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## INSTITUTIONAL COMPLEXITY OF HR PRACTICES: CHALLENGES FOR SUSTAINABLE BUSINESS

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**Abstract.** Sustainable Development Goals (SDGs) are important phenomena in public administration and many reforms have been introduced in Pakistan to ensure the achievement of SDGs committed by the political leaders. This study targets SGD 11 that relates to sustainable urban development through effective municipal corporations. For this purpose, the study explores the HR practices of public organizations operating under the Lahore Municipal Corporation and explains the institutional complexity of these practices. This complexity arises from the lack of implementation of new HR practices that are at odds with the prevailing bureaucratic logic. The study supports the argument of the institutional logic perspective that multiple institutional logics co-exist in organizations resulting in contrasting and contradictory practices.

**Keywords:** HR practices, institutional complexity, institutional logic, sustainable development, municipal corporation, public reforms.

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## Introduction

Sustainable Development Goals (SDGs) pose major challenges to nations around the globe. These goals demand to focus on key areas of the public service which include data, knowledge sharing, innovation, capacity building, localization, decentralization, contextualization, collaborative initiatives, and political will (Greenwood et al., n.d.; Ministry of Planning, 2018). In Pakistan, the vision of the government strategy has a major focus on the achievement of SDGs. The development goals are important phenomena in public administration and many reforms have been introduced in Pakistan to ensure the achievement of the SDGs committed by the political leaders<sup>1</sup>. This study is concerned with SGD 11 i.e., making cities and human settlements more inclusive, safe, and sustainable. This SDG addresses one of the most important concerns of urban development and highlights the importance of managing rapid urbanization and population growth, as well as the need for urban infrastructure to minimize municipal waste, and public transportation (GCPSE and UNDP, 2015).

It has been established in the literature that to achieve development goals, the local level government can play an integral role (Asangansi, 2013; Bergh et al., 2019; Paracha, 2003). Decentralization of public services can yield better results because localized sectoral spending may result in better service quality being close to citizens (GCPSE and UNDP, 2015). Therefore, it is important to have an integrated model that links all the levels of the government's ineffective implementation of the sustainable goals (GCPSE and UNDP, 2015; Sicilia et al., 2016). Although the role of the federal government is fundamental, decentralization and delegation of authority create an impact at the grass-root level and ensure contextualization of the implemented reforms. These measures reduce the chances of failure and performance lags. Hence, the role of local government is imperative for achieving development goals, and municipal corporations are the key actors for urban development.

This study investigates one of the current problems associated with municipally owned corporations (MOCs), which is hindering the road to the sustainable – public service delivery at the local level, namely the complexity and ambiguity of HR practices in municipal corporations. HR practices play a critical role in the effectiveness of municipal corporations and the implementation of reforms. Municipal corporations are making significant changes in their HR practices to become more efficient and results-oriented. In this process, the HR system and practices in public organizations are becoming complex through the incorporation of new practices, which are in sharp contrast to the prevailing traditional HR practices. These changes have led to institutional complexity, resulting in low performance, survival risk, and poor outcomes. This study therefore addresses the HR-related problems in these organizations due to the multiplicity and competing logics in these practices that have been introduced as a result of the reforms. This study highlights the need for HR sustainabil-

<sup>1</sup> URL: <https://www.sdpakistan.pk/>

ity, a newly emerged concept with a sharp focus on the importance of the role of HR in sustainable development. HR sustainability is a collection of skills, motivation, attitudes, and trust developed to avoid negative environmental consequences through the adoption of justice, development, and welfare principles. Sustainable HRM methods enable organizations to achieve their financial, social, and environmental objectives (Mohiuddin et al., 2022).

