An analysis of the key factors that influence the levels of motivation



The purpose of this study are the motivational factors that Shell Pakistan use to motivates its employees to work in different departments. I have taken five departments: Sales, Marketing, Finance, HR and Production department. As around 300 people work in Shell and to motivate them shell uses different motivational theories which may include Alderfer's ERG Theory, McClelland's Theory of Needs, Equity Theory, Expectancy Theory.

These are the following motivational factors that these departments practice continuously to motivate employees.

Employee Appraisal

Intrinsic Awards

Employee Involvement

Skill-based Pay Plans

Flexible Benefits

Benefits programme

Training provision

Time off and time out

Our diverse global community

Sports and social activities

Listening to our employees

After the analysis of complete survey we can conclude that employees of SHELL PAKISTAN enjoys different attributes of Motivation like they have Job Satisfaction as they believe they have personal and professional growth opportunities, they feel they have empowerment.

They have very skillful, high-quality and superior working environment. They believe that their performance is appreciated will result in reward as SHELL PAKISTAN is having EDR system. The one thing that may be a cause of demotivation is SHELL PAKISTAN does not offer tailored benefits.

CORPORATE PROFILE

Second Largest oil marketing company in Pakistan with an average turnover of over US\$3. 4 billion and market share of over 24% in black oil and 35% in white oil.

Blue chip organization with market capitalization of around Rs. 44 billion {US\$ 755 million} contributing US\$ 873 million to the national exchequer.

Regained market leadership in Mogas during FY 04 by elevating market share to 44%

Set financial landmarks over the last 4 years with earnings almost doubled from Rs. 2. 3 billion to Rs. 7. 06 billion maximizing shareholders' value.

Only Pakistani corporation to become member of the World Economic Forum based on stringent and forward looking criteria.

Only company in Pakistan whose turnaround and remarkable performance is cited in various case studies both locally and internationally.

Around 3, 800 retail outlets across the country including 1, 000 New Vision outlets commissioned within five years.

Vast infrastructure of 9 installations and 23 depots from Karachi to Chitral and a supply chain supported by 2000 strong tank-lorry fleet and 950 railway wagons.

Extensive storage capacity, almost 15% of total national storage, i. e. around 160, 000 metric tons.

A company fully aware of HSE standards and using these as part of continuous improvement process.

ISO 9001: 2000 certification of major retail outlets, Mobile Quality Testing Units and key installations/ depots and ISO 14001: 1996 distinction for Kemari Terminal " C".

Leading National Company committed to support ongoing or innovative social and charitable projects in the field of education, health, welfare, women empowerment, etc.

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COMPANY INTRODUCTION

Introduction

The history of Shell as a brand name in South Asia is more than 100 years old. Shell brand name dating back to 1899 when Asiatic Petroleum, the marketing arm of two companies: Shell Transport Company and Royal Dutch Petroleum Company began their imports of kerosene oil from Azerbaijan in South Asia. Till today, the heritage of the past is noticeable in a market of South Asia since – 1898

In 1928, to make their distribution capability efficient & effective, the market concentration of Royal Dutch Shell plc and the Burma Oil Company Limited in sub-continent had merged and Burma Shell Oil Storage & Distribution Company of sub-continent was born. After the independence of Islamic Republic of Pakistan in 1947, the name changed to the Burma Shell Oil Distribution Company of Pakistan. During 1970, when 51% of the

shareholding was transferred to Pakistani investors, the name changed to Pakistan Burma Shell (PBS) Limited. The Shell and the Burma Groups retained the remaining 49% in equal propositions. In February 1993, as economic liberalization began to take root and the Burma provided opportunity to Pakistani Investors by divesting from PBS, Shell Petroleum (Pakistan) stepped into raise its shareholding to 51%. The years 2001-2 have seen the Shell Petroleum Company successively increasing its stake, with the Group now having a 76% stake in Shell Pakistan Ltd (SPL) – an expression of confidence

Shell has an over 100 years presence in the Subcontinent

http://www.shell.com.

pk/home/content/pak/aboutshell/who we are/history/history logo/

(Date: 26-11-2010, Time: 18: 00)

Vision Evaluation

The Vision of Shell as a company related to energy industry have been very strict & focused to competition. The futuristic approach has let to the group in investing & innovating different sources of energy apart from oil & petroleum.

