

To Manage the ZAPTA Technology Professionally: A Time to Decide

Authors: Naeem Hayat and Dzul kifli Mukthar

Prologue

It is a cloudy and cold day of December 2022 in Lahore, Pakistan. The CEO of ZAPTA technology, Nasir Ali, sits alone in his office after the sunset. Nasir plans to leave his office as the day is already closed, but he is writing future agendas for ZAPTA Technologies for 2023. There are many things and new steps that must be decided upon and taken to manage ZAPTA in the future.

Nasir Ali Joyia is happy with the growth of his technology venture 'ZAPTA Technologies', which Nasir started about two years ago with his fellow Khalil Ahmed (Chief Design Officer) and Ateeq-ur-Rehman (chief operation officer).

The future of ZAPTA requires significant transformation as a growth strategy that can help ZAPTA compete in the highly dynamic information technology market. As CEO of ZAPTA, Nasir has to bring forth the proposal for change and growth. However, Nasir has to be careful as the change can bring negative consequences.

ZAPTA Background

A dynamic 26-year-old visionary from Bahawalnagar (City of South Punjab, Pakistan), he is the co-founder and CEO of ZAPTA (Zone of Advance Platform and Tech Applications) Technologies, a software design and development company known for its customized and innovative solutions and services. With a keen eye for opportunities and a relentless drive to succeed, Nasir has transformed his vision into reality, steering ZAPTA into a thriving enterprise with over a hundred dedicated software professionals under his leadership.

Guided by a passion for cutting-edge technology, Nasir has established a successful business and created a vibrant ecosystem of creativity and innovation within his organization. Nasir's ability to inspire and lead by example has earned him respect from his team and the broader tech industry.

THE AUTHORS

Naeem Hayat and Dzul kifli Mukthar are based at the Global Entrepreneurship Research and Innovation Centre (GERIC) Universiti Malaysia Kelantan, Kelantan, Malaysia.

KEYWORDS

Entrepreneurship, Technology, Growth, Management, Departments, organization development.

Disclaimer

This case is written solely for educational purposes and is not intended to represent successful or unsuccessful managerial decision-making. The authors may have disguised names; financial and other recognisable information to protect confidentiality.

“My passion for success guides me to work hard for my own project working for clients, which I received from Upwork and Fiverr. I am willing to include my other fellow in my entrepreneurial journey. However, I am very clear that business development is a step-by-step process like embarking on an expedition.”

ZAPTA Technologies was founded in 2020 by Nasir and two of his colleagues, Khalil Ahmad and Ateeq-ur-Rehman. They bring diverse skill sets to the table, which has been instrumental in ZAPTA's growth. Over 2.5 years, ZAPTA has seen remarkable expansion, and now we have over a hundred employees. Currently, ZAPTA has approximately 36 job openings, and with the ongoing recruitment efforts, we are looking to reach around 200 team members by the end of the year.

Nasir reflects, “We started the ZAPTA technologies by investing Rs. 175,000 equally by three partners in a small flat room in Lahore. We bought the old furniture and tried to bring business and grow with our team of three.”

Regarding services, ZAPTA covers a wide range of domains, including software design, development, testing, project management, quality assurance, and DevOps. ZAPTA's specialization lies in software design, and dedicated an entire floor to our talented design team. ZAPTA is proud to offer a comprehensive suite of services, particularly in mobile development, spanning hybrid applications, iOS, and Android. ZAPTA has a global presence and is continuously expanding. While based in Pakistan, ZAPTA's reach extends internationally. ZAPTA actively engages with clients in various regions and countries and is excited to broaden its horizons further in the tech industry.

ZAPTA, willing to attract young talent, has started the ZAPTA one-week program, which offers final-year computer science students and freshers the opportunity to learn and get hands-on experience working in software houses. Every Wednesday, ZAPTA fellow spend time learning new skills or software, developing their talent, and helping them advance in their career. ZAPTA has received praise for its excellent services related to UI/UX design, web development, and custom software development.

While ZAPTA Technologies works for its mission “to empower businesses worldwide through cutting-edge technologies.”

Working with the core values of

Communication

Seriousness

Professionalism

Awareness

Respect & Kindness

and responsibility

Changing Global Workforce

The gig economy, an innovative paradigm in the labor market, is primarily defined by short-term, project-based jobs where permanence is rare and technology plays a pivotal role. With around 500 online gig platforms in operation, a vast network connects workers and clients across 186 countries, making it a truly global phenomenon. Despite the international reach, local platforms are equally significant in shaping the gig economy's landscape.