**Research objectives:**

The main focus of this study is to:

1. Explore the problems related to HR practices in MOCs in Lahore
2. Highlight the problems that hinder the road to sustainable development for these MOCs

The study was designed as a case study to explore the phenomenon in depth remaining in a real-life context. The study is conducted on local companies responsible for water and sanitation, transport management, and waste management. Three MOCs are taken as the unit of analysis. The HR challenges faced by these MOCs in achieving their goals are highlighted and possible solutions to overcome problems specifically related to HR practices are offered. The study addresses the problem of survival of these organizations through an HR lens. This study helps to understand the process through which complex and ambiguous HR practices lead to the vulnerability of these local organizations.

This study unfolds how the new public management (NPM) based reforms have shaped the HR practices of these organizations and to what extent they are linked with the overall mission of the organizations. NPM based reforms are translated as the new layering and shuffling of authority lines and the introduction of independent agencies to improve urban issues. Previously, the functions were performed by the city district of Lahore in a traditional public sector manner. The reforms have created ambiguity and complexity which consequently impacted the organizational performance.

The independent agencies are considered to be modern in terms of their efficiency focus and HRM practices, which are investigated in the current research. The study analyzes the extent to which these practices are implemented. The gap between expected and actual practices is theoretically explained through the institutional logic (IL) perspective. The study highlights institutional complexity created by the overlapping of traditional and new HR practices in public organizations and links it to the company's performance. In institutional theory, the literature has captured the powerful role of institutional pressure and the absorption of institutional pressure by organizations. However, this phenomenon is narrowly addressed by researchers due to the predominant assumption of isomorphism under new institutionalism (Naveed et al., 2017). Under this assumption, researchers mainly support the convergence and conformity of organizations to institutional pressures (DiMaggio and Powell, 1983; P. DiMaggio and Powell, 1991; Meyer and Rowan, 1977). Whereas, in reality, the old practices are not replaced, but both old and new practices may exist in the organization at the same time. The institutional logics perspective highlights that multiple in-

stitutional logics may co-exist in organizations over an extended period creating complexity and contradictory pressures for the organization (Thornton, Ocasio, and Lounsbury, 2012). This study empirically captures this phenomenon and strengthens the argument of the institutional logics perspective.

This study is significant due to its focus on the specific real-time issue, which is rarely explained through the institutional logic perspective in the literature (Fred, 2020; Mohiuddin et al., 2022). The role of HR practices in sustainable development of the organizations is a relatively new phenomenon and needs academic attention. The study is conducted on local companies responsible for water and sanitation, transport management, and waste management. The challenges faced by these MOCs in achieving their goals are highlighted, and possible solutions have been provided to overcome problems associated with HR practices specifically.

### NPM reforms, HRM practices, and institutional complexity

The administrative and institutional reforms are an important area of investigation for public administration scholars and academicians. The drivers of reforms, their outcomes, and processual analysis have been the primary focus of the recent research (Christensen and Laegreid, 2011; Christensen and Læg-reid, 2011b; de Vries and Nemec, 2013; Seth, 2018). Moreover, development goals are important phenomena around the globe and many such reforms have been introduced in Pakistan to ensure the achievement of development goals promised by political leaders. It is a normative principle that the developmental plans fail at the implementation phase due to several reasons. The underlying reasons associated with the failure of plans are the skeptical view of the stakeholders about the effects of the reforms, their unwillingness to adapt to change and their lack of capacity to unlearn and learn the new challenges of the global economy (Dimaggio and Powell, 1983; DiMaggio and Powell, 1991; Meyer and Rowan, 1977).

A predominant model for public sector reforms model is the New Public Management (NPM) reforms, that aim to increase the efficiency and effectiveness of the public sector by exposing it to private sector practices. The NPM model is followed by several other reform models in various directions. The reform contents vary from the introduction of NPM- based practices in the public sector to the creation a partnership venture through public-private partnership arrangements (Bank, 2003; Christensen and Laegreid, 2011; Christensen and Læg-reid, 2011b; Participation and Services, 2010). These reforms also affect organizational practices, specifically human resource management (HRM) practices. Although the role of HR in the 21<sup>st</sup> century is well recognized the theoretical underpinnings of the concept have not been fully explored. One of the important areas that need scholarly attention is the institutional context in which HR practices are shaped in an organization in a given context (Mahmoud and Othman, 2021).

