

Human Resource Management Strategies and Work Output in the Manufacturing Industry of Pakistan

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Keywords: Human Resource Management, Work Output, Manufacturing Industry, HRM Strategies, Pakistan

DOI No:

<https://doi.org/10.56976/jsom.v4i1.172>

Pakistan is a developing country with limited human resource management research. Ineffective and maladaptive strategic HRM strategies have the potential to degrade Pakistani industrial performance. This study examines the relationship between productivity and Human Resource Management (HRM) practices in Pakistan's industrial sector. HRM procedures including hiring, training, performance reviews, and compensation plans are analyzed in light of productivity, efficiency, and employee satisfaction. In this mixed-method study, primary and secondary data sources are used. Quantitative information is gathered from 300 manufacturing businesses spread across Pakistan using regression analysis and structured questionnaires. Key variables include workforce training (WT), performance incentives (PI), job satisfaction (JS), and employee productivity (EP). The research employs Ordinary Least Squares (OLS) regression to estimate the impact of HRM strategies on work output. The findings indicate that HRM strategies significantly enhance employee performance and overall organizational productivity. The study suggests policy recommendations, including investment in employee training and performance-based incentives to improve industrial output. This research contributes to the growing literature on HRM and productivity, providing practical implications for industry leaders and policymakers in Pakistan.

1. Introduction

The manufacturing industry plays a crucial role in Pakistan's economic development, contributing significantly to GDP and employment. The efficiency and productivity of manufacturing firms largely depend on effective HRM strategies that optimize workforce performance. HRM strategies, including employee recruitment, training, performance management, and compensation, are essential in ensuring a motivated and high-performing workforce. Strategic HRM and human resource management (HRM) are two different concepts (Ahmed & Ahmed, 2021). Strategic HRM sees people as a "strategic resource" that might help the business obtain a sustained competitive advantage, whereas HRM sees employees as one of the "organization resources." However, different researchers. The manufacturing industry contributes significantly to Pakistan's economy by boosting exports and generating employment (Ali & Rehman, 2019). However, the sector faces numerous challenges, including low productivity, high employee turnover, and inefficient workforce management. The role of Human Resource Management (HRM) is crucial in addressing these challenges by implementing strategies that enhance work output and organizational efficiency (Anwar & Shah, 2018).

If the business wants to keep its competitive edge through a distinctive human resource base, it must encourage its employees in a way that enables them to develop personally through a range of advantageous career prospects. Because of this, managing the trained workforce in accordance with the demands of the present is equally crucial. Finding empirical evidence of a substantial correlation between HRM practices and corporate strategies has historically been the main goal of the emphasized discourse (Baig & Khan, 2020).

The essential goal is to make sure that these two groups are strategically coordinated. In addition to helping top management achieve organizational effectiveness—which may only be possible if businesses establish a positive correlation between the application of HRM policies and practices and strategic goals—this is necessary to keep the company from going out of business. One of the four auxiliary activities to Porter's famous "generic" value chain model for a manufacturing organization, HRM was initially recognized by (Bilal & Raza, 2021). Organizations must gradually extend "value enhancement activities" in addition to Porter's nine value activity areas in order to generate and provide consumers with greater collective value from a range of resources.

These "value enhancement activities" include developing organizational learning, cross-functional synergy, organizational entrepreneurship, organizational creativity, innovation, and imagination, as well as core competencies (Choudhry & Hussain, 2017). These "shared values" will boost the enterprises' competitiveness while also enhancing the social and economic conditions in the community where they operate. However, top executives of "for-profit" organizations need to be able to successfully establish and sustain a "Learning Organization" culture in order for value enhancement programs to offer competitive benefits.

Finding and eliminating "skilled incompetence" in agile teams is essential for gaining a sustained competitive advantage. Failing to do so will put the company in financial trouble because one of

its seven "learning disabilities" has proposed that enhanced firm performance is a result of human resource contentment. Additionally, because of their implicit and apparent incentive factors, individuals of an organization generally behave well (Dar & Akbar, 2019).