Values

"We set high standards of performance and ethical behaviour that we apply internationally. The Shell General Business Principles, Code of Conduct and Code of Ethics help everyone at Shell act according to our core values of honesty, integrity and respect for people and to comply with relevant legislation and regulations".

http://www. shell. com.

pk/home/content/pak/aboutshell/who_we_are/our_values_and_principles/

(Date: 26-11-2010, Time: 21: 00)

Responsibilities:

Shell Pakistan put its total efforts to implement its core values and ethical conduct by fulfilling its responsibilities & expectations to its employees, customers, investors, shareholders & to society.

Employees:

Shell Pakistan always puts the safety & security of its employees first. This depicts that the organization has a deep concern for its employees & value the work & efforts by which it wants to achieve success.

Customers:

The organization has a high motive to attract & retain customers by providing them the products that are competitive in price & of high standards in quality. The competition in energy sector has been highly focused by Shell & investments in innovative products have always been there.

Investors:

It is important for Shell Pakistan that its investor's base remains supportive to the organization so that when it needs to expand or restructure any of its function or component, the business always have financial support to effectively pursue that.

Shareholders:

Shareholders are the real owners of the organization. Shell Pakistan makes most of its efforts to protect shareholder's investments & provide them with competitive benefits of long term (capital growth) & short term returns (dividends).

To Society:

There are many aspects of responsibility to society. Some of them are Corporate, Environmental sustainability & concern for general people that the business directly or indirectly effects to.

Shell Pakistan has clear policies for it sustainability & has participated in flood relief in Pakistan by providing aids to the most effected.

http://www.shell.com.

pk/home/content/pak/aboutshell/media_centre/news_and_media_releases/ 2010/flood_2010. html (Date: 26-11-2010, Time: 13: 49)

Future Engagements

To engage in backward integration by acquiring a major National Refinery.

This has a capacity of 2. 8 million tons of which sales to SHELL PAKISTAN are

25%.

To develop a white oil pipeline in collaboration with major POL companies so as to eliminate transportation inefficiencies.

Invest in the business of coal mining to capture a lucrative fuel source to which most consumers are switching.

MOTIVATION IN ORGANIZATION

Definition

No other topic in the field of Organizational Behavior (OB) has received as much attention as the subject of motivation. . (FTC, 2009)

Motivation can be defined in a variety of ways, depending on whom you ask. If you ask someone on the street, you may get a response like, "It's what drives us" or "Motivation is what makes us do the things we do." As far as a formal definition, motivation can be defined as "forces within an individual that account for the level, direction, and persistence of effort expended at work," according. (Parsons and Maclaran, 2009)

This is an excellent working definition for use in business. Now that we understand what motivation is, we can look at the factors that help managers to be able to motivate and then a look at some of the theories on motivation. (Latham, 2007)

Motivation Process

Unsatisfied need => Tension => Drives => Search Behavior => Satisfied needs => Reduction of tension => New unsatisfied needs (Adair, 2009)

Employee Motivation at Workplace

Motivation is what gets you started. Habit is what keeps you going.

- Jim Ryun

The job of a manager in the workplace is to get things done through employees. To do this the manager should be able to motivate employees. But that's easier said than done! Motivation practice theories are difficult subjects, touching on several disciplines. . (FTC, 2009)

In spite of enormous research, basic as well as applied, the subject of motivation is not clearly understood and more often than not poorly practiced. To understand motivation one must understand human nature itself. And there lies the problem!

Human nature can be very simple, yet very complex too. An understanding and appreciation of this is prerequisite to effective employee motivation in the workplace and therefore effective management and leadership (Latham, 2007)

There is an old saying

"You can take a horse to the water but you cannot force it to drink; he will drink if he is thirsty"

That is also the case with people; they will do what they want to do or otherwise motivated to do, whether it is to excel on the workshop floor or in the 'ivory tower'. The people or employees must be motivated or driven to

it, either by themselves or through external stimulus. (Adair 2009 Leadership and Motivation)

Are they born with the self-motivation or drive? Yes and no. if no, they can be motivated, for motivation is a skill, which can and must be learnt. This is essential for any business to survive and succeed. Performance is considered to be a function of ability and motivation, thus

Job Performance = f (ability) (motivation)

Ability in turn depends on education, experience and training and its improvements is a slow and long process. On the other hand motivation can be improved quickly.

There are many options and an uninitiated manager may not even know where to start. As a guideline, there are broadly seven strategies for motivation.