This economy mainly benefits lower- and middle-income countries, offering a pathway to utilize local talents and potentially alleviate poverty. It addresses critical issues such as youth unemployment and the uneven distribution of job opportunities. Gig work, known for its flexibility, is advantageous for emerging startups and small enterprises by significantly lowering employment expenses. However, it demands intense concentration and self-drive, lacking long-term job security. Remarkably, over 60% of gig workers are young adults under 30, mainly from lower or middle-income backgrounds. Women are nearly equally represented in this sector but generally earn less than their male counterparts.

The allure of gig work for the youth lies in its ability to provide income while allowing them to continue their education or pursue other employment. It requires them to upgrade their skills constantly, excel in project management, adhere to deadlines, work collaboratively or independently, and cultivate entrepreneurial acumen. Women find gig work especially appealing as it offers the flexibility to work from home. Nonetheless, the rigorous nature of gig work often comes at the cost of lacking social insurance and other benefits. There is a growing call for digital platforms in this sector to provide insurance options, engage in collective bargaining, and offer essential training and support to their workforce.

The burgeoning gig economy brings substantial economic and social benefits but presents significant challenges to governments and regulatory authorities. Critical concerns include the legal status of gig workers, ensuring fair wages and working conditions, addressing tax implications, and maintaining equitable employer-worker relations. Its worldwide reach promotes balanced regional growth, fostering diverse employment opportunities and reducing social and economic vulnerabilities. The gig economy indicates a profound transformation in employment and business management strategies. Its composition is diverse: 20% of its workforce identifies as entrepreneurs, 25% as independent contractors, 15% as seasonal workers, and another 15% as client employees, with the rest employed by various platforms.

In conclusion, the gig economy is reshaping the global workforce landscape, offering unique opportunities and challenges. Its growth reflects the changing dynamics of work, entrepreneurship, and economic development, demanding adaptive strategies from individuals, businesses, and policymakers alike.

A boom in Freelancing and Software Industry of Pakistan

The software industry in Pakistan has witnessed remarkable growth over the past few years, emerging as a critical player in the global information technology (IT) landscape since 2010. This growth is fueled by a combination of factors, including a young and tech-savvy workforce, government support, and an increasing trend in digitalization.

Workforce and Education

A significant driver of this growth is Pakistan's large pool of young, educated professionals specializing in IT. The country's universities are producing a steady stream of skilled software engineers and IT experts, many of whom are fluent in English, making them competitive in the international market. Additionally, numerous private institutions offer specialized training and certifications in various software technologies. The proliferation of online courses and training programs is instrumental in this transformation, providing essential digital skills and fostering an entrepreneurial mindset. This educational shift is crucial in preparing Pakistani youths to compete in the dynamic global freelancing market.

Government Initiatives

The Pakistani Government has been instrumental in promoting the software industry through various initiatives. These include setting up software technology parks, offering tax incentives, and facilitating foreign investment in the IT sector. The Government's policies aim to create an environment that enables IT companies to thrive and compete globally.

Industry Growth and Export

The software industry in Pakistan is not just growing in size but also in the diversity of services offered. Pakistani firms are expanding their portfolios from software development to IT consultancy, mobile application development, and emerging technologies like AI and blockchain. The export of software and IT services has been consistently increasing, contributing significantly to the country's economy. Efforts are directed toward establishing a robust digital infrastructure, enhancing digital connectivity accessibility, and offering digital training programs. These initiatives also include providing easier access to finance and simplifying bureaucratic processes for setting up small firms and enterprises.

Startup Culture

Pakistan has a burgeoning startup culture, with many young entrepreneurs venturing into the software industry. These startups are not only catering to local needs but are also making a mark globally. An increasing number of incubators, accelerators, and venture capital firms support this entrepreneurial spirit. A significant portion of Pakistan's population, approximately 60-65%, is under 30 years old. This young demographic is breaking away from traditional 9-5 job structures, driven by a willingness to be self-employed and technological proficiency. The global market's increasing demand for outsourcing and freelance services has benefitted Pakistani freelancers. The ability to communicate in English is a significant advantage for Pakistani youths in the global gig economy, characterized by its focus on quality, timely delivery, and competitive pricing.

Challenges

Despite its growth, the industry faces challenges such as limited access to high-speed internet in some areas, a need for more advanced technical training, and regulatory hurdles. Additionally, enhancing the global perception of Pakistan's IT industry remains challenging. The legal framework for gig work is still underdeveloped, necessitating support for establishing and operating small enterprises in the international domain with minimal bureaucratic hurdles.

Future Prospects

The future of Pakistan's software industry looks promising, with potential for further growth and international recognition. The ongoing digital transformation in various sectors like finance, healthcare, and education presents new opportunities for software companies. Moreover, the increasing demand for IT outsourcing can position Pakistan as a significant outsourcing hub.

