

Organizational behavior at ogdcl management essay



**ASSIGN
BUSTER**

Meeting the demands of today's changing business environment requires building and retaining a loyal and motivated staff. But finding and keeping quality employees can pose a challenge.

Today's workers are no longer inclined to stay at one company for the duration of their careers. The most talented professionals often are courted by other businesses, and the effects of turnover can be costly. The time and money it takes to recruit, rehire and retain can quickly cut into a firm's bottom line.

This study is an examination of effects that are brought by inequity, lack of training & development & bureaucratic working environment over Employee Turnover. Empirically, it is an investigation of above mentioned elements that are antecedents of job dissatisfaction and intentions to turnover. Significant relationships are found between inequity and job dissatisfaction and between company inequity and intention to turnover & how lack of training & development & rigid working conditions keep employees demotivated & hence dissatisfied from their job.

The following information attempts to answer the question,

“ Is Employee Turnover affected by Inequity in Pays, Lack of Training & Development & Bureaucratic Working Environment?”

In order to answer this question, several topics will be discussed. Firstly, broad problem area for this question will be defined given along with the factors that are responsible for employee turnover. Secondly, the causes of employee turnover will be tested through questionnaires & interviews. These

methods will provide quantifiable information used to measure the level of employee turnover in the firm. Next, the effect of such factors over employees & employers will be discussed. Lastly, the causal relationship will be discussed. Conclusions will follow resulting from the information gathered for this research.

1. OGDCL

Introduction

The Oil & Gas Development Company Limited (OGDCL) was created under an Ordinance in 1961, to undertake comprehensive exploratory program and promote Pakistan's oil and gas prospects. In July 1989, OGDCL was off-loaded from Government Budget, making it a self financing entity. And In 1997, it was converted into Public Limited Company and is now governed by the Companies Ordinance 1984. In Nov 2003, the GOP divested 5% of its shares in the company through an initial Public Offering (IPO). The company is now listed on all the major stock exchanges of the country.

OGDCL holds the largest share of oil and gas reserves in the country, i. e. 48% of total oil and 34% of total gas reserves. Its percentage share of the total oil and gas production in Pakistan is 52% and 23% respectively. On the basis of its activities since inception, the company has made 60 discoveries. OGDCL's estimates for remaining recoverable oil and gas reserves as on 1st Jan 2005 stood at 9, 552 Billion Standard Cubic Feet (BSCF) of and gas and 139 MMbbls of oil.

Human Resource Base

During the last 43 years OGDCL has grown into a technically and commercially viable organization and possesses the largest professional/technical human resource base in the country's oil and gas industry. It has developed a highly qualified pool of professionals who can undertake and supervise almost all phases of oil and gas exploration and production, from carrying out preliminary geological surveys to operation of oil and gas processing plants.

Equipment Base

OGDCL has also developed a sound equipment and operational base which includes nine Drilling Rigs, two Work over Rigs, a Geological Field Party, six Seismic Parties, five Engineering Field Parties, two Gas Gathering and Pipeline Construction Parties, Seismic Data Processing Center, and a Geological Analysis Laboratory, Cementing Units and Data Logging units. The Company also operates nine Oil and Gas Processing Plants, including a mini-refinery, Sulphur Recovery Plant, and LPG Plants. The Company also established an Oil & Gas Training Institute, which is the only one in Pakistan. It has an extensive database. Services of the Company's highly qualified and skilled expertise in the field of geology and geophysics are frequently availed by the local and foreign oil companies. It also leases out its drilling rigs to the private sector and carries out seismic surveys and data processing on contract for these companies on extremely competitive rates.

Strategy

Vision Statement

“ To be a leading, regional Pakistani E & P Company, recognized for its people, partnerships and performance.

Mission Statement

“ our mission is to become a competitive, dynamic and growing E & P company, rapidly enhancing our reserves through world class workforce, best management practices and technology and maximizing returns to all stakeholders by capturing high value business opportunities within the county and abroad, while being a responsible corporate citizen.

Core Values

Merit

Integrity

Team work

Safety

Dedication

Innovation

GOALS

Financial

To reduce cost and time over runs to improve financial results.

To maximize profits by investing surplus funds in profitable revenues.

To make investment decisions by ranking projects on the basis of best economic indicators.

Growth and superior return to all stakeholders.

Double the value of the company in next five years.

Learning and Growth

Motivate and train our workforce, revitalized our equipment base and attain full autonomy in financial and decision making matters.

To enhance the technical and commercial skill through modern HR Management practices.

Continuously develop technical and managerial skills at all levels and stay abreast of latest technological developments in the industry.