Positive reinforcement / high expectations

Effective discipline and punishment

Treating people fairly

Satisfying employees needs

Setting work related goals

Restructuring jobs

Base rewards on job performance

These are the basic strategies, though the mix in the final 'recipe' will vary from workplace situation to situation. Essentially, there is a gap between an individual's actual state and some desired state and the manager tries to reduce this gap (Latham, 2007)

Motivation is, in effect, a means to reduce and manipulate this gap. It is inducing others in a specific way towards goals specifically stated by the motivator. Naturally, these goals as also the motivation system must conform to the corporate policy of the organization. The motivational system must be tailored to the situation and to the organization. (Adair, 2009)

SHELL PAKISTAN is a huge setup and has about 2000 employees. To keep all of its employees motivated is a very complex task, because of the large number of employees and as each employee has his/her own personality. It becomes virtually impossible to devise techniques that match the personality of all the employees. So for this purpose they have certain procedures and policies jointly for all the employees of the organization.

MOTIVATIONAL THEORIES – ADOPTED AT SHELL PAKISTAN

Alderfer's ERG Theory

Alderfer's theory is called the ERG theory – Existence, Relatedness, and Growth. Alderfer's ERG Theory can well be compared with Maslow's Hierarchy of Need Theory cause Alderfer's has tried to cover all the points as discussed by Maslow's with a little change, which is discussed below. . (FTC, 2009)

Existence:

Existence refers to our concern with basic material existence requirements; what Maslow's called physiological and safety needs.

Relatedness:

Refers to the desire we have for maintaining interpersonal relationships; similar to Maslow's social/love need, and the external component of his esteem need.

Growth:

Refers to an intrinsic desire for personal development; the intrinsic component of Maslow's esteem need, and self-actualization. (Latham, 2007)

Difference between Maslow's Hierarchy of Need & Alderfer's

Alderfer's ERG theory differs from Maslow's Need Hierarchy insofar as ERG theory demonstrates that more than one need may be operative at the same time. ERG theory does not assume a rigid hierarchy where a lower need must be substantially satisfied before one can move on. (FTC, 2009)

ERG Theory argues, like Maslow's that satisfied lower-order needs lead to desire to satisfy higher-order needs; but multiple needs can be operating as motivators at the same time, and frustration in attempting to satisfy a higher-level need can result in regression to a lower-level need. (Adair, 2009)

Alderfer's ERG Theory AT SHELL PAKISTAN

Existence

SHELL PAKISTAN gratifies the need for existence and the employees at SHELL PAKISTAN think that their basic needs are being satisfied but they don't seem to be completely satisfied with it especially with the material rewards that they get. For e. g.

Average Salary

The employees at SHELL PAKISTAN are not satisfied with their salaries and they consider it to be average. This view is strongly found in the lower grade employees and the contractual employees. Though the upper level employees that include the Departmental Heads, General Managers and above seem to be much satisfied with what they are paid.

Excellent Working Environment

Though the average salary seems to be de-motivating factor for the low level employees and the contractual employees but due to the excellent working environment that SHELL PAKISTAN provides, these employees seem to be seldom de-motivated. It was surprising for us to find that there had been various employees who just wanted to work in SHELL PAKISTAN because of the working environment they provide regardless of what they are paid and what job responsibilities are they given. This turned out to be one of SHELL PAKISTAN'S strongest points.

Job Security

Working at SHELL PAKISTAN seems to be a secure job as far as the permanent and high-level employees are concerned but the contractual https://assignbuster.com/an-analysis-of-the-key-factors-that-influence-the-levels-of-motivation/

employees never find it to be as secure. But due to job security being a major issue in Pakistan today, these contractual employees were hesitant to voice their complaint. (Latham, 2007)

Insurance & Medical Benefits

All permanent employees at SHELL PAKISTAN enjoy the Life Insurance and Medical Benefits that are entitled to them. In contrast the contractual employees; realizing the downward trend in the economy, just want a stable job regardless of the insurance and medical benefits provided by SHELL PAKISTAN. (Latham, 2007)

Employee Safety

The employee safely is given top most importance and they also have an emergency evacuation system with which the entire organization can be evacuated within minutes. The employees also given various training and sometimes perform various drills for employee safety. The employee seems to be satisfied with the safety that SHELL PAKISTAN provides to them.

Relatedness

These needs are social in nature and they are about the interpersonal relationships of the staff.

Good Working Relationship

At SHELL PAKISTAN, these needs are quite well satisfied since the employees have a good working relationship even though there is an air of competency surrounding them.

Self Differences between High Level Employee

It has also been noticed that few of the high level employees at organization have some self differences that are developed due to status problems and ownership problems which effect the process of maintaining a good interpersonal relationship but then again the high level employees are professionals and they tend to forget these difference when they meet each other a global level. (Latham, 2007)

Company Events and Privileges

All employees are given the special privilege to join and use the SHELL PAKISTAN club, gym, attend in Company events, dinner etc thus allowing them to intermingle with each more.