It has been argued in the literature that human resource management is influenced by the institutional context of the organizations and therefore varies

from country to country (Mahmoud and Othman, 2021; Rehman and Mamoon, 2018). Institutional theory, especially institutional isomorphism, plays an important role in shaping public organizations (Frumkin and Galaskiewicz, 2004). This theory explains to a significant extent the drivers that are changing the public administration model from old hierarchal to managerialism and now to a more coordinated governance model (Li and Chung, 2018; Oliver, 1988). In public administration, institutional isomorphism not only explains the type of public agencies but also has the highest appeal in explaining the adoption of modern practices in public agencies (Panda, 2015).

Institutional isomorphism is the adoption of practices, organizational designs, and models to gain legitimacy and ensure survival (Chen and Chi, 2017; DiMaggio and Powell, 1983; Li and Chung, 2018). Institutional isomorphism can take three forms: coercive, mimetic, and normative. Coercive isomorphism refers to the adoption of practices under the influence of powerful agencies. These agencies can be donor agencies or international agencies, which pose multiple pressures to adopt certain practices. Mimetic isomorphism is the imitation of the practices and organizational structures just because others are doing it. Normative isomorphism refers to taking rationalized decisions about a problem (DiMaggio and Powell, 1983; DiMaggio and Powell, 2000; Frumkin and Galaskiewicz, 2004; Glynn and Abzug, 2002; Toinpre et al., 2018).

Organizations show isomorphic behavior when faced with ambiguous and conflicting situations. The environment plays a determining role in establishing organizations types, designs, and practices (Oliver, 1988). The environment puts pressure on organizations to converge excluding the laggards in adopting the practices that are being legitimized by the environment. This leads to a more similar model within the institutional environment (Frumkin and Galaskiewicz, 2004; Glynn and Abzug, 2002; Oliver, 1988).

Human resource management in the public sector is an important example of practices that are adopted due to being socially desirable in the organizational field (GCPSE and UNDP, 2015; Voravivatana, 2017). These practices can be linked to the NPM reforms which prescribe more managerial practices. The content of these practices is more like private sector practices including more autonomy, more explicit controls, the clarity of goals and targets, and efficiency in operations (Ehsan and Naz, 2003). Whereas, the prevailing practices in public organizations are based on bureaucratic norms, rules and regulations, and a process-oriented culture. Private sector practices are based on corporate logic which is in sharp contrast to the prevailing bureaucratic norms and practices of public organizations.

The literature has highlighted that organizations are embedded in a pluralistic environment that is characterized by different and even contradictory norm and rules. Greenwood and fellows (2010) discussed fragmentation as the plurality of uncoordinated institutions upon which an organization is reliant for legitimacy or material resources. Fragmentation is the existence of uncoordinated organizations within an institutional environment (Meyer, Scott and Strang, 1987). Therefore, it can be argued that fragmentation relates to a diverse set of logic involved in a field and is exerting pressure on the organizations. This



phenomenon is conceptualized by the institutional logics perspective as institutional complexity whereby organizations are exposed to multiple institutional logics putting diverse pressures on organizations (Thornton and Ocasio, 1999). Since logics in organizational practices are multiple and stem from different perspectives, they may contradict each other (Hinings, 2012; Thornton and Ocasio, 1999). For instance, state logic is in natural tension with the corporate logic of autonomy and freedom. Public good propagated by the public sector contradicts private sector ideas of profit maximization and revenues.

To understand institutional complexity, the literature highlights several approaches. Thornton and Ocasio (2008) have discussed the characteristics of institutional logic that determine the institutional complexity of an organization. The multiplicity of the logics and their competing nature are taken as important features to discuss institutional complexity. Christensen (2010) has provided another important approach that distinguishes between structural and cultural complexity. The study is more focused on the former logic approach. Institutional complexity tends to emerge when organizations face multiple logics. Therefore, multiplicity is an important aspect of complexity. There is a higher level of institutional complexity in an organization when the number of logic is higher in the fields in which the organizations are operating (Daudigeos et al., 2013).

