

Motivation of employees' labor activity in companies in Kazakhstan

Talgat Uteubayev^{1*}, Nurlan Kurmanov²

¹*L.N. Gumilyov Eurasian National University*

²*Information Systems Management Institute (ISMA) Riga, Latvia*

Corresponding author's e-mail: openbs@mail.ru

Received 1 March 2015, www.isma.lv

Abstract

The in-company mechanism of labor motivation is formed under the influence of a whole range of socio-economic factors, many of which represent rather independent subsystems of this mechanism. All these factors concern either to a number of economic ones, or social ones, but all of them, anyhow are included into the employees' system of interests. Without availability of such a system it is impossible to create the in-company mechanism of labor motivation. In the oil and gas companies this mechanism is not taken into consideration while developing labor motivation in the framework of the Company Strategy.

Keywords: motivation, human resources management, oil and gas companies, Kazakhstan

1 Introduction

In the coming-to-be period of the market economy system in Kazakhstan specific importance should be given to the enhancement of the level of work with the staff of the oil and gas companies wherein to lead this work on a scientific basis using experience which has been gained for many years of domestic and international experience. The issue concerning the activity with the personnel is one of the most important one at the present stage of the economic development of the big number of countries in the world [1-3].

The researches of personnel services experience in a number of oil and gas companies in the Republic of Kazakhstan show that it is needed to carry out the labor relations radical reform, directed not only toward the growth of compensation of employees in all branches of economic activity, but also toward organization of equal economic relations between employees and employers, effective functioning of labor market, wider development of social problems directly in a sphere of production. Not the last place in this process occupies running of personnel services of national enterprises and production, which must stimulate growth of production and staff quality, interest of appearance of employees initiate, organizational discipline and speeded up introduction of innovations in all kinds of production activity, help to normalize functioning of production and technical services and its' branches, creating

these conditions for stable and dynamic growth of common production volume in each particular branch of the national economy [4-5].

2 The main part

As an example a forming system of managerial-economic methods of personal management at the oil and gas companies in Kazakhstan which are under investigation should be taken (see Table 1)

The analysis of the existing managerial-economic system in the companies under consideration show that only the LLP "Tengizchevroil" is practicing a wide range of different managerial-economic methods of personal management including social methods of impact on motivation development of effective labor.

The rest of the companies impose strict requirements for workers to comply with organizational matters, but they weakly handle the system of premiums, rise in wages and bonuses to stimulate productivity and work quality.

Furthermore, the studies show that the company "Agip KCO", leading the construction of the refinery "Bolashak" on the deposit "Batis-Esken", violates the constitutional rights of Kazakh workers: working time is carried out for 60 hours instead of 40 hours, without security and safety, five accidents have taken place, two of them with fatal outcome and the company's guilt is proven.

TABLE 1 System of personal management at the oil and gas companies of the Republic of Kazakhstan

Name	Methods of management							
	inflexibility of managerial measures	dependence of base salary on labor results	availability of rise in wages	availability of premiums	availability of bonuses	Availability of social aid		
						in education	health care	in solving of housing and communal problems
JSC «Mangistaumunaigaz»	×	+	+	+	+	-	+	-
LLP «JK Arman»	*	-	-	+	-	-	-	-
JSC «KazakhoilEmba»	*	+	-	+	-	-	+	-
LLP «Tengizchevroil»	*	+	+	+	+	+	+	+
Agip KCO	*	-	-	-	-	-	-	-

Note: 1 Was composed by the author; 2 «*»having a strong factor of influence as a method of management; 3 «+»the availability of appropriate management measures; 4 «-»lack of appropriate management measures

In all companies except LLP “Tengizchevroil” there is no an aid system for employees’ professional training. Besides they do not solve other social problems which are able to preserve the staff’s revenue, i.e., which have indirect impact such as incentives stimulating motivation to develop working activity.

3 Motivational model for labor remuneration in oil and gas companies.

The main motivational model for labor remuneration in Kazakh oil and gas companies is based on a multistage approach (see Figure 1.)

