

Hiring Practices of Fast Food Franchises in Islamabad

Zulfiqar Ali
(Assistant Professor PIDE)



Although local fast food vendors have existed in Pakistan since time immemorial, it has not been in the form of franchises. It is usually the corner *chaat-wala* or the *samosa* joint run by owner operators producing the food to their own recipes, providing employment to the area residents on a small scale. International fast food franchising came to Pakistan in 1993 when the first MacDonald's opened on Main Boulevard Gulberg in Lahore. Fast forward 25 years and today fast food has become part of the eating culture in Pakistan. Most of the globally famous chains have a presence in the local market and KFC, MacDonald's, Hardees, and Pizza Hut, to name a few, are deeply entrenched in the market. Social and demographic changes have affected food preferences in many ways in Pakistan. Returning immigrants have brought back a taste for food from abroad, overseas travel has given exposure to foreign foods, and the digital age has created instant exposure to the new eating trends around the world. In addition, increasing time pressures and higher disposable incomes have combined to create a “cash rich, time poor” economy in which people are prepared to spend more for the sake of speed and convenience in many aspects of their lives, including food. Home grown fast food franchises have also joined in and captured a substantial market share. . According to the International Labour Organization (ILO) study titled 'The impact of global food chains on employment' published in 2007, large food chains such as McDonalds create jobs in typical and atypical fashion. There are many types of jobs in the industry, one of them being outsourcing of the supply chain, which also generates employment opportunities.



Today the fast food industry has emerged as the second largest in Pakistan. It accounts for 27% of value added production and 16% of the total employment in the manufacturing sector, catering to almost 180 million consumers. Pakistan is the world's 8th largest market for fast food consumption and related businesses. Another survey highlights that in Pakistan on average consumers spend 42% of their income on food. As a result, supermarkets are popular and account for 10% of all retail food sales. In general, with changing eating habits of Pakistanis contributing to sales, food sales are increasing at the rate of 21% annually. Of that 21%, fast food sales more than 20% making it not only one of the fastest growing businesses of the country but also in the world. International fast food franchises provide jobs to the local youth of Islamabad and Rawalpindi, as well as a large number of people from other cities. Surveys conducted in I-8, F-6 and F-7 sectors to study the role of fast food restaurants employment practices provide insight into the background of employees, average salaries and working hours. Three franchisees from each sector were selected. Survey results are shown in the table below: Full time employees were assessed, working in jobs ranging from food processing to serving. Other workers providing home delivery are indirectly employed. Indirect employment also covers the supply chain where purchase of food items and additional materials such as packaging, cleaning

packaging, cleaning supplies etc. are covered. The survey showed that male workers are more in number than female. Local workers are those people already resident in the twin city area. Non-locals are workers sourced or hired from locations out of the immediate area, for example KPK, Azad Kashmir and Punjab. Across the board one can see that more non-local labor is working in these franchises than local twin city residents. Average salaries are fairly consistent although KFC seems to be the best paymaster with a median salary of PKR.17,000 month for an 8 hourly day. In Sector F-6 Munchies had all non-local male employees. Nando's had more non-local employees than locals, and more males than females. KFC, on the other hand, presents an entirely different picture with its specification of policy stating 70% mandatory employment of females and 30% males. Both locals and non-locals are employed in F-6 but most are students with a few part-time employees who have permanent government jobs. Median salaries were the same at all 3 franchises with working hours being a bit higher than I-8 franchises. In F-7 Khiva and Burger Chick had all non-local employees brought in from Okara and elsewhere, with all 3 F-7 franchises providing food, medical and accommodation, which is not the case with the other franchises.

According to the World Bank, Pakistan has a total work force of 75 million.

Pakistan's current unemployment rate is 6.1% and is likely to increase in the coming years. People move to industrial and urban areas for employment opportunities. In order to research the conditions of this segment of the workforce, employees of Islamabad fast food restaurants were interviewed. Managers of international fast food chains such as KFC and Pizza Hut, were reluctant to disclose exact figures regarding number of employees and their salaries. They gave us average numbers with respect to their employees and salaries and emphasised that they complied with government policies and labour laws. The majority of the employees were from outside Islamabad, mainly from KPK, Kashmir and Punjab. One encouraging feature of international food chains is that they provide part-time employment opportunities to students. Generally, in Pakistan there is lack of part-time employment at restaurants, but this step can help students to support their studies. Further, international fast food chain employ women as well, although they are lower in number as compared to male employees. Domestic food chains pay salaries as per government criteria while also providing accommodation and medical benefits. These restaurants are hiring their workforce from all over Pakistan and are not relying on workers available in the immediate area. For example, owners of Burger Chik and Khiva are from Okara and KPK and have brought in the work force from their respective areas. Oddly, Munchies had employees, other than regular ones, who worked on a commission basis. The commission rate offered to these waiters is 6% on billing of the customer they bring in. This is in violation of "THE INDUSTRIAL AND COMMERCIAL EMPLOYMENT (STANDING ORDERS) ORDINANCE, 1968", in which no such employment category is mentioned. In addition to this, employees are not hired as per law and no written agreement is made between employer and employee, which is again a violation.



Interviews revealed that locals are not employed in restaurants and fast food chains in large numbers. The majority of the regular employees are non-locals. Furthermore, there are no by-laws or legislation by the municipal government or federal government for inclusion of locals in private sector employment. In other sectors of the economy, such as petroleum and gas, or multinational companies, the government has enacted relevant legislation. However, in the case of the commercial sector, any such policy or law is absent. For example, in the case of petroleum companies, when they install oil-drilling plants anywhere in Pakistan, there are provisions in the laws that stipulate employment of the local workforce. Similar regulations and protections must be put in place for the local workforce to ensure fair employment practices in the commercial sector as well.

Survey Result of Employment by Fast Food Franchisees in Islamabad									
Domains	Fast Food Franchises in I-8			Fast Food Franchise in F-6			Fast Food Franchise in F-7		
	KFC	Pizza Hut	Ranchers	Munchies	Nando's	KFC	Chikachino	Khiva	Burger Chik
Total Number of Employees	42	27	44	12	55	Depends on Sale	50	90	20
Male	40	24	44	34	52	30% mandatory as per policy	48	90	20
Female	2	3	0	0	3	70%	2	-	-
Locals	27	9	15	0	15	Students, government or permanent employees working part-time	12	-	-
Non-locals	15	18	29	34	40		38	90	20 (all from Okara)
Average Salary	17500	15000	14000	PKR 17,000	PKR 17,500	PKR 17,500	PKR 20,000	PKR 18,000	PKR 25,000
Other financial incentives	PKR 3000-12000	PKR 5000-8000	PKR 5000-7000	Nil	Nil	Nil	Food, Medical & Accommodation in Islamabad	Food, Uniform and Accommodation in Islamabad	Food and Accommodation in F-7/4
Daily working hours	8	8	8	10-12 hours	9 hours	8.5 hours	9 hours	9 hours	9 hours
No. of working shifts	2	2	2	2	2	2	2	2	1