

# [Pso company hrm term report commerce essay](https://assignbuster.com/pso-company-hrm-term-report-commerce-essay/)

PSO is the market leader in Pakistan’s energy sector. It’s a public sector company with the government shares of 25%. The company has the largest network of retail outlets to serve the automotive sector and is the major fuel supplier to aviation, railways, power projects, armed forces and agriculture sector. PSO also provides Jet Fuel to Refueling Facilities at 9 airports in Pakistan and ship fuel at 3 ports. The company takes pride in continuing the tradition of excellence and is fully committed to meet the energy needs of today and rising challenges of tomorrow.

Pakistan State Oil is currently engaged in storage, distribution and marketing of various POL products. The company’s current market share of 82. 3% in the black oil market and 59. 4% share in the white oil market, alone speak volumes about its success.

From 1999 to 2008, PSO have undergone radical changes, both internal and external and has emerged as a market leader with a long term vision. The company is the only public sector entity in Pakistan that has been competing effectively with three multinationals (shell, Caltex and Total) which are supported technically by their parent organizations.

PSO have a very organized HR department. They have developed it as their competitive advantage. They have a very large HR department, which is divided into following sub departments.

Training and development

Recruitment and placement

Salary administration

HR board for succession planning

Employee relation

Talent management

PSO’S VISION

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To excel in delivering value to customers as an innovative and dynamic energy company that gets to the future first.

PSO’S MISSION

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We are committed to leadership in energy market through competitive advantage in providing the highest quality petroleum products and services to our customers, based on:

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Professionally trained, high quality, motivated workforce, working as a team in an environment, which recognizes and rewards performance, innovation and creativity, and provides for personal growth and development

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Lowest cost operations and assured access to long-term and cost effective supply sources

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Sustained growth in earnings in real terms

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Highly ethical, safe environment friendly and socially responsible business practices

## PSO’S VALUES

We believe that excellence in our core activities emerges from a passion for satisfying our customers’ needs in terms of total quality management. Our foremost goal is to retain our corporate leadership.   We endeavor to achieve higher collective and individual goals through team. This is inculcated in the organization through effective communication.  We are an Equal Opportunity Employer attracting and recruiting the finest people from around the country. We value contribution of individuals and teams. Individual contributions are recognized through our reward and recognition program. We uphold our values and Business Ethics principles in every action and decision. Professional and personal honesty, dedication and commitment are the landmarks of our success. Open and transparent business practices are based on ethical values and respect for employees, communities and the environment.   We are committed to continuous improvement, both in New Product and Processes as well as those existing already. We encourage Creative Ideas from all stakeholders. We promote Health, Safety and Environment Culture both internally and externally. We emphasize on Community Development and aspire to make society a better place to live in.

## STRATEGIC HUMAN RESOURCE MANAGEMENT IN PAKISTAN STATE OIL

## CORPORATE STRATEGY

As far as corporate strategy is concerned so PSO is having the strategy of diversification and vertical integration. PSO has the highest market share and it is the leading oil marketing company in Pakistan. PSO caters a wide variety of different types of customers. A PSO customer ranges from retail consumers, different industrial units, aviation and marine sector of the country. PSO has a network of 3612 retail outlets in order to fulfill the demand of their customers. PSO has a share of over 80% in furnace oil sector and it solely serve to independent power projects along with serving KESC and WAPDA.

PSO supplies fuel to all industrial sector of Pakistan such as industrial, textile, cement, transport and agriculture sector. PSO also provide jet fuels and it has refueling facilities in more than 9 airports. PSO also provide fuel to many shipping ports of the country ranges from Karachi port, korangi fishing and harbor & port Qasim.

PSO manages different businesses which are given as follows:

Retail fuels

Gasoline fuels

Alternate fuels

Cards

Lubricants

Aviation

Non fuel retail

Chemicals

## BUSINESS UNIT STRATEGY

PSO business unit strategy is “ MARKET LEADERSHIP”. PSO tends to be market leader in energy sector of Pakistan. PSO is currently operating distribution marketing and storage of different products of PAKISTAN OIL petroleum. PSO current market share is 82. 3% in black market of oil and 59. 4% in white market of oil.

PSO has a huge network of retail outlets and it serves the automotive sector

Huge pipeline network

Their cash flows are in million and in Brillion terms.