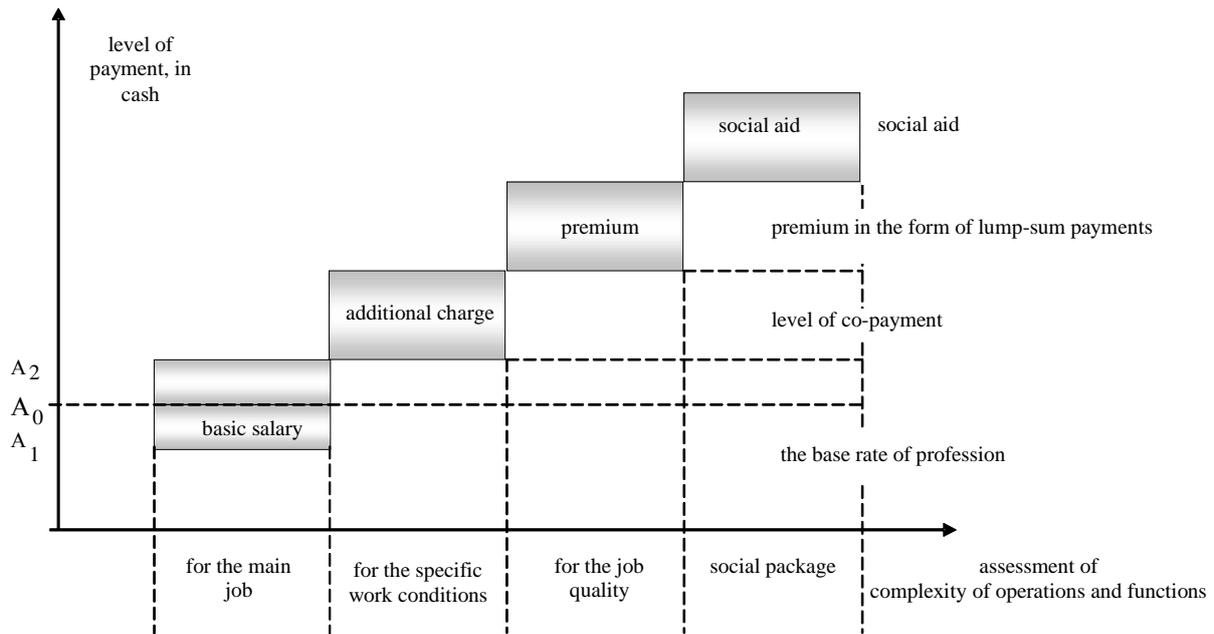


FIGURE 1 Labor Motivation System

Figure 1 shows that the basis of remuneration is the basic rate of executable functions realized within a particular profession or occupation. In relation to the individual work it can be raised or lowered in dependence with the professional job training, level of education and work experience. Then an additional charge, regular premiums or one-time award bonuses can be added according to the special working condition. At the same time social control methods can be used within the framework of specific conditions which pointed out in collective agreements or top management decisions. However, as it is evident from the

above presented Table 1, in many oil and gas companies in the RK the social methods of management are not used perfectly or not used at all, and such a situation is typical for all Kazakhstan enterprises.

Such an economic motivation determines its effectiveness as a stimulus. However, if many oil and gas companies in Kazakhstan pay bonuses and allowances, but as for the social package only some of them have it, and very often it is not extended wider than it is stipulated in the legislation of the Republic of Kazakhstan. Besides, in the oil and gas regions of Kazakhstan one can frequently observe

the situation in which the local population is in dire economic and social condition. At the same time the high wages of the oil and gas industry employees do not make notable effect to improve the situation. It only promotes the growth of market prices. The companies' employees only anger the local population, and sometimes causing conflicts between them. These issues demand the Governmental assessment of the oil and gas companies' possibilities to take part not only in solving the social problems of their own workers but as well as in solving of regional problems where their companies operate.

At the same time it should be taken into consideration that the international treaties, ratified by the Republic of Kazakhstan are applied directly to labor relations, except the cases when an international treaty requires issuing of a special law for its application.

On the basis of the Article 9 in "The Labor Code of the RK" in our country the following relationships are considered in the working process of the oil and gas companies:

- labor relations;
- directly related to labor relations;
- social partnership;
- relations on security and labor protection [5].