Pakistan's software industry is a vibrant and growing sector characterized by a skilled workforce, supportive government policies, and a dynamic startup ecosystem. While there are challenges to be addressed, the prospects for continued growth and global integration are strong, making it an exciting time for the industry in Pakistan.

COVID-19 in Pakistan

The World Health Organization declared COVID-19 a global pandemic on March 20, 2020. Pakistan, having reported its first cases in early March, experienced its first wave of COVID-19 in May 2020. This wave was intense but had a comparatively low death rate. In response, the Pakistani Government imposed its first lockdown from March 24 to the end of May 2020.

To manage the spread of the virus, the Government implemented 'smart lockdowns' and standard operating procedures (SOPs). These measures aimed to mitigate the financial impact on businesses and the labor force, allowing them to continue working and earning. A complete lockdown was deemed infeasible since 25% of Pakistan's population lives below the poverty line.

Educational institutions transitioned to online learning, and businesses adapted to remote working and operating with reduced staff. Despite these efforts, the pandemic was estimated to have caused an economic loss of up to USD 200 billion. The Planning Commission of Pakistan projected that up to 18.5 million jobs could be lost due to the lockdown and its effect on economic activities.

The Government's efforts began to show results as COVID-19 testing increased. However, the smart lockdowns only partially controlled public movement, leading to heightened pandemic risks. The second wave hit in November 2020, primarily affecting urban centers.

As the COVID-19 vaccine became available, the Pakistani Government planned to acquire doses from Sinopharm. However, challenges in vaccine shipment and availability delayed widespread distribution. Initially, vaccines were administered to medical staff and frontline workers.

The third wave of COVID-19 occurred from March to May 2021. During this period, Pakistan began receiving vaccines from China and 17 million doses from the United States, aiding in the broader vaccination effort.

Post-COVID-19 for the Software Industry

Remote working in the COVID-19 and post-COVID-19 era shows the resilience of the Pakistan software industry and the multiplied demand for digital solutions. The software firms like e-commerce, online education, telehealth, delivery services, and remote working saw noticeable growth. These opportunities help the software firms in Pakistan to build their offering and explore the extended market opportunities. As remote working became a norm, the software industry tapped into a wider talent pool and worked without geographical constraints. It not only helps in cost-saving but also facilitates the workforce to work in a flexible work environment and concentrate on productivity. The expansion of global outsourcing significantly drives the growth of Pakistan's software industry. Pakistan is increasingly categorized as a desirable outsourcing destination as the pool of skilled professionals is available at competitive prices. Realizing the surge in market demand, the Pakistani Government has introduced the necessary policies to facilitate technological advancement, improving internet infrastructure and providing financial support for the export of the software industry. It brings the necessary support to facilitate and accelerate the industry's growth and attract foreign investment and job creation to propel its advancement.

Khalil Ahmed

A class fellow at GIFT University, completed a Bachelor's in software engineering. Khalil worked as a user experience designer at www.Bayt.com. Develop design skills for user interface (UI) and user experience (UX). Understand project management and have product design skills. Khalil is motivated to lead the project teams and software development initiatives. Khalil is good at taking responsibility and is a good team player. Working as chief development officer (CDO) at ZAPTA Technologies.

Ateeq Ur Rehman

A class fellow from GIFT University with a Bachelor's in software engineering. Good in programming and software development. Able to perform the need analysis and work on business process modeling. Get experience working in healthcare, Fintech, and ERP systems. Works as chief operation officer (COO) at ZAPTA Technologies.

Muhammad Abdul Rehman

A Software Engineering graduate of Superior University, Lahore. Adul Rehman has software development experience and can work on complex and challenging projects. He worked on full stack development and can work on advanced tech stack. Works as CTO (Chief technology officer) for ZAPTA Technologies.

Strategic change and ZAPTA growth

Nasir believed that the ZAPTA needs to streamline and develop the ZAPTA having the focus. Making the department and providing role definitions can bring the necessary clarity to the ZAPTA family members. Nasir met with Khalil Ahmed and informally discussed the growth opportunities and possible department-making in the ZAPTA.

Nasir began thinking and analyzing the potential benefits of the departmentation and the associated negative consequences that may emerge as the young firm cannot deal with the work division and task concentration. Nasir thinks it would be better to get the expert opinion from Mr Salman Anwer (Assistant Professor of Management at GIFT University, Gujranwala, Pakistan).

Mr Salman Anwer offers insights in an email he sent back to Nasir. Salman Anwer revealed several benefits and limitations of departmentalization in the email.

Dear Nasir Ali

Thanks for writing to me and inquiring about the department making in your firm. My detailed reply is as follows.