Institutional complexity is determined by identifying different institutional logics present in local corporations. The framework presented by (Hammer-schmid and Meyer, 2004) is used as a basis to determine institutional complexity. Institutional complexity is expected to be high in organizations that adopt multiple parallel practices simultaneously. For example, merit hiring and patronage are in practice (Asangansi, 2013; Marschollek, 2011; Reay and Hinings, 2009). HR is more prone towards state logic while symbolically relying on the new jargon and terminology. Institutional complexity increases as demands from multiple constituents in the external environment increase. Institutional complexity is also higher for organizations operating in fields with uncontested prioritization of the logic.

## Methods

The study is based on an abductive research approach where the findings are altered through an iterative process of feedback. The research approach adopted for the study is phenomenology, which facilitates the findings of the realities out there. The researcher investigated the phenomena through in-depth interviews and each new theme in an interview is further explored by the other participants. The iterative process facilitated the researcher to gain an in-depth understanding of the HR practices prevalent in the organizations. Three organizations; Lahore Transport Company (Case 1: LTC), Lahore Waste Management Company (Case 2: LWMC), and Lahore Parking Company Limited (Case 3: LPCL); under Municipal Corporation were selected as the unit of analysis and the data was collected from 30 participants. The details of the respondents are shown in Table 1.

Table 1

**Interview details**

MOCs	No of interviews	Interview level in organization	Some key interviewees	Average interview time
Case 1: LTC	8	Senior management and middle line management	CEO, HR manager	40 mins
Case 2: LWMC	10	Senior management and middle line management	Deputy managers, CFO, HR manager operations manager	45 mins
Case 3: LPCL	9	Senior management and middle line management	HR manager, CFO, deputy managers	60 mins
MCL	3	Senior management	Mayor, DCO	60 mins

**Sources:** Created by the authors (- hereafter unless otherwise noted).

The participants of the research belong to the higher and middle line management, which are approached through purposive sampling and snowball sampling. Data is also collected from document sources including company Ordinance and HR policy manuals. Different patterns and themes are identified through thematic analysis to give meaning to the data. The context of the data is very critically analyzed. Emerging patterns have been reiterated in the remaining interviews, which has strengthened the content of the data. Transcriptions have been coded and the excerpts used in the data analysis are given proper reference code. For example, TC represents case 1, WM represents Case 2 and PC represents Case 3. Similarly, Senior Management is represented by SM and Middle Management by MM.

## Findings

The HRM practices investigated for the study were recruitment and selection practices, the focus on capacity building, and performance management systems. Moreover, the strategic and operational HR autonomy were also investigated to determine the domain of decisions of MOCs. The NPM reforms and corporate governance laws place a high significance on these practices and organizations working on corporate governance models are expected to integrate the modern HRM mechanisms into their organizational philosophy.

*HR policies* refer to the establishment of policy documents regarding recruitment and selection systems, in the organization, performance evaluation systems, and pay and promotion criteria. It has been found that HR policies are not explicitly established and lack transparency. Only LWMC (Case 3) has a complete HR manual that helps in guiding the HR operations, whereas, in the other two cases no formal HR policies exist. The following excerpt indicates the weakness of HR policies are quoted as follows:

“There are no policies of HR in place... our director is overnight terminated at the whim of senior politician, there is no reward performance link... how can we claim of so-called HR policies” (PC-SM-R4).