In reality, organizational performance is an assessment of how well a firm is performing in respect to the goals and objectives that senior management has established, usually at the beginning of a fiscal year. However, corporate organizations look at four primary performances (or results): finance, market, manufacturing, and shareholder value. With about 180 million inhabitants, Pakistan is the sixth most populous nation in the world. There is a lack of HRM research in Pakistan, a strategically important country in South East Asia. Ineffective and maladaptive strategic HRM practices may impair the performance of Pakistani manufacturing firms. Considering today's intensely competitive environment, the problem is that there are a lot of family businesses and small and medium-sized enterprises (SMEs) in Pakistan (Fatima & Iqbal, 2022).

To recognize how important HR departments are to the success of manufacturing companies. The managers of the great majority of these "self-centered" companies, with very few exceptions, only concentrate on their administrative responsibilities, employing their administrative expertise to choose and manage employees. Because they lack or intend to create a distinct specialized HR function, their administrative staff—who are usually not professionally qualified HR professionals—tends to hire individuals who may not be the "right" fit for the job (Gill & Naseem, 2023).

Thus, typical human resources duties, such career planning, HS&E (health, safety, and environment) compliance issues, equitable treatment of employees, employee relations, it is impossible to overestimate the significance of performance management, organizational learning and development, etc. in Pakistan. Interestingly, Khan (2010) may have been the last relevant study on the connection between HRM and corporate success in Pakistan; nevertheless, it was restricted to the country's oil and gas sector. Thus, it is imperative to demonstrate the previously described relationship in Pakistan's other industrial and manufacturing sectors. Additionally, previous research has validated the HRM–firm performance association by utilizing a limited set of traditional HRM practices with a single dependent variable (either financial or non-financial performance measurements) (Haider & Javaid, 2016).

Researching the connection between HRM and small business performance can help us understand the challenges faced by startups. The use and acquisition of human resources in startups and highly innovative ventures, the part HRM practices play in the survival of new ventures, and the effect that resource development, allocation, and acquisition—including human resources—has on the rate and trajectory of growth in high growth firms are some examples of these (Kamran & Saleem, 2017). The most often researched HR practices in small business companies, however, are people, incentive and retention programs, and record-keeping; these practices reflect operational requirements and pragmatic concerns. No study has been conducted on the Hazara division, despite the fact that some research on HRM in small enterprises has been conducted in Pakistan (Khan & Usman, 2023).

Research on HRM practices and policies in small and medium-sized enterprises has received more attention in recent years. Smaller firms are often seen to be quite uniform. However, a growing amount of evidence indicates that this presumption is not always accurate. HR practices may also be impacted by other relevant contextual factors outside firm size. This study develops and tests a model that predicts the HRM practices of small enterprises depending on their organizational setting. An organization's size, strategy, technology, culture, and surroundings—especially those of other companies or institutions—are examples of contextual elements that have an impact. These traits have also been identified as potential determinants of HRM practices in a number of other studies (Khalid & Noreen, 2025).

A small business is defined as a privately held corporation with a small workforce and relatively modest sales volume. "Small" is defined as having fewer than 15 employees in the Australian Fair Work Act of 2009, 50 employees in the European Union, and fewer than 500 employees in a number of U.S. Small Business Administration programs. The legal definition of "small" varies by country and sector. Other criteria used to classify small enterprises, either independently or in combination, include asset value, yearly sales (turnover), and net profit (balance sheet), in addition to the number of employees. For instance, the European Union follows these guidelines (headcount, turnover, and balance sheet totals). In their industry, tiny businesses usually don't have a dominant position (Mirza & Tariq, 2024).

HRM in the manufacturing sector encompasses a range of practices, including workforce planning, recruitment and selection, training and development, performance management, and employee motivation. Organizations that implement effective HRM strategies can improve productivity, reduce absenteeism, and enhance job satisfaction. Conversely, a lack of structured HRM policies often results in workplace inefficiencies, low employee morale, and reduced output (Mazhar & Ahmed, 2020).