Growth

The permanent and high-level employees are satisfied with the growth opportunities that SHELL PAKISTAN provides them every now and then.

Training

Employee training workshops are conducted on a need basis. Trainings are carried out in areas such as:

Improvement of Business Communication skills

Usage of new Computer software

Encourages Ideas

Employees are encouraged to put forward any creative, beneficial ideas. If the idea seems to be attractive, SHELL PAKISTAN gives the employees the

opportunity to implement the idea. This turns out to be a very encouraging and motivating approach for the employees and later on the employees are rewarded if the idea is implemented well. (Latham, 2007)

Employee Job Rotation

For the purpose of employee growth and increase in motivation, employees are often rotated within or between departments.

Equity Theory

Theory Overview

Equity (or inequity) is a psychological state residing within an individual. It creates a feeling of dissonance that the individual attempts to resolve in some manner (Latham, 2007)

Equity is a social comparison process, resulting when individuals compare their pay to the pay of others. There is no "rational" or single "equitable pay rate" for any given job or individual. Equity is a subjective evaluation, not an objective one. Based on the comparisons that an individual uses, each individual is likely to develop different perceptions of equity. (Latham, 2007)

The comparisons that individuals use tend to fall into four classes of comparison:

Self Inside: –

An employee's experiences in a different position inside his current organization. (Adair, 2009)

Self outside: -

An employee's experiences in a different position outside his current organization.

Other Inside: -

Another Individual or group of individuals inside the employee's organization.

Other Outside: -

Another Individual or group of individuals outside the employee's organization.

(Latham, 2007)

Individuals determine equity by comparing their contributions (job inputs) and their rewards (job outcomes) to those of their comparisons. This comparison takes the form of a ratio and if this ratio is in balance, the individual perceives equity. Inequity is experienced when ratio is out of balance. Thus when an individual perceives that his/her contribution is equal to the comparison and his/her reward is lower or his/ her contribution is greater and reward is equal, inequity is felt. (Latham, 2007)

The individual responses to inequity include:

Leaving the organization

Reduction in performance, generally extra role behavior

Attempting to increase one's pay

Attempting to reduce the performance of others

Rationalization-perceptually altering reward and/or contribution

What do individuals view as relevant contributions? Given the perceptual nature of equity, the answer varies with each individual; however, contributions fall into a number of categories:

Job contributions

Include the factors that differentiate one job from another. They typically include responsibility, skills, education, and working conditions required by the job itself. (e. g., individuals working in jobs requiring greater levels of responsibility generally expect higher levels of pay). (Parson and Maclaran, 2009)

Personal contributions

Include attributes the individuals bring to the organization that they believe differentiate them from others such as experience, longevity and extra education (e. g., individuals with greater seniority often expect higher levels of pay).

Performance contributions

Include the extra effort/results that differentiate one employee from another (e. g., individuals who perceive that their performance is better than others with whom they work, often believe they are entitled to higher levels of pay. (Latham, 2007)

Typical Management interests

Managers generally define pay-related problems in terms of their behavioral consequences (turnover or performance). Therefore, inequity itself is not

generally viewed as a management problem unless it appears to be related to turnover of reduced performance. Since the links between turnover and pay are often much clearer than those between pay and extra role behavior, turnover often becomes the only managerial focus. Therefore, typical management interests relate to keeping the employees who it deems valuable.(Latham, 2007)

Typical Employee Interests

From the employee perspective, the perception of inequity is a problem in itself. A union's interests lies in achieving equity for the greatest number of its members, regardless of their ability to leave the organization. In fact, it is a union's responsibility to bargain for the interests of those with limited individual power or marketability.

Low morale is often a consequence of inequity. Even when low morale is not manifested in turnover, reduced performance, to reluctance to take on extra duties, from the employee perspective, it is still viewed as a problem. (Adair, 2009)

Equity Theory AT SHELL PAKISTAN

Employee Performance Appraisal

Employee performance appraisal procedure is highly accountable thus leaving no chance of inequity among employees.

Employee Salary Evaluation

An employee's educational qualification is given highest importance when evaluating salary. It may be possible that a lower grade employee, within the

same or different department, has a higher salary than someone in an immediately higher grade.