Therefore, Kazakhstan oil and gas companies work with their own staff in the framework of "The Labor Code of the RK" and other normative legal acts which regulate labor activity in the country and provide guarantees to the citizens of Kazakhstan according to Article 145 in "The Labor Code of the RK":

- a) Protection against all forms of discrimination and ensuring equal access to get profession and work;
- b) Training, retraining, professional development and organization of social works for the unemployed;
- c) Promotion the development of small business and entrepreneurship;
- d) Organization of labor intermediation through the authorized body on employment in the private employment agency;
- d) Providing vocational orientation information about free job places and vacancies;
- e) Orientation of the system of vocational education for training specialists which are in demand of the labor market;
- f) Inter-regional redistribution of the labor force in accordance with the governmental programs;
- g) Development and implementation of measures to identify and legalize the labor relations;
- h) In the investment contracts to ascertain the responsibility for investors to arrange trainings, creation of new and preservation of existing job places;
- i) Creation of conditions to develop vocational training and retraining and advanced training directly in the organization;
- j) Interaction of the authorized bodies on employment issues with employers;
- k) Ensuring the conditions for the employment of persons belonging to the target groups [5].

4 The analysis of the system of the personnel services' functioning in the oil and gas companies

The results of the interviewing the personnel in some fields

of Kazakhstan companies, including JSC "Anaco", "Karachaganak Petroleum" and LLP "Ah-danmunay" showed that they do not see the difference between the functions of personnel departments and human resource management departments. Moreover, some line managers of small companies and service stations engaged in oil mining, just do not understand why they need in specialized personnel departments because they believe that 2-3 company employees can be engaged into filling in the documents.

As a result, in Kazakhstan a new pattern has appeared: the labor results of employees in no way are related to the companies' activity, almost everywhere the employees are not involved into the management of production process, they are not informed about the financial results of the operation of their businesses, in the oil and gas companies of Kazakhstan authoritarian style of management becomes stronger and stronger and it's not always clear what for the wage increase can be realized or what for the premium is paid.

At the same time the respondents pointed out that the social assistance of the company is usually one-off cost and of small size, not comparable to the revenues that the companies have as a result of their production and marketing activities. The result clearly revealed a low level of transference of authority from one level of management to another one, that the budget allocated for this purposes is not enough at all, the personnel services haven't enough functions. In the big oil companies in Kazakhstan with foreign participation many of these problems are already resolved.

The state of equipment and technologies in the oil companies of Kazakhstan, especially in small ones where there are high level of equipment wear and low level of processes automation of oil production and transportation, aggravates the negative tendencies [6-7].

There are problems with the level of total wages paid for the actual amount of work performed in a certain time period with respect to the plan taking into account the system of bonuses in companies, the lack of clear regulations on labor tariffing and the impact of price rising on the growth of wages.

The instruments to overcome these negative tendencies in Kazakhstan could be:

- establishment of additional to the disciplinary perfect criteria to reduce payment, dismissal of an employee from the company or increasing his salary according to specific indicators;
- wider development of the social labor incentives and social programs within companies;
- working out parallel movement of employees from one position to another with the help of organized system of alignment and replacement of professions;
- creation of perfect system of employee's labor results assessment with the help of expert (quality);
- working out a ranking system of quality indicators as the basis for the additional material incentives of each worker.

The implementation of the latter provision requires to determine the legal status of the employee in the company's activity, where besides the description of the workplace, job descriptions and the availability of the rules the system of

bonuses should be taken into account:

- standards to perform work functions;
- possible ways to enlarge empowerments;
- perspectives to change specific forms of activity;
- standards of professional development opportunities of the employee while receiving additional training or experience [8-10].

All these issues give the opportunity to create the relevant SWOT-analyses concerning the activity of personnel services in Kazakhstan oil companies (see Table 2) as compared with the enterprises in other branches of industry and relevant foreign companies.

Table 2 shows that the presence of threats and opportunities to improve effectiveness of personnel management in Kazakhstan oil companies mainly take place in the areas of expanding of power and authority of personnel services. However, they are closely linked to one of the most pressing issue for the country as a whole - creation of a modern infrastructure for training and retraining of human resources potential of the country with the help of effective mechanisms for the implementation of innovative technologies.

