

## **EXECUTIVE SUMMARY**

### **Background of Research**

It is a well known fact that a company thrives on the job knowledge and high performance of their work force. A satisfied employee will definitely be inclined to put his best show which naturally would enhance the chances of a company in achieving its various business parameters - both realistic (business turnover, profit etc) and imaginary (reputation, goodwill enjoyed among staff and peers).

The organization has to device and implement certain privileges for the benefit of employee in order to keep them satisfied. This will result in the employee satisfied with the work on hand, which is termed as Employee Satisfaction.

Various theories have dwelt extensively on the above right from early 1900s in the form of an article published by Edward Thorndike. Inferences arrived based on some earlier theory has been the platform to explore further into the subject. Employee - Employer relationship; Commitment of the Employee; Cost factor involved in replacing the employee who has left; Perceived Notions of an employee towards his organization etc., are some of the findings of subsequent researches.

So far no research has been conducted or papers made available on the Employee Satisfaction level of Expatriates and Third Country Nationals working in EPC Companies involved in Oil Industry in United Arab Emirates.

Hence, the study of Employee Satisfaction level amongst Expatriates and Third Country Nationals (TCNs) employed by EPC Companies engaged in the Oil Industry of UAE has been taken up.

Prior to dwelling into the subject of study, definitions of both Expatriates and TCNs are cited as under:

**TCN:** An Employee whose Home Country, residing country and the Country in which Head Quarter of the Employing Company is located are different. Example: An Indian employed by TECTON, a UAE based company.

**Expatriate:** An individual who is employed by a Company in the country of his origin / citizenship and assigned to complete a job in another country by the Company.

Example: An Indian working in L&T in Mumbai is assigned a job in a project in UAE

The current research undertaken has 3 objectives:

- **RO1** - To find the Employee Satisfaction Level of TCN working in EPC Companies that are engaged in Projects for Oil Industry in UAE
- **RO2** - To find the Employee Satisfaction Level of Expatriates working in EPC Companies that are engaged in Projects for Oil Industry in UAE
- **RO3** - To Suggest changes that will improve the Employee Satisfaction Level of TCN and Expatriates.

RO1 and RO2 are based on the following theories:

- ❖ Motivator – Hygiene Theory of Herzberg (1959).
- ❖ Vroom's ( 1964) Expectancy Theory

### **Oil Industry in UAE**

When one talks of Middle East, one is reminded of its Oil and Gas resources. with United Arab Emirates sizably contributing to Oil production and export. The

name UAE was christened by the rulers of 7 small kingdoms in the desert lands in 1971 during unification of all the 7 kingdoms. With its Oil resources, their economy has been showing an upward trend over the decades.

Exploration of oil - conducting geological survey to find it, drilling of wells, laying of pipe lines to enable the oil reach the refineries; its distribution after refinement - created enormous job opportunities. Due to its unique nature and specialization of work involved many companies are involved in executing projects at various places.

These companies enter into an **Engineering** (designing), **Procurement** (of materials required including labor), **Construction** (of the project and its commissioning) contract, universally known as EPC contract, with their client. Hence these companies are called EPC Companies.

### **EPC Companies**

EPC companies are fully responsible for the timely execution of the project within the budgeted cost for the delay may cost them both financially and emotionally. Financially due to the fact that their client may invoke the penalty clause in the contract; emotionally due to falling of their esteem from the point of view of their client / peers in the industry.

Due to requirement of skilled work force to execute such type of contract, many Expatriates and Third Country Nationals employed by these companies. It is estimated that around 7235 such personnel are employed by the 25 EPC Companies engaged (on a regular basis) in the Oil and Gas Industry of UAE.

Though the companies have choice in selecting and employing Expatriates and TCNs, providing of various requisite facilities to enable extract work from them to the optimum level is a challenge. In view of the diversity in religion,

geographical locations, customs and habits, these category of employees find it very difficult to adjust to the new surroundings, at least in the initial stages.