Utilization of best blend of latest technologies and high performing human resources.

Customer

Improve the quality of service to make it faster and more transparent.

Quality, dependability, responsible corporate citizen.

Reliable and efficient company.

To provide most reliable supplies to the customers through cost effective means.

Internal processes

To set up task forces with representation from all relevant departments to improve internal business decision making and strategic planning.

Excel in exploration, development, and commercialization.

Availability of updated information to the shareholders and customers.

To use most effective business practices and formulate a framework of synergic organization with the change in culture.

Facts & Figures

Established in

1961

Major Activities

Exploration & Development of Oil & Gas Resources

Wells Drilled (up to 31-01-2005)

Exploratory Wells : 193

Development Wells : 243

Major Oil & Gas Fields

Chanda, Tando Alam, Thora, Sono, Bobi, Pasaki, Lashari, Toot,

Chak Naurang, Fimkasar, Dakhni, Sadkal, Rajjan, Missa Kiswal, Kal,

Dhodak, Missan, Loti, Qadirpur, Nandpur, Uch, Daru, Kunnar, Palli

and Pirkoh.

Major Concessions

Jandran, Dudial, Shahana Fateh Jamg, Rachna, Saruna,

Zamurdan, Kotra, Zin, Bitrisim, Tando Allah Yar, Nim, Sinjhoru,

Gurgalot, Khewari, Nashpa Siahn (Reconnaissance Permit),

Indus Delta-A Bitrism, Bagh, Kohlu & Kalchas.

Products

Crude Oil, Gas, LPG and Sulphur

Average Quantity Sold (Quarter Ended September 30, 2004)

Crude Oil 34, 957 Barrels per day

Gas 779 Million cubic feet per day

LPG 256 Ton per day

Sulphur 69 Ton per day

Registered Office

OGDCL HOUSE, Plot No. 3, F-6 / G-6, Jinnah Avenue,

Blue Area, Islamabad.

Tel: 051-9209811-18

Fax: 051-9209792

Email: info@ogdcl.com

<https://assignbuster.com/organizational-behavior-at-ogdcl-management-essay/>

csec@ogdcl. com

Website: www. ogdcl. com

2. Employee Turnover Broad Problem Area

All organizations can expect some degree of absence and employee turnover. Indeed a certain degree of employee turnover may be desirable since it creates opportunities to introduce wider experience and new ideas to the organization, as well as providing career development opportunities for existing workers. Persistently high levels of absence or employee turnover, however, are costly both to individual organizations and the economy as a whole and adversely affect efficiency, productivity, profitability and morale.

High employee turnover and absence, like lateness, may be due to a particular cause but they can also be an indication of more fundamental organizational problems. Establishing the cause and working out a solution may, therefore, call for a thorough examination of the organization's policies and activities. It may be difficult for those within the organization to do this with the degree of rigor and objectivity required, and it may be advisable to involve someone from outside the undertaking to assist with the task.

What is employee turnover?

Employee turnover occurs when workers leave an organization and need to be replaced by new recruits. The main reasons that workers leave are;

- resignation (both voluntary and due to incapacity – pregnancy, ill-health, etc)

- dismissal (including redundancy)

<https://assignbuster.com/organizational-behavior-at-ogdcl-management-essay/>

- retirement.

Reasons Contributing to Employee Turnover

Employee turnover can hurt the overall productivity of a firm and is often a symptom of other difficulties. In our current robust economy, those firms that attract and retain the best people and make the most of their human resources will thrive. Those that don't, will not. That's because the only remaining competitive advantage for businesses to capitalize on is people.

While many companies know they have a turnover problem, most don't know why their employees leave for "greener pastures," or what, if anything, they can do about it. It's imperative, then, for companies experiencing high turnover first to find out the reasons for it through an "employee retention audit."

The following figure gives the principal and secondary reasons for workers leaving companies. It shows the results of a 2002 and a 2003 study. Both studies found compensation was a leading cause of turnover. It accounted for 35 percent of turnovers in 2003. The 2002 study differentiated between "left to get higher pay (21%)," and "too much work required (14%)." Another similarity is the frequency of turnover due to relations with other employees.

The major differences in findings of the 2002 and 2003 studies are:

Personal problems involved 7 percent of workers in 2002 and 19 percent in 2003;

Economic problems of firms, not mentioned at all in the earlier study, accounted for 11 percent of responses in 2003;

Relations between workers and management accounted for 17 percent of the turnover in 2002 and 8 percent in 2003; and

Employer-initiated terminations were the cause of 24 percent of the turnover in the earlier study compared to 7 percent in the 2003 study.

Figure: Why do workers leave?