In addition, currently at the big oil and gas companies in Kazakhstan the problem of employees' removal from participation in production management is quite obvious. The same problem can be seen in all big Kazakh management structures, which can be estimated as a consequence of the period of reforms in the country when the authoritarian style of management dominated at all levels of management. As the consequence there were no strong mechanisms to involve employees into the process of production management and to develop employees' potential and democratization of control systems [11-13].

As a result, today Kazakhstan has weakly developed stimulating management methods which cannot provide strong influence to motivate workers and to form their desire to maximize efficiency. In this respect, the most positive examples they have in Germany, where they have an excellent conditions to involve employees into management through the mechanism of acquisition of companies' shares in Norway, Sweden, Denmark, France, Japan, where many elements of certain participation has been already worked out.

TABLE 2 SWOT-analysis

Week points	Strong points
poor arrangement of personnel planning; insufficient participation of personnel services in motivating activity of personnel; insufficient participation of personnel services in personnel training, retraining and forming of labor potential; small range of functions; insufficient participation in the enterprise management; the absence of links between the personnel development plans and enterprise developing; absence of plans to adapt to the possibilities of market changes; weak linkage with educational institutions which educate necessary.	There are certain social programs attractive for the personnel; There is a better economic motivation than in other branches of industry; There are certain methods of selecting and testing of staff; Perfect organization of works in the framework of company's tasks; There are some elements of managerial culture; There are training programs in some of the oil and gas corporations; Gradual creation of feet back links with educational institutions.
Threats	Challenges
Possibilities to replace staff with younger specialists; Tendencies to enlarge export potential of foreign specialists; Growth of perspectives to lose the national labor potential; Reduction of influence on effectiveness of utilization of labor resources; Lack of growth of possibilities to impact on the effectiveness of resource potential usage in the future; Lack of links of employees with the development of productive capital because of their exclusion from the property; Absence of employees participation in productive activity management of the company ; Not fully effectively organized management structures.	Promote young people to master professions of the oil and gas complex ; Enlargement of functionsoorf the personnel services concerning rights and responsibilities, credentials and power; Creation of the conditions for participation in the process of optimal managerial decision making on the planned basis; Forming of plan-orders to train young specialists; Creation of the ranking system of the labor utilization quality assessment for economic and social motivation; Impact development on the specialists training in the country and forming national security of the state; Creation of more developed system of social labor stimulus, which can influence on the patriotic attitude of the employees towards their own companies; Developing of co organized management structures.
Note: was composed by the author.	

There are many good examples one can find in the USA, where they actively involve not only their employees but also the population of the country through shares to participate in the managerial process in the enterprise [14]. Kazakhstan is following, in some sense, the Russian mistakes where, on the one hand, there is a greater part of the population participate in the corporatization of enterprises but the part of foreign investors comparatively small.

On the other hand, at the All-Russia Personnel Congress which was held in 2003 showed that more than 40 per cent of questioned respondents noticed that they did not

understand, what for the personnel service should be involved in those processes. As a result the part of managers and shareholders become richer on production functioning, but the basic part of workers does not receive additional incomes, and moreover does not express the initiative in relation to development of many working processes. They also have no any additional income from growth of production income and they are passing gradually to the category of middle and low profitable levels of population, and HR-managers have not enough power and insufficient budget allocated to work with the personnel.

All this cannot enhance the enterprise on the higher level

of human resource management, and personnel services cannot enlarge their possibilities to work with the personnel.

5 Conclusion

The oil and gas companies as the biggest production enterprises of Kazakhstan can be considered as the most developed ones concerning the efficient personnel management by means of motivation to productive working activity. Therefore limitations of the working activity of the oil and gas companies of the Republic of Kazakhstan concerning usage of labor resource are not typical for other industrial Kazakhstan enterprises in regarding ways of their overcoming. However searching for ways to improve staff management in these companies can be considered as strategic ones for all production enterprises of Kazakhstan.