1.1 Importance of HRM in Manufacturing Industry

Manufacturing industries require a skilled workforce to maintain efficiency in production. HRM strategies that focus on training and development, performance-based incentives, and effective communication structures can enhance employee productivity and organizational growth.

1.2 HRM Strategies and Work Output

HRM strategies influence work output through:

- **Training and development** – Enhancing workforce skills.
- **Performance-based incentives** – Motivating employees to increase efficiency.
- **Job satisfaction and employee retention** – Reducing turnover and maintaining productivity.

1.3 Research Gap

While previous studies have explored HRM in general business environments, there is limited research on HRM strategies in the manufacturing sector of Pakistan. This study aims to fill this gap by examining the direct impact of HRM strategies on work output.

1.3 Research Objectives

The main objectives of this study are:

1. To analyze the impact of HRM strategies on employee performance in the manufacturing industry of Pakistan.
2. To examine the role of training and incentives in improving work output.
3. To evaluate the relationship between job satisfaction and employee retention in manufacturing firms.
4. To provide policy recommendations for enhancing productivity through HRM practices.

3. Research Questions

1. What is the impact of HRM strategies on employee productivity in the manufacturing industry?
2. How does workforce training influence efficiency in production?
3. Do performance-based incentives lead to higher work output?
4. What is the relationship between job satisfaction and employee retention?

2. Literature Review

The literature review explores the role of HRM strategies in enhancing work output through training, compensation, performance appraisal, and job satisfaction. The literature review explores existing studies on HRM strategies and their impact on work output in the manufacturing sector. Various theories, including Human Capital Theory, Resource-Based View, and Motivation Theories, provide a theoretical framework for understanding HRM's role in organizational performance (Qureshi & Yousif, 2019). Studies suggest that HRM strategies directly influence workforce efficiency and overall industrial performance. Research by (Saeed & Niaz, 2023) highlights that firms with structured HRM policies perform significantly better in competitive markets. Training programs are found to be crucial in improving skills and efficiency. (Tariq & Waqas, 2018) demonstrate that structured training initiatives enhance job performance by 20% in Pakistani industries. Incentives are linked to motivation and productivity. A study by (Waqar & Hina, 2020) on Pakistani manufacturing firms found that performance-based incentives led to a 15% increase in work efficiency. Research indicates that satisfied employees are more likely to remain in an organization, reducing turnover and improving productivity.

Pakistan's manufacturing sector has seen varying degrees of HRM adoption, with some firms embracing modern HR practices while others continue to rely on traditional management

techniques. This study aims to analyze how different HRM strategies impact work output in the Pakistani manufacturing industry. By identifying key factors influencing HRM effectiveness, the research provides actionable insights for business leaders and policymakers (Naqvi & Suhail, 2017).

This paper is structured as follows: the next section outlines the research objectives and questions, followed by a comprehensive literature review. The methodology section details the research design, data collection techniques, and analytical tools used. The results and discussion section presents key findings, and the study concludes with policy recommendations to improve HRM effectiveness in the manufacturing sector of Pakistan (Nasir & Bashir, 2015).

More recently, it was discovered that four strategic HRM practices—strategic HRM alignment, line management training, career planning system, and job definition—had a significant impact on the organizational performance of 18 (18) Nigerian insurance companies, while organizational climate had a moderate effect (Hameed & Lateef, 2018). Human resource management (HRM) is a strategic discipline that can both directly and indirectly support the environmentally friendly (or "green") performance of the aviation sector. Employee attitudes, which show themselves as commitment, involvement, and job satisfaction, are usually indirectly influenced by HRM practices and policies. Employee autonomy inside the organization can also be ensured via HR policies and procedures. As a result, workers continue to feel free to discuss and offer ideas for improvements and developments that impact the entire company (Hassan & Ali, 2015).

The more people voice their opinions, the more opportunities there will be for organizational improvement. On the other hand, management development programs, employee training, and effective performance management systems can all have a direct impact on achieving optimal company performance. Furthermore, they underlined that the HRM position becomes more challenging when it is required to accomplish both financial and environmental objectives in order to satisfy several stakeholders in the aviation sector (Harvey et al. 2013). However, there is a substantial correlation between HR practices and initiatives to innovate processes, marketing, and organizations (Hussain & Tariq, 2020).

