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IMPACT OF MOTIVATION ON EMPLOYEE PERFORMANCE

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ABSTRACT

Managers and entrepreneurs must ensure that companies or organizations have competent personnel that are capable to handle the task. This takes us to the problem question of this research “why is not a sufficient motivation for high performance?” Motivation is a force that encourage the people to do something more than their capability to achieve some higher goals. Motivation leads to satisfaction of human inner needs and desires, which provide him satisfaction both physically as well as mentally. This research paper investigates the relationship between employee work motivation and their performance in the workplace and business productivity. It examines the main and common motivation theories and different approaches to motivate employees. The main aim is to find a correlation between employees work motivation and their performance and the performance effect on business productivity. This paper highlights the different factors which motivates the employees to give their best for the achievement of organizational goal in an efficient way.

KEYWORDS: entrepreneurs, Managers, companies, salesperson, commission

INTRODUCTION

The main concern of the organization is to increase their profit and customer satisfaction. Managers within companies or organizations are primarily responsible to ensure the tasks or job is done through employees in the right way. To achieve this, these managers must ensure that they have a competent personnel department for the recruitment of the best employees that are capable to do the job. For the company to optimize employee's performance there is need for the employees to be sufficiently motivated. Therefore, motivation in theory and practice becomes a difficult subject touching on several disciplines. To best understand how motivation can impact on employee's performance one must understand human nature. In as much as motivation impacts on employee performance, there is need to blend the appropriate motivational tools with effective management and

leadership to achieve this goal. Motivation is very important to determine employee's ability so do other factors such as the resources given to an employee to do his or her job. They will help organizations survive by performing the job and work required with their full latent; hence employees will be more productive. Therefore, successful work performance can arise from a variety of motives. For instance, two people doing similar jobs may both be successful for different reasons, one salesperson may be motivated by the commission earned on sales, while the other may be more concerned about meeting sales targets. These are the challenges managers are confronted with in designing appropriate motivation tools that will be able to meet with the expected performance within the company.

LITERATURE REVIEW

Buttner and Moore (1997), based on their research about “Happy Employees Make Productive Employees” found that when employee attitudes improved by 5%, customer satisfaction jumped by 1.3%, and the revenue increased by 5%. So, motivated employees usually produce more than others and hence the customer satisfaction increases.

Mansoor (2008) also sees that motivation is about creating the environment where employees will be motivated and hence work with their full effort. So, organizations should motivate their employees to enhance competitive advantages and reach the firms vision and mission

Jonathan and Christine (2002), motivated people and their commitment are vital to the productivity of the work as they will perform with their full potential and with high quality. They identified that greater motivation will have a direct effect in improving productivity through greater effort and possibly innovation. They also stated that motivation leads to a productive with high performance employee who does the best at work, saves time and effort.

Uri chuck (2002) stated that motivated employee will increase the capability of the organization to achieve its mission, goals and objectives. It will also engage all to build a strong organizational culture. Also, motivated employees will feel as having a strategic partnership with the organization and their commitments and loyalty will increase from day to day.

NEED AND OBJECTIVES OF STUDY

The main objective of this study is to understand the relationship between employee motivation and employee's performance. The study also analysis the main motivation theories and approaches commonly used and followed. Knowing these approaches will allow the organization taking the decision about the type of motivation approach to be used effectively. In order to do so, the following objectives should be achieved:

- ♦ Explore why employees should be motivated.
- ♦ Investigate the commonly used motivation theories and approaches.
- ♦ Examine the impact of different approaches of motivation on employees' performance in the

workplace and the effect of performance on business productivity.

- ♦ To explore the relationship between the reward and employee motivation with respect to employee performance.
- ♦ To explore the relationship between the promotion and employees motivation.

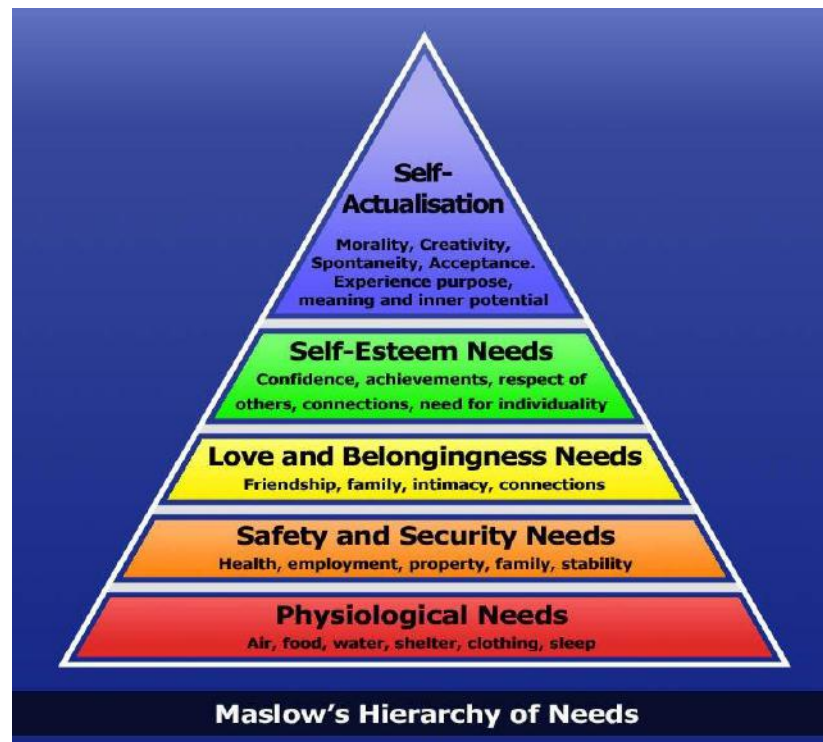
MOTIVATION THEORIES

Psychologists and behavioral scientists have developed some motivation theories and some of these theories have been developed by researchers. There are a number of different views of motivational theories. But the main theories are following