PSO is a major supplier of fuel to railways, aviation and agriculture sector

PSO is ready to meet the challenges of tomorrow and to meet the energy needs of today.

PSO employees are around 4000

Innovation is the biggest factor and engine of PSO that drives PSO forward. It strengthened faith of customer by launching different innovative non-fuel initiatives at its retail outlet. Like auto car wash service which is called WASH EXPRESS and convenience stores named “ SHOP STOPS”.

PSO SPECIALITIES:

Supply chain

Oil logistics and distribution

Lubricants

Oil storage

Oil trading

Oil marketing

## HRM STRATEGY

PSO believes that human resource is the most valuable resource for their organization so therefore they have very employee friendly policies. The main theme of their human resource is as follows

Consider human resource as the only resource which appreciates the passage of time.

Employee right person at the right position.

Align organization with all the contemporary business practices.

Make the HR more flexible and more responsive.

Handle human resource with the maximum care and fairness.

ENVIRONMENT:

As we know that corporate environment and culture is considered to be the personality of the organization so for that PSO gives extra importance to their working environment. The tools for making the environment more competitive company uses various tools which are given as follows

Employee recognition

Motivation Survey

Communication

Cafeteria/fitness centers/ recreational activities

## CAREER DEVELOPMENT:

Leadership skills are the main skills which each employee should possess which enables them to work in the most competitive environment. In PSO those employees who are ready to contribute in a maximum way are identified for the career development.

Performance Standard:

System of authentic performance evaluation and feed back is implemented at PSO and is an integral part of our appraisal management

Individual performance is aligned with the company’s goal and objective

Reward system is being introduced on yearly basis.

Bell curve covers all management employees annual appraisal through a population spread

## HUMAN RESOURCE PRACTICES AND THEIR IMPACTS ON PSO

## RECRUITMENT AT PSO

Before recruitment for any post PSO checks if there is any replacement or not. They always prefer their current employees for important managerial jobs because they think that the current employees know the company better as compare to someone else. Another reason for this internal hiring is to build the morale of their employees as seeing the reward for their loyalty and hard work. If there is no replacement PSO checks the approved strength of department. It always takes fresh intake of candidates. The candidates are interviewed. PSO takes preview based interviews. The candidates are asked questions which are related to their CV and some other regular structured questions.

## PLACEMENT AT PSO

The competencies of the candidates are matched with the required standards. A trained panel interviews the call backs. In order to understand the employee behavior more closely that how has reacted in some certain situations behavioral based and job based interviews are taken. The selected candidates are then given formal appointment letter. He is made to sign the joining agreement. He is kept on probation period for 1 year after which he is given a permanent job. During this probation period he is trained for the job.

PSO have outsourced the selections tests to IBA. IBA makes the test papers. It’s kind of an aptitude test. It includes arithmetic, English and general knowledge necessarily. These tests are checked by IBA as well and the results are given to PSO. They then select the candidates.

These days government has frozen the external recruitment so PSO is doing job rotation and job enrichment for the posts. PSO is taking the advantage of this and is reengineering the HR department. They have planned to do the job evaluation of every job in the upcoming time. The top positions have already been evaluated.

## SUCCESSION PLANNING

The PSO have a team called “ Talent management”. This team has the 3 main PSO’s business units heads in it.

HR and services

Finance information and technology

Ones with Direct reporting to MD ( SECP )

This team makes decisions for the succession planning. Training orders are given by them as well. They decide who they plan to retain and promote to major jobs.

## TRAINING AND DEVELOPMENT

Training and development increase the knowledge and skills of employees. It increases the quality of work life. This progress train and prepare new workers to perform and achieve its goals. It can increase the skill of decision making and problem solving. Organizations gain synergy effect through training and development. Training and development makes employees more cost effective and task oriented.

## TRAINING AND DEVELOPMENT AT PSO

Training and development is very important for PSO. Training and development programs provides to their employees to be at competitive edge and develops its potential employee to enrich their knowledge. PSO also wants to enhance their skills by training them with business related courses available in the corporate sector.