Studies have found that deployment of an Expatriate employee involves huge cost. Studies also state that the current level of employee satisfaction in UAE is very less. If an employee leaves his/her job in the middle of an EPC Project, it will be a huge loss to the EPC company as the company has to deal with replacement cost, time delay and penalty clause.

Hence, the above factors justifies the need for a comprehensive study on the Employee Satisfaction level of Expatriates and TCNs working for EPC Companies engaged in the Oil and Gas Industry of UAE.

### **Literature Review**

To begin with, review of literature available was done by referring to various research papers for understanding the meaning of Job Satisfaction, Employee's commitment towards his job and the organization. Few of the papers referred to, their findings and inferences arrived by them based on the findings are surmised as under:

- Rust at el (1996) who states that there exists relation between employer, employee and the customer. An employee who is in the same organization for a longer period develops a cordial relation with the customer. This in turn increases turnover for the employer who takes all efforts to make his employee satisfied .
- Patrick Townsend, (2008) emphasize that it is the duty of the employer to inform the employees of the procedural changes to bring best out of them. In the absence of any such information, the employee may continue with his present status as if nothing has happened.
- A similar view is echoed by Jerry D Rogers Kenneth (1994) who states that effective communication and role clarity are two most important

elements in the employer-employee relationship. Well defined job roles will minimize the chances of conflicts arising between employees and employers; among employees and between employees and Clients / Owners.

- Jasna Auer Antoncic and Bostjan Antoncic (2011) in their study mention that working conditions / working hours provide general satisfaction. Further relationship among employees, salary, promotion, other fringe benefits are some of the other elements of Employee Satisfaction.
- Muhammad Eshan Malik et al. (2011) states that salary, promotion, etc. have a direct impact on the retention level. Likewise employer's approach level, recognition of work will also decrease the employee turnover.
- Carolyn Stringer et. al. (2011) mentions that remuneration and motivation are integral part of Job Satisfaction.
- John Sutherland's (2013) study concludes that gender, age of the employee besides working hours, training imparted shall have a direct bearing on the Employee Satisfaction.
- Brad Shuck et al (2011) study illustrates the impact on the Employee Satisfaction level based on the initiatives taken by the organization to improve welfare of their work force.
- Aysit Tansel and Saziye Gazioglu (2013) feels good employer-employee relationship is necessary for achieving the desired result on its performance through increased productivity.
- Ku Azizah Ku Daud et al (2014) gives a emotional twist by saying that if the employee's needs are met, they would be inclined to like their job (and stay for long).
- Bakr Ahmed's (2008) study assumes significance because, he was the first person to specialize on the study on diversity of employees. He says it will be most advantageous for the organisation to choose from the talented personnel available from all over the world with increased productivity and enhanced performance in mind. Other subsequent researchers, though

agree with this, they felt it would be big challenge for the organization to keep this diversified and multinational work force in a cordial atmosphere in view of their different culture, habits etc.

Bakr Ahmed points out that both Expatriates and TCNs face lot of problems in the UAE, like low wages, job insecurity, inordinate delay in getting justice in case of disputes, social inequality etc. In spite of these, expatriates constitute 85% of UAE's population, since UAE has the 2nd highest GDP per capita as per a survey conducted in 2011. The disproportionate rate of demand and supply for recruiting locally available skilled labor for the jobs in oil industry has made UAE a preferred place for securing job among Expatriates and TCNs.

The results of various Research Papers on the Employees Satisfaction of Expatriates / TCNs , be in the UAE or Rest of the World, reveal that these two categories of employees have a much lower job satisfaction level.

It is found that there is direct relationship between Employee Satisfaction and Employee Engagement. A constantly engaged employee feels that he is an important and integral part of the organization in the eyes of the management and hence his motivational level will be high. This motivation will make the employee to involve himself more towards increased productivity and derive a sense of satisfaction that he too has contributed towards progress of his organization. It may be noted this would eventually lead to higher retention level and decreased employee turnover.