3. Why Analyze Employee Turnover?

There are two main reasons for measuring and analyzing levels of employee turnover;

a. Control

The organization must know current levels of turnover before it can decide whether steps need to be taken to reduce them. Objective measurement is essential if the cost of employee turnover is to be calculated accurately. As with absence a subjective view can sometimes lead management to overestimate localized problems and underestimate widespread ones.

There is no universally 'acceptable' level – it will depend on factors such as occupation, industry, region, etc. The important thing is to establish the level in each organization so that changes can be measured.

b. Forecasting

If future staffing and recruitment needs are to be estimated reliably, account will need to be taken of past levels of employee turnover.

For these purposes personnel records must include accurate details of all starters and leavers, and should be in a form, which assists analysis by length of service, section or department, month or year, etc.

Measuring Employee Turnover

The simplest and most usual way of measuring employee turnover is to measure the number of leavers in a period as a percentage of the number employed during the same period, usually on a quarterly or annual basis.

This is sometimes called the separation rate, and is expressed as follows:

Number of leavers

Average no. Working

x 100

= Separation rate

Unless there are special circumstances such as a sudden large increase in the size of the workforce, the average number working is usually taken to be the number working at the start of the period added to the number working at the end, the total then being divided by two.

For example, if there are 210 workers at the start of the period being studied, 222 at the end of the period, and 72 leavers during the period, the separation rate is:

72

210 + 222

2

x 100

= 33.3%

This simple index is useful in comparing one organization's employee turnover with that of other local employers, or with the industry as a whole.

If calculated by department or section, it can be a useful guide to the areas which require further investigation. For example, the index can be calculated by using voluntary resignations only, where the inclusion of unavoidable or anticipated employee turnover would be misleading. The separation rate is only a crude measure of the employee turnover problem and makes no distinction between new starters and experienced workers who can be much more difficult to replace.

The stability index illustrates the extent to which the experienced workforce is being retained, and is calculated as follows:

Number of workers with one

year's service (or more) now

Number of workers one year ago

x 100

= Stability index

For example, if 160 current workers have been employed for one year or longer, and the total number of workers a year ago was 250, the stability index is:

$$160$$
$$250$$
$$\times 100$$
$$= 64\%$$

As with all such indices, the stability index is most useful in comparisons over a period or with other similar organizations.

4. The Cost of Employee Turnover

High employee turnover can be expensive, although the actual costs are difficult to estimate. To get some indication, organizations can start by adding up the most obvious expenses - those of advertising, recruitment and training, together with the cost of associated management and supervisory time. The annual total could well convince the organization that time and effort spent reducing employee turnover is cost-effective. Increased expenditure on recruitment and training represents only a small proportion of the total cost of employee turnover. Much greater costs may be incurred through:

- unnecessarily high staffing levels and overtime payments

- lost or delayed production

- interruptions to the flow of work

<https://assignbuster.com/organizational-behavior-at-ogdcl-management-essay/>

- increased production costs, scrap levels and risk of accidents to inexperienced workers
- long-term workers becoming unsettled and leaving
- low morale and resulting low productivity
- damage to the organization's local reputation.

Increasing employee turnover often becomes a 'vicious circle': low morale causes more workers to leave, increasing the dissatisfaction of those who remain, and so on. Managers sometimes aggravate the situation by an inappropriate response to worsening conditions. For example, as available trained employee diminishes, disciplinary measures against unauthorized absences tends to be relaxed, and pressure to recruit results in replacements who do not match organizational requirements. These new recruits are more likely to leave, especially as supervisors and trainers have less time to give them adequate induction and training.

It is not surprising, then, that there is a tendency for good situations to improve, and for bad situations to worsen. This may affect not only morale but also pay if bonus schemes are in operation and targets are not met. Workers and their representatives will understandably feel resentment unless they can see that remedial action is being taken.

5. Independent Variables

As mentioned before, we've picked three independent variables which have direct impact on the level of turnover in an organization. Now we'll briefly define them;

A: Inequity in Pays

Compensation is an essential and universal component of the management process of every organization. Most organizations want to fulfill their mission, achieve their objectives and maximize return on their investment, particularly on their human capital. Doing so requires that their compensation philosophy, design, delivery and decisions be balanced, fair, focused, and understood by their employee and potential employee constituencies.

Factors that Must be Considered

The following beliefs are embodied in the organization, presentation and documentation of this project;

Compensation should reflect the relative value of an individual's contribution to an organization, a principle that should be universally applicable to all employees in that organization. Actual compensation practices can be adversely affected by irrelevant factors and can consequently become arbitrary and even discriminatory.

