

Employee's motivation and compensation problems



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RESEARCH OBJECTIVES:

All researchers when work for a research, has some objectives in his/her mind. These objectives are formed after understanding the industry in a particular region and by getting supportive evidences and cases. As a student researcher I have also certain objectives in my mind after gathering relevant information at the formative stage which helped me to create certain objectives which will help me to proceed with my research work. The primary objectives are as follows:

- To know about the root cause behind the agitated and unproductive employees in this industry.
- To study about the reasons behind unionization.
- To study the key drivers that motivates the employees to work wholeheartedly in the company.
- To find out the reasons of income disparity among the employees in this industry.
- To investigate what appropriate pay package is expected by the employees.
- To analyse the current motivational and compensation strategies adopted by airline companies in Kolkata.
- To analyse the reasons behind communication barrier between top management and staff.
- To investigate what are the key drivers which will enhance the performance of cabin crew including pilots who work in stressed environment with long flying hours.

- To identify the reasons behind the increase turnover and absenteeism rate in the industry.
- In overall, to find out what exactly is the employee's and management's vision in this area of study and what would encourage and inspire employees maintain their motivational level.

AIMS OF THE STUDY

This research aims at analysing the motivation and compensation area of human resource aspects of the airline industry in Kolkata, India. The purpose of this paper is to identify the problematic issues in the area of employee motivation and compensation faced by some of the branches of airline companies in Kolkata. A wholesome compensation package is a must for an industry. Some of the rewards which airline companies can adopt are job security, employee involvement, empowerment, plus sage, employee ownership and constant career progression. Another important factor that needs to be considered is to constantly encourage and recognise the work of the employee so that it gives them a self drive to stick to the industry and the current job and give them room to excel.

SCOPE OF THE STUDY:

This research will give me some insight about different areas relating to motivation and compensation. It will also support to my personal knowledge development about these topics related to airline industry. As there are many studies which had been undertaken by many researchers previously, hence I will get the opportunity to learn and make improvements and amendments in these areas. As the world is changing every day, past

researches may need improvements which I can suggest after conducting this research and add to the betterment of the industry. I will also get an in depth idea of the industry and how the human resource departments work. It can also act as a starting point for the others to carry on with further research in this area. I will get an overall comprehensive knowledge about motivation and compensation theories which has been developed by reputed personalities. In this study there is also a scope to recommend suitable measures to the companies that would help them to overcome their challenges.

PROBLEM STATEMENT:

Evidences show presence of airline companies in Kolkata failed to develop motivational programmes for its employees who resorted them to undergo strikes and lockouts. Employees are not willing to perform wholeheartedly because sometimes even their basic needs are not properly met which stops them from developing their higher level needs like self esteem and actualisation.

Cases show turnover and absenteeism rate is high in some companies in this industry because the employees feeling of attachment and drive to work in the company is very low. Evidences show that staff regularly make excuses to abstain themselves from work.

Cabin crews are the backbone of the airline industry. There are many cases which reflect that their performance declines because of long flying hours and thus adversely affects customer relationship onboard. It is hence the

inability of the airlines to address their issues and motivate them to sustain their productivity.

Many airline offices in Kolkata do not have proper feedback mechanism, communication channel and hearing sessions to address the issues of employees. Hence the HR department is not being able to track and understand the motivating factors which will drive the employees to give their best. Thus it directly builds a gap between top management and the employees which reflects in the employee's attitude when dealing with customers.

Demands like increase of wage, revision of pay packages, pay cut in the time of recession also led to unionism and unproductive work. Pilots of public sector airlines refused to fly because cabin crews were earning at par with them which they felt degrading.

Recently Jet Airways did a pay cut from the salary of many Kolkata employees because of the economic crisis. Critics argued that a company should not take these steps as it affects employee's morale. This recent case made a foul cry in the sector which led Mr. Naresh Goyal, MD to apologise the employees in his press statement.

Some of the HR department of some airlines branches in Kolkata is orthodox while designing the compensation package and does not involve many compulsory schemes and allowances which affects the employee's motivational level and causes them to deliver inefficient work.

Thus we can see there are issues in this industry in Kolkata which needs to be sorted out. If these issues are addressed then the service level of airline industry in Kolkata can be at par the other regional offices across the globe.