### **Research Methodology**

Armed with the fundamentality on the meaning and conclusions on Job Satisfaction vis-a-vis Employee Satisfaction as arrived by various theories /

research papers, a comprehensive study was done on identifying the problems; Questionnaires were prepared in order to pinpoint the factors which determines the low Employee Satisfaction of Expatriates / TCNs. Data collection was done using Questionnaires and the collected data was analyzed / interpreted and based on the conclusions / inferences arrived, recommendations were made for improving the Employees Satisfaction level. The following pages highlight the methodology and procedures adopted.

There are 25 EPC Companies engaged in the execution of EPC contract for oil industry in UAE on a regular basis. These companies were classified into three categories viz Large, Medium and Small based on their Average Annual Turnover of last three years. Out of these, Sample Companies from each category were selected on the basis of Probability Sampling Method. The Expatriate / TCN employees of 8 companies (3 large, 2 medium and 3 small) so selected formed targets for the study undertaken. Taro Yamane's formulae was applied to arrive at the Sample size. Though the sample size was 365, 400 employees selected from the 8 companies in proportion to their staff strength were given Questionnaires. The response were received from 320 employees (248 TCNs and 72 Expatriates) and was treated as sufficient, since it amounted to 88% of the sample survey figure.

The Questionnaire contained 29 questions covering 17 facets - basically derived from the Motivator – Hygiene factors of Herzberg - like Pay, Job Condition, Co-Workers, Recognition, Appreciation, Fringe Benefits etc. which are instrumental in determining Employees Satisfaction. Each Question had 5 marks (0-4) on Likert scale. The reliability on the responses arrived were tested using Cronbach Alpha Method.

The validity of the research was also tested for its **Content Value** by getting the questionnaire reviewed by HR Executives of EPC Companies in Oil Industry in UAE.

**Construct Value** by conducting **Psychometric Test** and measuring Employee Satisfaction. The said test was conducted by giving ten additional questions to the respondents and the responses validated their responses to the 29 question Questionnaire.

Additionally, **Cophen Appa** test was conducted by selecting two groups from the 320 respondents' list - group 1 comprising of respondents 1 to 50 and group 2 consisting of respondents 51 to 100 - on the randomly selected questions' response received from them. The resultant 'k value' so arrived for each of the selected question proved the validity of the survey undertaken.

Data collected from the above questionnaire was analyzed into following categories:

**Demographic Profiling** done across gender, age group, education, work experience - both overall and in UAE, nationality and marital status. The sample was represented by male population at 90%.; 38% belonged to the 31 yrs to 40 yrs group; 67% were Graduates; 28% having 11 to 15 years experience and out of this 45% are having 1 to 5 years experience in UAE; 72% Indians followed by Koreans (8%) and Filipinos (7%); 78% were TCN and 22% were Expats; 84% were married which are clearly illustrated in the form of graphics.

**Questionnaire having 29 questions was prepared** covering the following 17 facets of Employee Satisfaction on a Likert scale of 5 (0 to 4).

**2 facets** viz. Work Life Balance and Equality and Respect had **3 questions each**;  
**8 facets** viz. Communication, Appreciation, Co-workers, Fringe Benefits, Nature of work, Policies and Procedures, Promotional Opportunities and Work environment / safety had **2 questions each**.



**7 facets** viz. Pay, Job Condition, Organisation, Personal Growth, Recognition, Security and Supervision had **1 question each**.

**Factor Loading** was done by requesting select 20 respondents to prioritize the 17 facets since all facets cannot be treated on equal footing and given same marks. In the feedback received, Appreciation (0.96) topped the list, followed by Pay, Work Life Balance, Equality, Recognition in that order. Surprisingly, Fringe Benefits had only a loading factor of 0.39.