*Recruitment and selection* of employees depict a traditional mechanism within all MOCs. Lateral hiring is common, and the company can decide on the number of resources required to meet the job requirements. Newspaper advertisements, Linked In, and other common sources are used as recruitment mechanisms, however the final approval after the selection process comes from the board. It has been found in 1 of the two organizations that hiring is not done on merit, rather, political interventions affect the process of hiring and firing the employees. This indicates that the previously dominated logic is not changed, but that the new logic – parallels the older ones creating more ambiguity and uncertainty. This multiplicity and the conflicting nature create an ambiguous situation for the company managers to decide on the right channels for the organization. One of the respondents indicated:

“HR policies are there but when any order come from the top, HR manager has to follow, even it conflicts with the said policies” (PC-MM-R6).

*Capacity building* of employees is completely missing in all three cases and very few employees have talked about these practices. According to the majority of the respondents, there is no significant focus on training and development practices within the selected organizations. Some of the respondents highlighted:

“To serve public we must be very much equipped with the latest knowledge... I guess this can be done through training... I hardly remember any such effort” (TC-MM-R4).

*Performance management* was an important theme in the data. The participants frequently advocated for the establishment of performance indicators, however, only one organization has truly implemented the targets and objectives as parameters of performance. According to the respondents opinion, KPIs are one of the major instruments that should integrate individual efforts with the business strategy and achieving sustainable development. Respondents agreed with the fact that performance categories are established but that linking to the compensation based on these categories is still not in practice.

“Our internal system of performance management is quite active. Although there is no 100%, Implementation of performance pay yes we are told about our targets and receive feedback, Linking performance and rewards are done to a moderate level. Some instances of biasness are also there” (WM MM4,5).

As an overall case, mostly these organizations have not focused on the KPIs and the compensation is not linked to the performance. Most of the respondents indicated the traditional performance management system based on the supervisors’ opinion about the increase or decrease in the pay raise. Moreover, explicit KPIs are not found in most instances. Some of the respondents highlighted:

“After that senior-level hiring and promotions should be endorsed by CDGL. The board always seek advice for important decisions”.

“No there are no such KPIs but yet job descriptions are communicated and moving towards a formalization phase”.

*HR autonomy* refers to the level of independence of decisions regarding HR. It has been found that political influence has reduced the strategic HR autonomy of these organizations. HR practices are highly influenced by political interests, indicating a low level of strategic autonomy in HR-related matters in the organization. Some of the participants indicate the political influence in decision mak-



ing related to human resource practices. Organization members talked about the limited autonomy which consequently hinders their progress and performance. The following excerpts provide mixed opinions on HR autonomy:

“Yes political influence is there but in some areas, not every operation is influenced. we have enough freedom to manage our day to day activities...” look, organizations have to work within boundaries set by the authorities in our case MCL is the governing authority which assesses performance, target achievement and overall performance of LWMC” (WM-SM-3).

“Our director is overnight terminated at the whim of senior politician” (PC-SM-R4).

In one out of three cases, the research participants indicated that the organization has moved a bit to the modern HR system. In this organization, HR practices are completely typified by managerial logic. Company designations, concepts of teams, and target-based teams are clear indications of the NPM-ness of the company's internal functioning. Most of the respondents illustrate the merit pay and transparent appraisal mechanisms that depict that company has clear HR policies. Documentary shreds of evidence such as detailed HR manuals also supported these findings from the interview participants. The presence of private contractors in the form of Turkish companies also poses professional as well as business logic that are competing logics in the face of bureaucratic logic already present in the company.

Managerial logic is evident in most of the dimensions selected for determining competing logic but the prevalence of state and political logic cannot be discounted. Hence, there is an element of hybridity in an organization characterized by managerial practices under the impact of traditional mechanisms and political influence. Moreover, the private logic posed by the Turkish companies is another source of a multiplicity of logic in the organization.

## Discussion

This study found that the major logic prevailing in the HRM practices of these organizations is a bureaucratic one, which significantly explains the low performance and ineffective service delivery at the local level of the government. Based on corporate governance principles, these organizations operate under governing board which indicates sufficient autonomy in policy implementation. It also indicates the prevalence of corporate governance rules for HRM practices. The organizations are following ESTACODE in their operations. These rules depict NPM-based practices but the actual practices described in the interviews reveal mixed results.