The employment community will benefit from a thoughtful discussion of the challenges in establishing and maintaining fair and equitable compensation practices within its unique organizations.

Barriers to Fair Compensation

Potential barriers to fair compensation fall into one of five separate categories:

Philosophy

Structure

Administration

Measurement

Communication/education

Listed here are the potential barriers within each category.

1. Philosophy

An internally published statement of compensation philosophy that clearly articulates an organization's approach to compensation can serve as an organizational compass to ensure that all compensation processes and decisions are aligned and supportive of the desired end result. Some potential barriers to fair pay related to compensation philosophy are as follows;

Failure of an organization to develop and communicate an articulated compensation philosophy and system.

A company culture that does not support its own articulated fair compensation policies and practices.

Failure to consistently apply the compensation philosophy to all levels of the organization, including executives and senior management.

Failure of an organization to maintain its compensation philosophy or to articulate the changes in philosophy caused by adapting to changes or trends in compensation practices over a period of time.

Failure to clearly target a specific employee-applicant population within the same business segment and level, resulting in multiple and contradictory choices of whom the company wants to attract.

2. Structure

Compensation practices are only as effective as the systems developed to implement the compensation philosophy. Most compensation systems have some form of grade or level structure that has implications for the fairness of the system. Some potential barriers to fair pay that are related to the structure of compensation systems and processes are listed here;

The more complex a compensation system is, the more difficult it is to track decisions and criteria regarding compensation.

Broad bands do not automatically resolve grade issues; job comparison within a broad band can become even more difficult.

Some organizations place great faith in market forces and/or market data without understanding the uses, limitations and consequences.

An organization's performance appraisal system may or may not be tied to the compensation system, but the relationship should be made clear.

<https://assignbuster.com/organizational-behavior-at-ogdcl-management-essay/>

3. Administration

The very best compensation system can be undermined by improper implementation.

Some potential barriers relative to system administration follow;

Consideration of and adjustment for the prior salary history of new hires can jeopardize fair pay in comparison to that of incumbents.

The lack of integrated organizational systems can be a barrier; for example, the recruiting system may not be fully aligned with the compensation philosophy or system.

A company's current market performance and its competitive position can limit its available cash for compensation.

Discretionary rewards can pose problems for fairness because they rely on a superior's discretion and judgment, rather than on pre-established criteria.

The greater the number of decision points in a compensation process by multiple managers at varying levels, or the more diffuse those points are, the greater the potential for unfair practices to creep into the system.

4. Measurement

Compensation practices should include some internal processes and external benchmarks to ensure that there is no unintended barrier to fairness operating within the system or its implementation.

The absence of a systematic self-examination process can be a barrier to fairness. Failure to audit pay systems periodically or to make corrections as needed can be a barrier to fair pay.

Typically, organizations audit by race and gender even though these are not necessarily the only factors that can impact fair pay practices. For example, age may be an appropriate factor to audit. Although age can be tied to higher wages as a function of experience or seniority, some organizations may try to reduce costs by reducing the number of higher-paid employees.

Audits are tied to systems issues: data that are not captured cannot be audited.

The size and sophistication of a company can be a barrier to using some audit techniques to ensure fair pay practices. It is more difficult, for example, to see patterns in data from smaller companies. These may need to use different, simpler audit techniques.

Because of their size, smaller organizations or smaller units within an organization may fail to audit and therefore may miss unfair practices or inequities.

Fear of what might be found (or fear of the potential cost of fixing what might be found) may inhibit efforts to review practices or may inhibit communication about the results.

Communication/Education Open, honest, clear and consistent

communication regarding the organization's compensation philosophy,

process, and administration is a critical feature of a fair compensation

<https://assignbuster.com/organizational-behavior-at-ogdcl-management-essay/>

program. Potential barriers to fair compensation related to communication and education are as follows:

Since a company's philosophy can and should impact its actions and choices, it is imperative that all employees and prospective employees know the philosophy.

The degree to which systems and benchmarks for measurement are clearly defined impacts both their fairness and the perception of their fairness.

A real or perceived cloak of silence surrounding compensation can be used to keep unfair pay practices hidden and ongoing. For example, failure to post pay ranges where appropriate or to discuss ranges with employees or failure to create open communication and dialogue about compensation, including a mechanism for raising and resolving issues-all can be detrimental.

B: Lack of Training & Development

Training involves an expert working with learners to transfer to them certain areas of knowledge or skills to improve in their current jobs. Development is a broad, ongoing multi-faceted set of activities (training activities among them) to bring someone or an organization up to another threshold of performance, often to perform some job or new role in the future.