### **Results of the Study**

**The result, based on the factor loading** revealed that while the Employee Satisfaction level of 248 TCNs was 48.85, it was 47.04 for Expatriates, making an overall score of 48.44 for both the categories put together. The percentage level was 54.70% for TCNs, 52.58% for Expatriates and the overall percentage was 54.25%

**Psychometric Test** comprising of 10 additional questions to validate the above finding had a percentage score of 53.31%

The questionnaire contained a 30th question calling for 3 **suggestions to improve the prevailing situation**. Suggestions (279 in number) received from 93 respondents (as per their order of priority) were categorized under 21 parameters. Training topped the list with 38% followed by Salary (28%), Appraisal and Feedback (26%) , Fringe Benefits (25%) in that order. While Promotional Opportunities had 10% preference, Job Safety took a back seat with only 4% suggesting the same. The graph made available at a later chapter shows the percentage war preferences of all the 21 parameters.

Further, structured interviews were conducted with the Top Level Executive in the HR department of 3 EPC Companies (1 from medium and two from Small) to know the management's point of view on Employee Satisfaction and infrastructure available in their companies in this regard. All of them uniformly agreed that satisfaction of their employees is of paramount importance to the success of an organization and listed out the facilities / provisions available in their respective companies.

Responses received for all the 29 questions has been summarized individually and listed separately for each question accompanied by graphics based on the scores so arrived for a broader understanding.

Hypothesis so inferred from the above survey scores - Employee Satisfaction Level of both TCNs and Expatriates are low - was 'Z' tested and found that it was indeed low.

Chi Square Tests were also conducted to find out if there is any significant relationship between the Demographic variables and Employee Satisfaction.

### **Findings of the Study**

Findings of the research work is summarized as under:

- Employee Satisfaction Level of both TCNs (5.628) and Expatriates (5.425) is below the bench mark level of both UAE (6.9) and globally (7.0) when measured on a 10 point scale.
- Result of Psychometric test (5.331) validates the reliability of the results obtained.
- Respondents gave top priority for Training, Pay, Reduced Working hours, Increase in Fringe benefits in their suggestions for improving the Employee Satisfaction Level.

Appreciation, Recognition, Equality, Incentives/Rewards found place in the immediate lower level.

Motivation, Promotion, Job Security, Career Developmental Plans were placed at the lowest level.

- Top level Employees (Directors and Vice presidents) suggested that providing incentive schemes, granting shares to performing employees, improving feedback mechanism, frequent company gatherings etc. will pave way for more Employee Satisfaction.

The Study based on the results, inferences / findings based on the results concludes that

- Employee Satisfaction Level of both TCNs and Expatriates is low when compared with the benchmark level of UAE or globally.
- Predominant reasons for dissatisfaction are high stress level, long working hours, inequality when compared with locals, lack of recognition, promotional opportunities, to quote a few.
- The unsatisfactory trend can be changed if the EPC Companies take initiative in addressing the above besides granting annual increments conducting periodical performance appraisal, improvement in feedback system.

In order to improve the low level Employee Satisfaction and arrest the growing unrest in the minds of employees, following are some of the recommendations made to be implemented by EPC Companies. They may initiate steps to

- Conduct Training Need Analysis for finding exact type of training
- Study on Restructuring of Salary composition
- Restructure Appraisal and Feedback system
- Conduct Productivity study to refine work output and time required (to complete a particular aspect of the job)
- Work on team building efforts

- Study to frame incentives and rewards system for performing employees
- Recognize and Appreciate best employees in every department
- Educate all employees about Company's Vision, Mission and future plans

The current study and inferences / recommendations will be of immense help to future researchers also due to non availability of study on Employee Satisfaction of Third Country Nationals and Expatriates in EPC Companies engaged in Oil Industries of UAE. Further, existing theories of motivation and Employee Satisfaction are general in nature. They do not provide special reference to variables such as employee stress level, discrimination, equality and respect.

**Summing up, any future research in the just explored area shall help in the refinement of study in Employee Satisfaction.**