It was identified that although HR departments are functional in these organizations the role of an HR department in organizational strategy and policy is still missing. The administrative tasks are still in operation, but the HR has not achieved a strategic position yet.

This is due to the coercive pressures of the institutional drivers that have led to the formal compliance of the policies rather than truly embedding these features in the organizations (DiMaggio and Powell, 2000; Frumkin and Galaskie-

wicz, 2004; Weeks, 2015). The training and development of employees are completely missing in all three cases and very few employees have talked about these practices. The recruitment sources are quite traditional and most employees are hired on a contractual basis. The policy of pay for performance does not strictly apply in any case, nevertheless, LWMC policies regarding compensation and increments are more clear and vivid as compared to the other two cases. The element of secrecy is mostly found in reporting in LTC and LPCL. In these cases, the HR policy manuals were not provided or discussed. However, the HR policies of LWMC are quite transparent and available. The performance evaluation methods are outdated and do not reflect any significant NPM logic in LTC and LPCL, while there is an indication towards target-based jobs in LWMC. In all cases, the head of the organization exercises operational HR autonomy. As far as strategic HR autonomy is concerned, the board has the ultimate authority to formulate and implement HR policies. However, the data show that HR decisions face political interference. These practices depicted multiple logics which create institutional complexity. These practices indicate that although the organizations have been created at a distance from the local government the actual purpose of this autonomy has not yet been realized. Hence this creates an incompatibility between the existing logic in the organization (Pache and Santos, 2010). Moreover, respondents indicate the clash of multiple rules and systems which depict institutional complexity argued by institutional logics perspective (Thornton, Ocasio, and Lounsbury, 2012).

Serious political and economic-institutional reforms in developing economies are clearly advantageous to everyone, regardless of political inclination or opinions. It is interesting to note that institutional improvements are required whether the economy is growing or in a state of crisis. If a country is in the midst of a crisis, reforms are an important aspect of crisis management (Zhao et al., 2021). But the sequencing of reforms matters a lot. Literature highlights many such examples where structural segregation leads to a more fragmented public sector without actually achieving its purpose (Adejuwon and David, 2014; Ekelund, 2010; Overman and van Thiel, 2016; Randma-Liiv et al., 2011). The reasons for these results are quite obvious. Reform prescriptions should be critically scrutinized by policymakers even in the case of coercive pressures. This is due to the fact the contextual realities of a country pose a major hindrance in reform implementations (Christensen and Lægheid, 2011a; Jay, 2013; Van De Walle and Hammerschmid, 2011).

The comparison of the cases also reveals that the organizations face complexity, but the level of complexity varies across the cases. Case 3 faces more competing logics in which state logic and political logic are dominant ones. Figure 1 presents the comparison of the three cases.

The table provides an insight into the institutional logic dominant in HR practices in the three cases. It is evident that despite the modern model of the corporation, the operational functions of the companies are still typical and traditional. The administrative side of the HR practices is still intact with the old HR philosophy and hardly any practices comply with the modern approaches to HR. Therefore state and political logics are dominant in the HR practices of the cases.

The symbolic compliance of HR practices is restricted to the labels and names of the positions. The strategic decisions are still under the political representation of the board. The partial and modified adoption of the HRM practices is the real problem that hinders the organizational capacity to perform. Institutional influences on public service organizations (both internal and external) cause strategic behavior modifications in organizational domains such as in modernizing disciplines like HRM. Resultantly, organizations utilize varying responses to address complexity. Our study found that in case of LTC, the state logic is quite dominant due to which modern HR practices could not replace traditional HR practices. Whereas, LWMC is more receptive to incorporate the modern HR practices such as performance management system and linkage of rewards with employee performance.