Typical Reasons for Employee Training and Development

Training and development can be initiated for a variety of reasons for an employee or group of employees, e. g.;

- a.) When a performance appraisal indicates performance improvement is needed
- b.) To “ benchmark” the status of improvement so far in a performance improvement effort
- c.) As part of an overall professional development program
- d.) As part of succession planning to help an employee be eligible for a planned change in role in the organization
- e.) To “ pilot”, or test, the operation of a new performance management system
- f.) To train about a specific topic (see below)

General Benefits from Employee Training and Development

There are numerous sources of on-line information about training and development. Several of these sites (they're listed later on in this library) suggest reasons for supervisors to conduct training among employees.

These reasons include:

Increased job satisfaction and morale among employees

Increased employee motivation

Increased efficiencies in processes, resulting in financial gain

Increased capacity to adopt new technologies and methods

Increased innovation in strategies and products

<https://assignbuster.com/organizational-behavior-at-ogdcl-management-essay/>

Reduced employee turnover

Enhanced company image, e. g., conducting ethics training (not a good reason for ethics training!)

Risk management, e. g., training about sexual harassment, diversity training

C: Bureaucratic Working Environment

Today's workplace is different, diverse, and constantly changing. The typical employer/employee relationship of old has been turned upside down. The combination of almost limitless job opportunities and less reward for employee loyalty has created an environment where the business needs its employees more than the employees need the business

Management's new challenge is to create a work environment that attracts, keeps, and motivates its potential workforce. Management by status quo or dictatorship can have disastrous results. The responsibility for creating the high performance workplace is not the sole responsibility of just the senior executives. In fact, managers and supervisors at all levels must step outside their traditional roles and comfort zones to look at new ways of working. They have to create a work environment where people enjoy what they do, feel like they have a purpose, have pride in what they do, and can reach their potential. It requires more time, more skill, and more managers who care about people. It takes true leadership.

Management is the foundation of a good and purposeful work place. Robert Levering, author and international authority on great workplaces, asserts that a great workplace must include a sense of fairness.

<https://assignbuster.com/organizational-behavior-at-ogdcl-management-essay/>

Bureaucratic working environment prevails when, in other words employees;

Are not treated fairly

Are not adequately compensated

Are not recognized and acknowledged for work

No specific programs are there to recognize workers

A critical part of a company's management style is the organizational structure. How do the individual workers fit in the whole system?

Are there appropriate career ladders?

What is the reporting system like?

Is the overall organization bureaucratic or open and flexible?

Some tips for setting up workplace programs to help develop the potential of your employees follow;

Explain the “ big picture” for the company and how this influences their employment and growth.

Provide feedback on the employee's performance. Be specific; mention a particular situation or activity.

Make sure they understand the company's expectations.

Involve the employee in the decision-making process whenever possible.

Listen to their ideas and suggestions.

Give them room to do the job without unnecessary restrictions.

Pay for employees to attend workshops and seminars.

Offer on-site classes where employees can learn new skills or improve upon old ones.

Challenge them with lots of responsibility.

Assign them a coach or mentor to help them with development.

6. Preliminary Data Collection for Employee Turnover

The steps taken for gathering preliminary data are as follows;

Method Section

The topic that we have selected is the topic on which many researchers have done lots of work. So we can call this study as a descriptive study. In this research we have tried to explore and add some new information towards it.

A descriptive study is undertaken in order to ascertain and be able to describe the characteristics of the variables of interest in a situation. So as same we have tried to elaborate all information that is already present and how can we better understand these issues? This research can be called an applied research because in this we have tried to find out the factors, which are causing turnover among the employees of OGDCL.

Scales

Ratio scales are usually used in organizational research when exact numbers of objective as opposed to subjective factors are called for.

Rating Scales

In selection of rating scales, we have rated different values to each option of question.

Questionnaires

We have used 3 different questionnaires for each independent variable, that is, inequity in pays, training and development & bureaucratic working environment. All 3 questionnaires are given to different sample groups depending on their availability. All questionnaires are close-ended.

Population

Population refers to entire group of people, events, or things of interest that researcher wishes to investigate. As far as our research topic is concerned our population is all employees of OGDCL.

Population frame

The population frame is the listing of all the elements in the population from which the sample is drawn. Listing of employees of different departments of OGDCL constitutes our population frame.

Sample

A sample is a subset of the population. It comprises all the members selected from it. We distributed questionnaires to all departments in order to have opinion of different people.

For our research, we gathered data through;

Questionnaires 2. Interviews

7. Problem Statement of Employee Turnover

The problem we are discussing in our research can be defined in numerous ways;

How to reduce employee turnover?