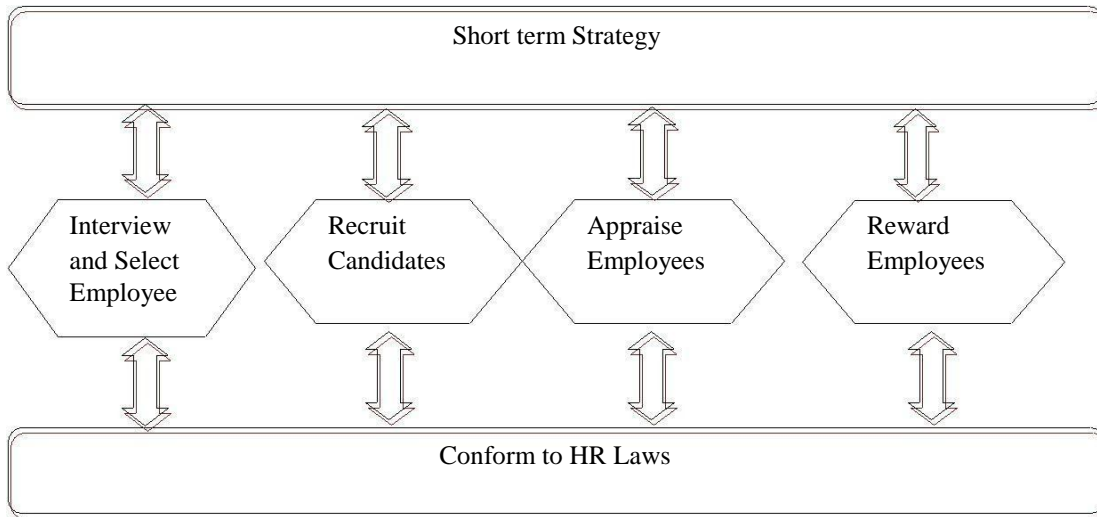


Figure 5: Short Term Strategic Framework

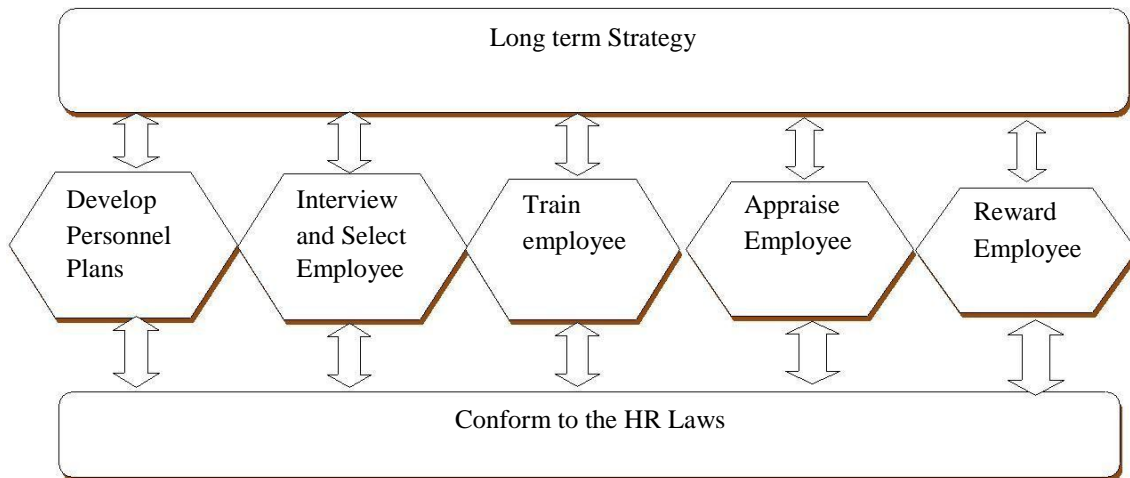


Fig. 6: Long-term Strategic Framework.