At PSO certain types of training are left up to the employee. The employee assesses his strengths and weaknesses and goes for the required training. For example if he thinks he can’t manage time then he will go for the training for time management. A training calendar is given and employees choose which areas they need to improve and go for that training. Training related to business has to be taken by all the employees who are concerned with it.

## HOW TRAINING STARTS

At PSO Training usually starts from orientation programs to management training. At PSO certain types of training are given to employees to enhance their skills, capability and knowledge to perform the task such as off the job training, on the job training and coaching programs.

## OFF THE JOB TRAINING:

Off the job training is formal training method. PSO sends their staff for this training. The employees are also sent overseas for technical training. Although sending employees overseas can be costly monetary decision but PSO wants their employee to have the overseas exposure which can be very beneficial for the company in the long run.

## ON THE JOB TRAINING:

This training is only given to PSO employees. This training is conducted at PSO house. At PSO candidates are selected for this training after getting approval from company . Some are compulsory for all the employees like training related to health and safety etc and others are optional for example training on leadership, time management etc.

## COACHING PROGRAMS:

Training and development also arrange coaching programs for their employee. It includes workshops and seminars. Different coaching programs are held for different levels of job. But the coaching regarding health safety and environment are mandatory for each and every employee. Most of these workshops and seminars are conducted by the top and experienced managers of the company. One of the reason of these workshops and seminars are that PSO believes in open door policy so with these sessions employees got the chance to easily communicate and have the understanding of the top hierarchy of the company.

Such as ICAP seminars are arranged for finance department. The entire employee in finance department has to attend these seminars. Penalty is given to those employees who do not attend this seminar.

## ASSESMENT AND TRAINING NEED

Employee’s strength and weaknesses are evaluated through performance appraisal and formal training is given to employees based on their skills and knowledge. Training can be varying from employee to employee.

At PSO employees are motivated through job rotation because it enables employee to learn more skills and apply their own skill and abilities in other task in this way employee will not get bore with their current job.

## MAJOR FOCUS OF TRAINING

health and safety environment

computer training for integrated resource planning

technical and operational focused inputs

management development

leadership

presentation skills

computer based finance

human resource management

team building

labor and corporate laws

supply chain management

## PERFORMANCE MANAGEMENT AND APPRAISAL AT PSO

Oil marketing industry is one of the most competitive industry in Pakistan so this is the reason that PSO always looks for measuring and developing the performance of team and individual and aligning them with business objectives. Performance management appeal process at PSO is an important source of performance management system. In this process issues regarding conflicts between employee and supervisor, making of judgments s, disagree with decisions related to performance review decisions. The purpose of this process is to resolve issues and conflicts between supervisor and employees and also includes matters related to performance evaluation.

## How THIS PROCESS STARTS AT PSO:

Suppose if employee has an issue he will submit an appeal by completing the PERFORMANCE EVALUATION APPEAL FORM and also provide evidence regarding to the issue. Then the appeal will forward to HR DEPARTMENT OF PSO And then HR dept: will further forward it to HEAD OF DEPT: the appeal must be submitted within 15 days after signing the performance review.

PSO have an open door policy for grievance handling; aggrieved employee can walk in any time to discuss the issue with head of HR.

## EMPLOYEE RECOGNITION AT PSO

Employee recognition policy is followed by PSO during last few years. The objective of employee recognition is to increase morale of employees . every year two best employees are selected for this activity based on their performance. This is a good platform for creating an active competition among employees.

## COMPENSATION AND BENEFITS

## CREATING AN ATTRACTIVE COMPENSATION AND BENEFITS PACKAGE

In the past several years, because of hiring freezes and a larger supply of accounting candidates, PSO did not have to raise salaries much to recruit and retain top talent. Now that the economy and job market are gaining steam, however, PSO is once again assessing their compensation and benefits packages more frequently to avoid losing current and prospective employees to other opportunities.

An effective employee incentive program is mandatory for every business in these days of high attrition rates and a serious dearth of talent. Companies spend sizable sums on their retention strategies, which may focus on a combination of ways to inculcate loyalty among employees – compensation, training and career growth being a few.

## SALARY AND COMPENSATION AT PSO

## COMPENSATIONS AND BENEFITS AT PSO

PSO offers competitive starting salaries and bonuses. pso offer attractive salaries to its employees and provide increment in salary and rewards on the basis of their job performance

## PENSIONS AND GRATUITY:

The company approved and fund pension scheme for both management and non management employees. The scheme provides pension based on the employees last drawn salaries. Pension are payable for life. The company also operates unfunded gratuity scheme for all its employees.