Thus inequity sometimes arises among employees working in a higher group within the same or different departments. (Parsons and Maclaran, 2009)

Expectancy Theory

Theory Overview:

The expectancy theory argues that the strength of a tendency to act in a certain way depends on the strength of an expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual. In more practical terms this theory says

"That an employee will be motivated to exert a high level of effort when he or she believes that the effort will lead to a good performance appraisal; that a good performance appraisal will lead to organizational rewards like a bonus, a salary increase, or a promotion; and that the rewards will satisfy the employee's personal goals" (Latham, 2007)

Expectancy

The expectancy is the belief that one's effort will result in attainment of desired performance goals. This belief, or perception, is generally based on an individual's past experience, self-confidence (often termed self-efficiency) and the perceived difficulty of the performance standard or goals. (Adair, 2009)

Instrumentality

The extent of individual's belief of performing at a particular level will lead to the attainment of a desired outcome.

Valance

The extent of attractiveness of rewards offered by an organization that must satisfy an individual's requirements & retain them by prospect & potential development within career & organization.

Example Include: "Do I want a bigger raise? Is it worth the extra effort? Do I want a promotion?

Expectancy Flowchart:

(Vroom V H. (1964) Work And Motivation)

Valence

Instrumentality

Expectancy

OUTCOME

PERFORMANCE

EFFORT

REWARD

Expectancy Theory states that the strength of a tendency to act in a certain way depends on the strength of expectation that an act will be followed by a

given outcomes and on the attractiveness of that outcome to the individual. (Parsons and Maclaran, 2009)

Expectancy Theory AT SHELL PAKISTAN

At SHELL PAKISTAN the employees believe in maximum effort which leads to good performance which further results in the outcome in the form of rewards like a raise in income, promotion, performance appraisal letter etc that contribute towards their personal goals.

Contractual Employee Views

The contractual employees are also aware of this theory but they don't follow it because it has been found that their basic aim is to become a permanent employee. But becoming permanent employee doesn't entirely depend on the performance. It also depends if there is any permanent slot available. So the contractual employees are aware of the facts that even if they perform well, they cannot become permanent unless there is a slot available. So this serves as a very de-motivating factor for the contractual employees and this is the reason they don't hesitate to switch the job whenever they get even a slight better opportunity or a permanent place in some other organization. (Adair, 2009)

Effort

At SHELL PAKISTAN, the employees are aware of the fact that if they work competently and put their efforts, they will be able to attain the task performance, as the effort expanded by them will have a positive result.

Performance

When the employees of SHELL PAKISTAN put their efforts, they attain the desired performance level and consequently are evaluated on that ground. (Latham, 2007)

Instrumentality: Instrumentality is also quite high in the company as the management assigns a certain % of work that the employees have to achieve, through which, they are evaluated at the time of dispensing rewards. The % of work is in terms of yearly goals, monthly goals and weekly goals.

Rewards

When the employees attain certain level of work performance gauged against the goals set at the start of the year, they are positively evaluated and get rewards in shape of annual increment; and organizational performance rewards etc.

Valance: The employees attach a great deal of value to the rewards they get. The rewards are often in the form of a praise or recognition, to which the employees attach a great deal of significance. Monetary rewards are costly and require loads of time and energy. Therefore the management is not too keen on imparting such gifts. (Latham, 2007)

OTHER MOTIVATIONAL FACTORS AT SHELL PAKISTAN

Employee Appraisal

At SHELL PAKISTAN, employee appraisals are conducted annually to evaluate their work related and personal performance. The process of appraisal works https://assignbuster.com/an-analysis-of-the-key-factors-that-influence-the-levels-of-motivation/

in various steps and the HRM department is proud to have such a system instilled in the company where no one objects to the appraisal process as it's considered to be the fairest attempt of grading an employee in the company.

The appraisal process is held in between the months of July and June every year. Increments and promotions are devised after this period that becomes effective from the month of October, the same year. Performance Appraisal at SHELL PAKISTAN is a six step approach.

Step 1:

SHELL PAKISTAN HR department have designed two forms named as Form 1A and form 1B to measure the milestone, target achievements that were made last year. This is done by comparing the goals set last year for each individual employee under their department. Once measured, it is sought out to what extent the company was successful in achieving its target. Also, targets are set for the next year on the basis of this measurement.

Step 2:

In the next step, HRM department does performance analysis by distributing to departmental heads and supervisors Form 2A and 2B (Collectively known as Employee Development Report) to measure the employee's capabilities on 24 different attributes and of the attribute is rated on the scale of 1 to 5; summary of these points is reflected in the table below

Rating

Point Summary

1

Inadequate,
Not satisfactory
2
Marginal,
Below Average
3
Average
4
Above Average
5
Outstanding
The 24 different attributes are divided in to key 4 sections; a summary of
those is listed below:
Employee Development Report (EDR)
A – What did the employee accomplish?
Quality of work
Cost objective
Profit objective

Develop people

Commitment to company vision, value and corporate objective

B – Gets the job done

Planning

Organizational communication

Analysis