The most striking weakness of personnel management in the oil and gas companies of the Republic of Kazakhstan, regardless to their forms of ownership, and the founders is the functional limits of the personnel service. They cannot fully influence on the adoption of specific management decisions in respect of the staff and poor participation in the development of incentive system to encourage employees to work effectively as well as the lack of funding the activities to develop training and education of future human resources for these companies

Many modern economists point out that the choice of objectives in terms of maximizing revenue growth in the conditions of market relations may be false. Preservation and development of the labor resources should be the priority. This fact requires new approaches to human resources management in Kazakhstan and the formation of a new concept of specialists training for the oil and gas companies in our country.

The formation of the rational construction of management structures takes a special place in the personnel management mechanism. However, while searching for methods of such system construction the certain principles should be realized and systemization of which should allow overcoming weaknesses of the given management at the Kazakhstan enterprises.

Kazakhstan’s step system of economic stimulus which is connected with the quality and intensity of working activity is not used effectively. Almost everywhere they do not handle the social methods of management capable to support economic methods and to strengthen motivation system as a whole. Creation of similar system demands preliminary calculations because such incentives depend on budgets of the organizations and should assume not only the will of the top managers in the given direction, but also considerable improvement of planning work at the Kazakhstan enterprises.

References

[1] Bansal P, Roth K 2000 Why companies go green: a model of ecological responsiveness *Academy of management journal* 43(4) 717-36

[2] Atkinson J W 1964 *An introduction to motivation* Princeton NJ Van Nostrand 335

[3] Weiner B 1972 *Theories of motivation: From mechanism to cognition* Chicago: Rand McNally

[4] Kurmanov N 2013 *Motivation of Employees’ Labor Activity in Oil and Gas Companies in Kazakhstan* *World Applied Sciences Journal* 26.12 1556-61

[5] Labour Code of the Republic of Kazakhstan of 15 May 2007 # 251

[6] Willis-Shattuck M, Bidwell P, Thomas S, Wyness L, Blaauw D, Ditlopo P 2008 *Motivation and retention of health workers in developing countries: a systematic review* *BMC Health Services Research* 8(1) 247

[7] Yermekov M, Kuatbekov Z 2013 *Leadership Qualities as a Factor in the Motivation Mechanism of Mid-Level Civil Servants Career Development (By the Example of the Republic of Kazakhstan)* *Middle-East Journal of Scientific Research* 16(3) 362-7 Date Views 22.10.2013 <http://www.idosi.org/mejsr/mejsr16%283%2913/8.pdf>

[8] Madina Z 2008 *Determinants of Foreign Direct Investment in Emerging Market Economy: Evidence from Kazakhstan Oil Market*

[9] Baltabaeva S, Ibraev S, DeLellis N 2013 *Modern Approaches to Management through Motivation* *Date Views* 22.10.2013 http://biomedj.com/2011_N3/01_Baltabaeva_Modern_approaches1.pdf

[10] Algiev S 2012 *Statistical analysis of knowledge sharing practices in international Oil and Gas Company in Kazakhstan*

[11] Adams O, Hicks V 2000 *Pay and non-pay incentives, performance and motivation* *Human Resources Development Journal* 4(3) 25

[12] Omarkhan D N 2012 *Motivation of work as an element of managerial process by the bank personnel* 1 490

[13] Zamanbekov S Z 2013 *Diversification of the Economy of Kazakhstan as Condition of Engineering Development on Innovative Basis* *World Applied sciences Journal* 25(5) 747-50

[14] Parmanov N 2013 *Formation and development of institute of Intellectual Property rights protection in Kazakhstan* *Global Journal on Technology* 4(2)

Authors	
	<p>Talgat Uteubayev, 1983, Astana, Kazakhstan.</p> <p>Current position, grades: PhD student. University studies: Information Systems Management Institute (ISMA) Riga, Latvia Publications: 5 papers.</p>
	<p>Nurlan Kurmanov, 1962, Astana, Kazakhstan.</p> <p>Current position, grades: PhD, associate professor of L.N. Gumilyov Eurasian National University. Scientific interest: HR, innovations, management. Publications: more over 60 papers.</p>