## MEDICAL:

The company also provides post retirement medical benefits to its employees. PSO’s medical policies are considered to be the best in the country. Medical is free for the employees and their families.

Vaccination program for employees: in recognition of the importance of human resource and its health. PSO has an organization a ‘ vaccination program’ for its employees. PSO inaugurated the program under which the employees were vaccinates against diseases like cholera, typhoid, hepatitis B at the PSO houses dispensary.

## PROVIDENT FUND:

The company also operates an approved provident fund scheme for all its employees. Equal contributions are made to the fund by the company and the employees in accordance with fund rules.

## LOANS:

Loans are granted for house construction repair or for the purchase of land. Employees can also avail the car loan facility.

## REWARDS:

Rewards are given on the basis of performance of the employee on monthly and weekly basis. These include the monetary rewards and also the Points for promotion.

## MILLION LITER AWARDS:

The million-liter award ceremony was held at the PSO house. These awards were given to the dealers who crossed the million-liter figure in selling the products of the company. The award had been initiated to recognize and encourage promoting the business and services to their customer.

## HAJ-DRAW 2002:

The hajj draw was also held at the PSO house auditorium. Seventeen members were sent to perform hajj.

## EMPLOYEE RELATION

PSO has a balanced relation with employees because they treat all employees as per policy. Employee relation is based on Employees’ Performance. Employees with good characteristics, efficient employees, deserving and hard working employees who give more output and good performance always enjoy good and healthy relation, benefits and rewards with PSO. On the other side inefficient employees, inactive and with bad characteristics and qualities have to suffer with problems, unhealthy and bad relation with PSO. Policy plays a key role.

There has to be a consistent policies, proper policies and strong policies.

Policies should be a cosmetic documents

Policies should not be taken as stationary document

It has to be dynamic, as to be constantly reviewed in terms of what is happening in market place and what modern day’s requirements are.

Forcefully implement all policies.

PSO always develop smooth relationships with employees by giving them equal opportunities and benefits.

Always advice managers on ER issues.

Negotiate with unions.

## JUSTICE AND FAIR TREATMENT

PSO have a diverse work force, in terms of gender, personality, qualities, and communication skills. M Rana Idrees, Senior Executive at PSO said “…But we have to face discrimination factor because it’s natural. We can’t let it go. It’s natural! But the point is that how can we overcome this problem? So the solution to overcome this disease is that…” It is as follows:

Employees should focus on performance, do their best and give more output.

Put the objectivity element in the work instead of subject.

To follow all the companies policies.

Then the management will not be able to discriminate employees.

PSO treat equally to all employees. Deserving candidates get

Promotion

Benefits

Recognition

Opportunities

Power of Decision making

Performance based rewards are offered to all employees on a yearly basis. Increases in salaries of deserving candidates are given. PSO give equal opportunity to all employees to do justice by proving yourself. “ The deserving candidates” gets all the “ deserving things” so that’s a fair treatment, which PSO always give to all employees.

## EMPLOYEE HEALTH AND SAFETY

PSO says that “” THEY ALWAYS CARE FOR EMPLOYEES’ HEALTH AND SAFETY” and which is their first priority that’s starts from the working environment. It is always ensured at PSO that they provide the following facilities to their employees

healthy working environment

Employees’ privacy rights.

Security of employees record

Work place safety

## FOOD FACILITY:

In words of PSO senior executive, M Rana Idrees, said that this is their first responsibility to make sure that employees are in good health and condition “ physically” by providing healthy food and hygienic food.

## GYMNASIUM FACILITY:

Employees can also avail gymnasium facility t in PSO. It will provide convenience by working out in private gymnasium to get fresh.

PSO CLUB:

PSO provides different activities and platform for their health and also provide social activities. Different forum organized sports and different activities which encourage employees to participate in it.

## SICK LEAVE FACILITY:

Recent Example:

A new employee of PSO met an accident when he was coming to work and broke his leg. PSO bearded all his hospital expenses plus gave him a sick leave rather than firing him. This shows that they care.