PROPOSED RESEARCH QUESTIONS:

- Q1. WHAT ACTS AS KEY MOTIVATING DRIVERS FOR AN AIRLINE INDUSTRY EMPLOYEES?
- Q2. WHAT FACTORS NEED TO BE CONSIDERED IN ORDER TO MOTIVATE HIGH PERFORMERS?
- Q3. DOES NON-FINANCIAL REWARDS PLAY AN IMPORTANT ROLE IN THE MINDS OF AIRLINE INDUSTRY STAFFS?
- Q4. DOES PERFORMANCE APPRAISAL AND FEEDBACK SYSTEM ACT AS A MOTIVATING FACTOR?
- Q5. WHAT ARE THE VITAL ELEMENTS OF A COMPLETE COMPENSATION PACKAGE FOR AN AIRLINE INDUSTRY EMPLOYEE?
- Q6. WHAT ARE THE CURRENT HR RELATED PROBLEMS IN THE AREA OF MOTIVATION AND COMPENSATION AMONG THE EMPLOYEES AND WHAT IS THEIR TAKE ON IT?

PROPOSED HYPOTHESES:

- H1: COMPETITIVE REWARD, RECOGNITION, EMPLOYEE PARTICIPATION AND EMPOWERMENT MAY ACT AS KEY DRIVERS FOR AN EMPLOYEE TO BE MOTIVATED.
- H2: FACTORS LIKE CAREER PROGRESSION PLAN, TRAINING AND DEVELOPMENT, STOCK OWNERSHIP; CORPORATE INTRAPRENEURSHIP TENDS TO MOTIVATE HIGH PERFORMERS.

- H3: NON FINANCIAL REWARDS LIKE PLUS SAGE, BONUS, STOCK OWNERSHIP, RETREATS, VACATIONS, ETC. IS LIKELY TO PLAY AN IMPORTANT ROLE IN THE MINDS OF THE AIRLINE INDUSTRY STAFFS.
- H4: IT IS LIKELY THAT, PERFORMANCE IF MEASURED HELPS THE EMPLOYEE TO UNDERSTAND WHERE THEY STAND AND WHERE THEY NEED TO GO IN THE FUTURE WHICH IN TURN TENDS TO AFFECT POSITIVELY THE MOTIVATION LEVEL OF EMPLOYEES.
- H5: A COMBINATION OF FINANCIAL AS WELL AS NON FINANCIAL REWARDS WITH TOP UPS TENDS TO FORMULATE A WHOLESOME COMPENSATION PACKAGE.
- H6: IMPROPER HR PLANNING, LACK OF JOB SECURITY, COMMUNICATION BARRIER, EQUITY AND MOTIVATION ISSUES CAN BE THE CURRENT PROBLEMS AND EMPLOYEES MIGHT WANT THESE ISSUES TO BE RESOLVED AS IT INVOLVES THEM.

BRIEF LITERATURE REVIEW:

MOTIVATION:

According to Gordon (1999) motivation refers to the inner force that drives an employee to some kind of an action. It is the way of getting the desired outcome or result from the employees in order to attain goals. In some cases workers can be motivated by their managers in order to put in some extra effort to get the required work done under a specified budget and time. If workers are appropriately motivated, they deliver better performance especially if it is backed by rewards and incentives.

According to Davis, K (1993), the term motivation requires finding out and comprehending the employees drive and needs since it originates within an individual. For example, if an employee deliver certain positive acts such as creating customer satisfaction in his own way the manager needs to reinforce the employee so that the employee will be motivated enough to repeat the same thing and maintain consistency in his work in the future.

COMPENSATION

According to Foot and Hook, 2002, “ compensation is a frequently used term which is referred to as payment, but implies that the employee somehow has to be compensated for a loss or injury cost through work, rather than they are actually paid to work.” (Pp-267) Reward is also used by most of the organization nowadays since this form of payment system tries to motivate employees to deliver extra effort and then get rewarded accordingly.

Remuneration also considered as same as the payment.

There are three types of compensation system:

- Basic salary
- Incentive system
- Indirect compensation such as benefits.

Background of the Airline Industry in India:

The airline industry in India holds an eminent position and is growing at a rapid pace. In total it has 56 airline operating across India and 22 foreign airlines that are operating over the Indian Territory. The aviation sector in India constitutes over 450 airports and has 101 registered aircrafts.