Imran and Raza (2022) list the control and/or contingency variables. The aforementioned reviews of related literature make it abundantly evident that almost all of the earlier studies examined a single end variable and a linear relationship between organizational performance and HRM practices. By way of comparison, this study used a multivariate statistical technique to analyze the aforementioned association while controlling for two variables: the relationship with employees and information sharing. Productivity-related performance measurements are more accurate in forecasting manufacturing success than financial measures because the latter take into account a variety of economic factors that may not be within an organization's control (Javaid & Riaz, 2021).

3. Methodology

This study employs a quantitative approach to analyze the relationship between HRM strategies and work output.

3.1 Data Collection

Primary data is collected from 300 manufacturing firms in Pakistan through structured surveys. Secondary data is obtained from industrial reports and HRM research publications.

3.2 Variables and Measurement

Table No1: Variables and Measurement

Variable	Definition	Measurement
WT (Workforce Training)	Employee training programs	Training hours per employee
PI (Performance Incentives)	Monetary and non-monetary rewards	Percentage of performance-based bonuses
JS (Job Satisfaction)	Employee satisfaction levels	Survey rating (1-5 scale)
EP (Employee Productivity)	Output per employee	Units produced per worker

3.3 Estimation Model

The relationship between HRM strategies and work output is estimated using the following regression model:

$$EP = \beta_0 + \beta_1 WT + \beta_2 PI + \beta_3 JS + \epsilon$$

$$EP = \beta_0 + \beta_1 WT + \beta_2 PI + \beta_3 JS + \epsilon$$

Where:

- EPEPEP = Employee Productivity
- WTWTWT = Workforce Training
- PIPAPI = Performance Incentives
- JSJSJS = Job Satisfaction
- ϵ = Error term

3.4 Data Estimation Technique

The study uses Ordinary Least Squares (OLS) regression for estimating the impact of HRM strategies on work output. The model is evaluated using R-squared and F-statistics to determine the overall significance.

4. Results and Interpretation

4.1 Descriptive Statistics

Table No 2: Descriptive Statistics

Variable	Mean	Standard Deviation	Min	Max
WT	35 hours	10.2	10	60
PI	12%	3.5	5%	20%
JS	3.8	0.9	2.0	5.0
EP	250 units	35.6	180	320

6.2 Regression Analysis

Table No 3: Regression Analysis

Variable	Coefficient (β)	Standard Error	t-Statistic	P-value
WT	0.45	0.07	6.43	0.000
PI	0.38	0.06	6.33	0.000
JS	0.29	0.05	5.80	0.000
R²	0.78			

The results show that workforce training, incentives, and job satisfaction significantly impact employee productivity ($p < 0.05$). The R^2 value of **0.78** indicates that 78% of the variation in work output is explained by HRM strategies.

5. Conclusion and Policy Recommendations

5.1 Conclusion

The study concludes that HRM strategies, particularly workforce training, performance-based incentives, and job satisfaction, significantly enhance employee productivity in the manufacturing sector of Pakistan. The study also concludes that effective HRM strategies are essential for enhancing productivity in the manufacturing sector of Pakistan. Policy recommendations include government incentives for HR training programs, industry-wide HRM standardization, and investment in employee development initiatives. By implementing these strategies, the manufacturing sector can improve workforce efficiency and contribute to economic growth.

5.2 Policy Recommendations

1. **Increase Workforce Training:** Firms should allocate more resources to structured training programs.
2. **Implement Performance-Based Incentives:** Higher incentives lead to increased productivity and efficiency.
3. **Improve Job Satisfaction:** Organizations should focus on employee engagement and work-life balance.
4. **Government Interventions:** The government should introduce tax benefits for companies investing in HRM practices.

This research provides valuable insights into the impact of HRM strategies on manufacturing output in Pakistan, aiding policymakers and industry leaders in optimizing human capital management.

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