

# Management in Pakistan: Evidence from Sindh, Khyber-Paktunkhawa, and Baluchistan



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## Management and Organisational Practices (MOPS) in Pakistan

The causes and consequences of the vast dispersion in productivity within and across countries has been the subject of research for decades. Recently, researchers have woken up to the important role of firm management practices to explain the patterns.

In 2016, working with the State Bank of Pakistan (SBP), the Central Bank, and the Pakistan Bureau of Statistics (PBS), IGC researchers conducted the largest survey of management practices to date in Pakistan. Almost 2,000 plant managers were involved in face-to-face interviews in Punjab and Islamabad. We looked at three broad areas. First, data-driven performance monitoring practices concerning the collection and use of information to monitor and improve the production process. Second, targets about the design, integration and realism of production targets. Third, incentives over bonuses, promotion and reassignment and dismissal. We aggregated the responses into a single summary measure of “structured management” scaled from 0 to 1, where 0 represents an establishment with no adoption and 1 represents an establishment with full adoption of structured management practices.



**Objective:** IGC researchers in the US and SBP’s in Pakistan have been leading efforts to get measures of management incorporated in the statistical infrastructure used by governments and researchers. The “Management and Organisational Practices (MOPS)” approach was pioneered in the US across 35,000 establishments. We report the latest initiative from Pakistan.

**Results:** Since we are in the process of data collection, we do not have yet preliminary findings pertaining to these three provinces.

*Photo: Work floor in Ohio, US.*

## What did we find?

We found that (i) the adoption of structured practices in Pakistan is lower than in the US; (ii) management and performance are positively related; (ii) the low productivity and worse managed establishments seem to survive; and (iii) public listed firms have worse management scores implying that listings are unrelated with performance.

## The latest project

In 2017, PBS, the State Bank, and the researchers agreed to extend the project to the remaining provinces of Pakistan based on the positive experience described above. The project is jointly funded by the IGC, Private Enterprise Development in Low-Income Country (PEDL), and the State Bank of Pakistan. The idea is to conduct MOPS alongside the 2017/18 census of manufacturing exercise which began in early 2017.



On the ground, PBS is currently conducting distribution and collection of forms. The forms were delivered by hand through various local agencies connected with the PBS. The distribution and collection was centralised and managed by PBS Islamabad. The good news that as of the end of September 2017: 7,978 questionnaires have been delivered to firms in the three target provinces, out of which 3,586 questionnaires have been retrieved. In a parallel exercise funded by the Pakistani Government, the PBS has also distributed over 60,000 questionnaires in Punjab and Islamabad, out of which over 40,000 questionnaires have been retrieved. This latter will allow us to have a much larger dataset to explore differences in management practice within Pakistan over the same period. In our initial proposal, we estimated a positive response for MOPS of approximately 2,500 establishments. Data entry is currently underway and once this work is completed we will be able to verify the response rate.

Due to the lack of an updated sampling frame for the provinces we are surveying, we might change the distribution of interviews in each province. For example, we learned that Baluchistan has much fewer firms than indicated in the previous Census so we might not be able to reach the number of surveys intended given this (although we would be able to have good coverage), but in this case we would increase the number of surveys in another province so we can reach the total number of surveys indicated (2,500). We had initially proposed 1,500 in Sindh, 500 in Baluchistan, and 700 in KPK. As of the end of September, we have retrieved 985 forms in Sindh, 126 in Baluchistan, and 2,475 in KPK. The data collection is ongoing and we expect to achieve a reasonable response rate across all provinces. This work should be completed by the end of the calendar year. For the next phase of this project, starting in January 2018, we plan to clean, analyse the data, and produce an academic paper addressing our main questions.