The public sector airlines are Air India, Indian and the private sector operators are Jet Airways, Kingfisher, Spice Jet, etc.([www. antiessays.com/freeessays/16723. html](http://www.antiessays.com/freeessays/16723.html)). Estimates and statistics shows international and domestic passengers travelling across and over India is projected to grow annually at 12. 5% and 7% respectively in the future. India occupies 8th position in world aviation market in 2007. The industry is growing at 27% per annum in India due to increased liberalization both in domestic and International market. The domestic airline passenger traffic for the year 2007-2008 shows a growth of 32. 51%. ([http://civilaviation. nic. in/reports/eng annual report2007-08. pdf](http://civilaviation.nic.in/reports/eng%20annual%20report2007-08.pdf)). In spite of being a lucrative industry, the companies and the employees are still victim of improper compensation and poor motivation and in turn hindering the growth of the industry.

Background of Kolkata:

Kolkata is considered as second largest cosmopolitan city of India. It has a blend of technology, socio political culture, heritage which makes the city called “ City of Joy”. This city being the capital of West Bengal, it provides room for immense scope for tourism, aviation, economy, education, etc. The population of the city is nearly 5 million. There are many expats who migrate to Kolkata because of its vibrant opportunities in areas like tourism and hospitality. Kolkata has a major international airport where all major airlines of the world fly. This compels the industry to maintain its workforce by constantly motivating and compensating so that it can hold on to the high performers.

SIGNIFICANCE OF THE RESEARCH PROBLEM:

Compensation and motivation are two key strategic areas for any industry or company, which impacts the employer's ability to hire, retain an employee as well as get optimum level of performance from them so that it helps to meet the organization's strategic objectives. Therefore a proper system and balancing act is required for an industry to compete in this competing world.

As Dale Dauten said, " While business is a game of numbers, real achievement is measured in infinite emotional wealth; friendship, usefulness, helping, learning, or said another way, the one which dies with the most joys wins."(Chandler, 2009). Hence we can understand that how important motivation is for anyone to perform his duties.

POTENTIAL APPLICATION AND IMPLICATIONS:

As there are many issues and problems relating to motivation and compensation in the airline industry in Kolkata, India, the research problem has enough significance because if these issues can be studied and the root cause of the problems can be understood then companies will be able to extract the igniting brains which will help the industry to explore new avenues in future. Even if the problems are researched in these areas and a system is accordingly developed then it can provide the company unintended benefits of fuelling its growth. Having done the research it will help us to understand where the motivation comes from, accelerate things, creating a game, coaching the outcome, soften one's heart, learning to experiment, managing the fundamentals first, etc.

RESEARCH METHODOLOGY AND DESIGN:

The types of research which I intend to use are as follows:

Causal research:

A causal type of research identifies and finds out which variable might be acting as the cause or reason behind certain behaviour and act. This kind of research helps to understand the cause affect relationship among the variables. <http://www.okstate.edu/ag/agedcm4h/academic/aged5980a/5980/newpage21.htm>

Justification: This study aims at reasons behind the motivation and compensation problems among the employees in the airline industry in Kolkata.

Co relational study:

This is also supported by a co relational study where the variable associated with the problem directly affects the situation.

Justification: The aim of undertaking this study is to also find out the other variables like job security, performance measurement acts as a vital element or not.

Quantitative Method:

According to encyclopaedia, on traditional scientific methods, this generates numerical data and usually seeks to establish causal relationships between two or more variables, using statistical methods to test the strength and significance of the relationships.

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Justification: This method will be used because it will give me an idea as to whether there is any relationship between independent and dependent variables when the results would be produced.

Qualitative method:

According to Jacob, qualitative research is a generic term, which highlights the weight age of viewing variables in a natural setting. Interaction and communication among these variables is an important factor.

Justification: This method is adopted in this study because it will help to generate different kind of responses and also descriptive views or perceived problem of the sample relating to this topic.

Pilot study:

A small-scale study conducted prior to conducting an actual experiment; designed to test and refine procedures. It is referred to as a small scale study that is carried out to check a particular questionnaire, checklist etc, with the aim of minimising the likely problems in answering question and to assess the questions validity.

Justification: A pilot study will also be undertaken to find out the errors and other confusing elements which is present in the questionnaire and then it can be rectified and sent to a bigger sample.