Departmentalization refers to grouping business operations or activities into departments based on the division of labor. The concept works of building specialization of work who must coordinate to complete the tasks at hand and facilitates the organization's effectiveness and efficiency. Departments have their own leadership, and power distribution is the idea posited in the departmentalization. Departmentalization can bring the benefits of specialization, clear structure, improved accountability, teamwork, and scalability. Small firms can benefit from dividing the jobs into different areas where individuals perform specific tasks to develop expertise in their respective work areas. Repetitive work in the same field improves performance and efficiency, enabling the department employees to achieve excellence. Nurturing the organizational structure and building the formality are the outcomes of the departmentalization. Departmentalization brings benefits of job clarity, role definition, and ease of managing and coordinating job activities. The organizational structure facilitates understanding job positions' power edifice, role, and responsibility. Improved accountability and reporting of performance facilitated departmentalization. It helps to build a focused approach for providing goals and performance evaluation. Teamwork is also regarded as the benefit of departmentalization, which fosters a sense of belonging and collaboration. Teamwork helps improve employee morale and job attachment, harnessing better work performance. Departmentalization also represents the business growth and ease of scaling the business operations. Adding and expanding the departments is more straightforward than having the least structured organization.

However, the departmentalization associated the issues of increased complexity, resource allocation, building silos, management challenges, and increased cost. The department adds layers to management in the organizational structure that can lead to complexity, contributing to confusion

and inefficiencies if not managed in true spirit. Departmentalization must be planned and managed with the clarity of purpose and reduce the complexities of implementing departmentalization. In small firms with limited resources, the development of departmentalization generates unnecessary competition and comparison to fight for powers and resources. Unnecessary competition leads to conflicts that are detrimental to the firm's performance. The lack of valid performance parameters and criteria leads to confusion and a drain of resources with no obvious valid objectives harnessing the organizational performance. As departments are made with the purpose of specializations and division of labor, ideologies may lead to creating distance between the departments, and departments start working in silos. The silos mindset brings reduced communication and collaboration, building rivalry and leading to inefficacy and conflicts. The big picture is lost in the rivalry of departments, that departments are working for the firm but looking to bring individual benefits only. Another payoff of developing departments comes as department management and role division may be called management challenges. The managerial gap may lead to mismanagement of departments as current leadership is not prepared nor skilled to manage the complexity that arises as the department develops in the emerging organization. Lastly, but what may be a more critical issue is the cost implication, as forming a department increases the cost, and overall expenses as multiple and multifaceted roles need to be developed, having intricate job responsibilities and accountabilities. Departmentalization may not be justified, but it can pave the path for the small organization to take the next step in organizational progression.

An organization can achieve departmentalization based on its functions, geography, and product. Customer or market and even on processes. Even large organizations can utilize the different departmentalization options and create complex organizational designs. However, small entrepreneurial firms need to be thoughtful about using departmentalization, weighing the current and future needs of the business, and keeping an open eye on the drawbacks associated with departmentalization. Organizational development requires departmentalization and a clear structure of roles and responsibilities with the resources to perform the delegated duties within the organization. Organizational growth may be attached to formal structure development. However, technology firms are well known for their lean structure and working with open doors or managing organizations while walking around the organization.

Hopefully, my reply can help you take the right measures to make the departments in your firm that can benefit your firm's operation and management. I would also like to advise you to develop a human resource department (HR) as your firm is growing, and HR empowers the firm to have a large workforce in an appropriate manner. If you need any further information or support, please feel free to contact me.

Regards,

Salman Anwer

Epilogue

Nasir explained the need for the department to form to Khalil. 'I felt that the departmentalization might bring the loss of control to some extent and possibly create competition between the departments. The department heads may engage in a power struggle and bring negative outcomes for the firm. With the departmentalization, the power distribution and bringing the role clarity requires significant time and resources.'

However, Khalil accepts the need for departmentalization but adds his concern: 'Departmentalization can bring the benefits of the clear structure, improved accountability, teamwork, and scalability. However, we must consider how well our fellow members are prepared for work specialization.'

Khalil suggests talking to each partner, and before making any decision, the issue must be openly debated and then take any decision.

Nasir promised to call a meeting of the partners and discuss the issue at full length. However, Nasir has to get more information about the departmentalization and issues that can hinder the implementation of the departmentalization in ZAPAT.

Nasir has to decide about taking the next step in the management of ZAPTA with the help of his fellow partners. Nasir knows that departmentalization can bring benefits but also offers challenges. Departmentalization can help ZAPTA the growth opportunity as the cost of reducing the powers and authority of the partners. Nasir has to discuss the issue with his partners and take acceptable action to move further that issue.

