



International Journal of Social Economics

Human capital development for SMEs in Pakistan: is the "one-size-fits-all" policy adequate?

Muhammad Shujaat Mubarak Chandran Govindaraju Evelyn S. Devadason

Article information:

To cite this document:

Muhammad Shujaat Mubarak Chandran Govindaraju Evelyn S. Devadason , (2016),"Human capital development for SMEs in Pakistan: is the "one-size-fits-all" policy adequate?", International Journal of Social Economics, Vol. 43 Iss 8 pp. 804 - 822

Permanent link to this document:

<http://dx.doi.org/10.1108/IJSE-02-2015-0033>

Downloaded on: 20 October 2016, At: 17:06 (PT)

References: this document contains references to 58 other documents.

To copy this document: permissions@emeraldinsight.com

The fulltext of this document has been downloaded 69 times since 2016*

Users who downloaded this article also downloaded:

(2016),"Credit constraints and their impact on farm household welfare: Evidence from Vietnam's North Central Coast region", International Journal of Social Economics, Vol. 43 Iss 8 pp. 782-803
<http://dx.doi.org/10.1108/IJSE-11-2014-0243>

(2016),"Religion and earnings: evidence from Germany", International Journal of Social Economics, Vol. 43 Iss 8 pp. 841-855 <http://dx.doi.org/10.1108/IJSE-08-2014-0172>

Access to this document was granted through an Emerald subscription provided by emerald-srm:376953 []

For Authors

If you would like to write for this, or any other Emerald publication, then please use our Emerald for Authors service information about how to choose which publication to write for and submission guidelines are available for all. Please visit www.emeraldinsight.com/authors for more information.

About Emerald www.emeraldinsight.com

Emerald is a global publisher linking research and practice to the benefit of society. The company manages a portfolio of more than 290 journals and over 2,350 books and book series volumes, as well as providing an extensive range of online products and additional customer resources and services.

Emerald is both COUNTER 4 and TRANSFER compliant. The organization is a partner of the Committee on Publication Ethics (COPE) and also works with Portico and the LOCKSS initiative for digital archive preservation.

*Related content and download information correct at time of download.

Human capital development for SMEs in Pakistan: is the “one-size-fits-all” policy adequate?

Muhammad Shujaat Mubarik

Department of Economics, University of Malaya, Kuala Lumpur, Malaysia

Chandran Govindaraju

*Department of Development Studies,
University of Malaya, Kuala Lumpur, Malaysia, and*

Evelyn S. Devadason

Department of Economics, University of Malaya, Kuala Lumpur, Malaysia

Abstract

Purpose – Pakistan adopted “one-size-fits-all” policy for human capital (HC) development with the assumption that the level of HC is equal across industry and firm size. The purpose of this paper is to test this major assumption on which this policy is based, by comparing the differences in the levels of HC, overall and by dimensions of HC, by industry and firm size.

Design/methodology/approach – The study is based on new data set of a sample of 750 manufacturing SME firms in Pakistan, compiled through a survey. Applying the independent sample *t*-test, one way analysis of variance and multivariate analysis of variance, the hypotheses of differences in levels of overall and dimensions of HC were tested.

Findings – The results indicate significant differences in the levels of HC by industry and firm size. The levels of HC were found to be higher in textiles, food, metal and leather industries, and for medium-sized firms.

Practical implications – The findings provide supporting evidence on the inadequacy of the current human capital development (HCD) policy in Pakistan. The study therefore recommends customized HCD policies, accounting for differences across industry and firm size.

Originality/value – By taking the data on nine major dimensions of HC from 750 manufacturing sector SMEs, the study tests the level of overall HC and its nine dimensions by industry and size. The study also challenges the “one-size-fits-all” policy of the government of Pakistan for developing HC in SMEs.

Keywords Manufacturing, SMEs, Industry, Pakistan, MANOVA, ANOVA, Human capital

Paper type Research paper

1. Introduction

A numbers of studies (Delery and Shaw, 2001; Kinnie *et al.*, 2005; Wizarat, 2002) refute the “one-size-fits-all” policy for human capital development (HCD), on grounds that the latter should account for inter-industry differences. These studies advocate for policies to take into account the size and ownership of firms, and nature of industry. Conversely, some researchers argue that one comprehensive policy is more appropriate to tackle HCD than a number of specific policies. Identifying the levels of human capital (HC) across industries can therefore serve as an important guide for devising an appropriate HCD policy. In Pakistan, HCD policies have been based on “one-size-fits-all” approach for small and medium enterprises (SMEs) since 2004. It has not brought any difference to the development state of the SMEs. Approximately 95 percent of SMEs in Pakistan cannot survive in first year of their inception, due to deficiency in HC (Khalique *et al.*, 2011; Khan *et al.*, 2013; Khan and Khan, 2012). The approach also seems