LTC	LWMC	LPCL
<ul style="list-style-type: none"> <li>•Traditional recruitment sources (SL)</li> <li>•Absence of target based jobs (SL)</li> <li>•Performance reward link is missing (SL)</li> <li>•Operational autonomy with limited strategic HR autonomy (SL)</li> <li>•Absence of explicit indicators (SL)</li> <li>•No policy manuals (SL)</li> </ul>	<ul style="list-style-type: none"> <li>•Traditional recruitment sources (SL)</li> <li>•target based jobs (SL)</li> <li>•performance reward link (SL)</li> <li>• Operational autonomy with limited strategic HR autonomy (SL)</li> <li>•Explicit indicators</li> <li>•Policy manuals (ML)</li> </ul>	<ul style="list-style-type: none"> <li>•Traditional recruitment sources (SL)</li> <li>•Absence of target based jobs (SL)</li> <li>•Performance reward link is missing (SL)</li> <li>•Low operational autonomy with limited strategic HR autonomy (SL)</li> <li>•Absence of explicit indicators (SL)</li> <li>•No policy manuals(SL)</li> <li>•political interference in HR matters (PL)</li> </ul>

*Figure 1. Comparison of HR practices in the selected cases*

## Conclusion

Sustainable development goals are important phenomena in public administration and many reforms have been introduced in Pakistan to ensure the achievement of the development goals set by the political leaders. It has been a normative principle that the developmental plans fail at the implementation phase due to several reasons. The underlying reasons associated with the failure of plans are the skeptical view of the stakeholders about the effects of the reforms, their unwillingness to adopt change, and the lack of capacity to unlearn and learn the new challenges. In this regard, local government can play a critical role in the successful implementation of SDGs. Under decentralization reforms, local government has received much attention and are assuming major responsibilities. However, their effectiveness has mixed results and needs further exploration. Particularly, in Pakistan, the effectiveness of the key actors at local gov-

ernment such as municipal corporations is the least investigated area. Through empirical research, this study explores HR related problem in MOCs in Pakistan introduced under NPM reforms.

This study has presented the HR practices and the problems associated with them. Since the organizations are public agencies working at the local level of government, they have to be more responsive to the need and challenges of the society and must adhere to the policies that motivate the employees to achieve organizational goals, which is only possible through effective management of HR practices. The study found various challenges related to HR including less focus on capacity building of professionals, ambiguous KPIs and a less effective performance management system, political influences in the hiring process, and less developed institutional framework to ensure implementation of HR policies.

The study shed light on the coercive pressures behind the adoption of HR practices by MOCs. Moreover, the findings revealed that the organizations have introduced HR practices in policies whereas in practice the traditional HR practices prominently exist in the organizations. The contradiction between traditional and new HR practices is creating institutional complexity for the organization and that is the crux of the ambiguities and intricacies in human resource management practices. The study supports the argument of the institutional logics perspective that contradictory institutional logic creates complexity for the organization due to their contracting principles and practices and thus hinders sustainable growth of the public organization.

The findings imply that in order to improve public service, it is important to understand the management dimension of the organizations, without which no policy formulation for the attainment of SDGs may help. Policy implementation is highly dependent on the governance and management of organizations serving the public. HR is an important dimension and the prevalence of institutional complexity in these practices means more ambiguity and less effectiveness, which in turn affects the management dimension of the organizations.

In light of the research findings, the following recommendations are provided to address the HR challenges faced by public organizations in Pakistan in general and local companies in particular.

- It is found that the local companies do not pay much attention to the capacity building of their resources. They should provide need-based training to the resources by allocating more funds for the capacity building and professional growth of the resources.
- Pay and promotion of the employees should be linked to employee performance. For this purpose, objective KPIs should be designed that can link the evaluation process with the performance of employees.
- Political influences are found to be a major hindrance to merit-based hiring in these companies. To reduce political influences, transparent processes are imperative. Outsourcing the hiring process to expert consultants can result in a better and more transparent hiring process.
- Local companies also need to work on well-documented HR policies, that can serve as the basis for an institutional framework to ensure the implementation of HR policies.

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