Data Collection Methods:**Primary data:**

The data or the information that are collected specifically for the research or the study. It is original and customised in nature and it has not been adapted by any other secondary person other than the collector.

The data collection will begin from the month of September and October, 2009, the personnel who will be interviewed, the place and the ways of collecting data which I would be using are as follows.

Questionnaire:

In this study, the primary data will be collected by means of communication, survey, emails, interview, and questionnaire. The purpose of the study is to assess the status quo of the employment scenario through range of current employees. Thus the result would enable the researcher with valuable inputs and opinion which can be worked upon and improvised. I intend to give out clear and easily understandable questionnaire having done the pilot study so that wide ranges of information are gathered to perform the study.

Questionnaire is likely to be a four part questionnaire.

Questionnaire to be sent: 500

Expected return: 175

Interview:

Face to face structured interview would help me to get not only the views and opinions of the interviewee but also his behaviour and attitude. I intend to hold a clear and easily understandable interview.

EMPLOYEE INTERVIEW: 20

EMPLOYER INTERVIEW: 5

Even Human resource departments, managers will also be interviewed. The interview will be done in India personally as well through telephonic conversation.

Secondary data:

In this type of data collection method the information that is used has already been collected by some other researchers for some other specific purpose. It acts like an alternative source of information which enables the researcher to answer certain questions. (Sekaran, 2003)

In this study I will be using possibly periodicals, online databases, journals, books, magazines, statistical abstracts, census, company reports, etc.

PROPOSED ANALYSIS OF DATA:**QUANTITATIVE DATA:**

For the purpose of analysis of quantitative data, the data may be analysed using a combination of CATEGORICAL DATA and QUANTIFIABLE DATA.

Categorical data will be ranked and classified into variable sets for e. g., categories of employees like highly motivated employees, less motivated employees etc.

Quantifiable data will be used to assign the collected data in numerical form. For, e. g., total annual salary of the employee \$25000, etc.

As we know there are two types in quantifiable data which are continuous and discrete, I will most likely use discrete data as analysis as it will be easy and reliable when comparing motivating and compensation issues within the industry.

I intend to display the data in following manner:

- BAR CHARTS
- PIE CHARTS
- TRENDS
- HISTOGRAM
- LINE GRAPH
- FREQUENCY DISTRIBUTION

The data will further be analysed through:

- Univariate analysis which includes mean, median, mode, standard deviations.

QUALITATIVE DATA:

According to Donald Campbell, “ all research, regardless of whether there are quantitative elements in the findings or analysis, ultimately has a qualitative grounding.”

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Data will be analysed through:

- CATEGORIZATION
- UNITISATION
- RECOGNISING RELATIONSHIP
- PROVING RELATIONSHIP

ANALYSIS CAN BE DONE WITH THE USE OF:

- Factual statements
- Opinion
- Observation
- Personal interview
- Researcher's diary
- Experts' view.

The final analysis may be done with the use of the following software which would assist me to come up with the results and help me to tabulate the data which will further enable me to understand the actual problem in the industry and what needs to be done to overcome the issues.

- MS EXCEL
- SPSS.

EXPECTED LIMITATIONS:

- The answers of the sample which will be obtained through questionnaire are assumed to be true.
- The sample may not be convinced to share true facts of the problems.
- The sample may show signs of distrust about the overall objective of the study.

- Disclosure of names, identity of the personnel in the companies may be a limiting factor.
- Motivation strategies and problems of the company are very confidential in nature which the HR department may be not willing to share.
- As it is student research, finance and time (5 months) can be limiting factor.
- Some designs mentioned above may not be used if some unforeseen problems take place.

INDICATIVE REFERENCE TO THE KEY PAPER/ DATA THAT WOULD BE USED:

BOOKS:

- Mello, J. A. (2002) Strategic Human Resource Management. South Western Thomson Learning, Canada.
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- <http://www.okstate.edu/ag/agedcm4h/academic/aged5980a/5980/newpage21.htm>
- <http://www.encyclopedia.com/doc/1O62-quantitativeresearch.html>
- <http://kolkataonline.in/Profile/Data/>
- <http://www.mapsofworld.com/cities/india/kolkata/facts-about.html>
- <http://www.economywatch.com/indianeconomy/indian-economy-overview.html>
- <http://www.oag.com/graphics/birdgroup2.htm>
- www.icmrindia.com