Hierarchy needs of Maslow needs of theory:-

Abraham Maslow (1908) focused on the psychological needs of employees. Maslow put forward a theory that there are five levels of human needs which employees need to have fulfilled at work. Before the employee can move to the higher level of the hierarchy, he has to be satisfied and got the needs from the previous level.

1. **Physiological Needs:** Physiological Needs are the basic needs that every individual needs to survive. They are like food, air, shelter and water. If these basic needs are not met, then the employee will not be able to go through other levels.
2. **Safety Needs:** Safety needs are the needs related the feeling of the employee of being secure and safe like having the medical insurance, job security.
3. **Social Needs of Love & Belonging:** These needs are related to the interactions with other. The relationship of the individual with the people surroundings. Like having friends and feel accepted from others.
4. **Esteem Needs:** Esteem is the feeling of being important. Esteem needs like respect and achievement, social status and recognition.
5. **Self-Actualization Needs.** It is the need of reaching the full potential as an employee. This need is never fully achieved. Self-Actualization Needs are like truth, wisdom and justice.



Two-Factor Theory of Fredrick Herzberg:-

In 1959 Fredrick Herzberg introduced a theory with two motivation factors. The two factors are hygiene factors and motivators. The theory explains the factors that motivate employees by identifying their individual needs and desires. The dissatisfaction factor is called “hygiene” and the satisfaction factor is “motivators”

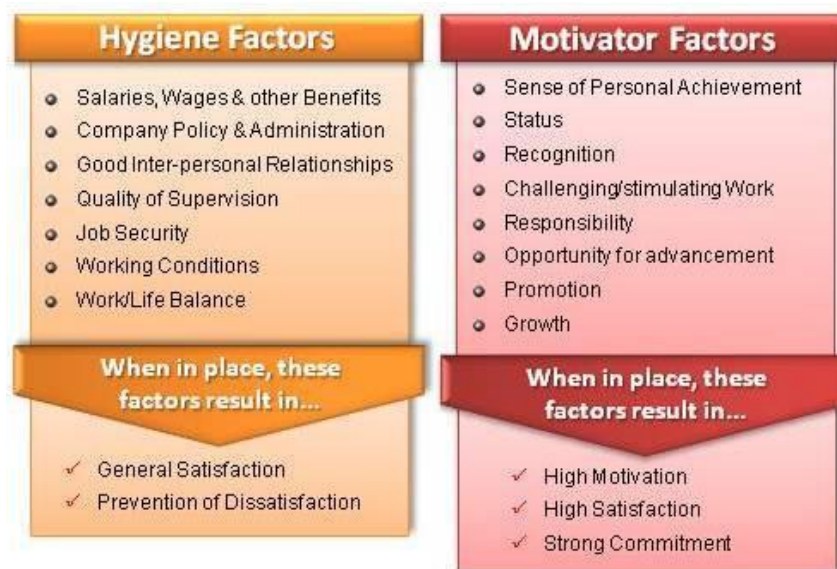
1- Hygiene factors

Hygiene factors are organization related. Like the policies and

procedures, salary and job security. Dissatisfaction comes if these factors are not existed in the workplace. The presence of these factors does not increase motivation but absence of these leads to dissatisfaction.

2- Motivator factors

Motivator factors determine satisfaction. They are intrinsic factors such as sense of achievement, recognition, responsibility, and personal growth which motivate employees for a higher and improved performance.



ERG Theory:-

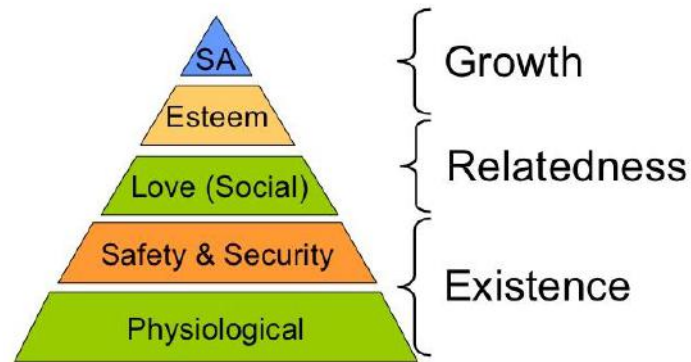
Alderfer re-categorized Maslow's hierarchy needs in to three simple classes of needs, which are:

- 1. Existence needs (Physiological and Safety needs):** These needs are basic and necessary to live like food and shelter.
- 2. Relatedness (Social & Belonging needs):** These include the aspiration individuals have for maintaining significant interpersonal relationships (be it with family, peers or superiors), getting public fame and recognition. Maslow's social needs and external component of esteem needs fall under this class of need.

- 3. Growth (Self-esteem and Self-actualization):** These include need for self-development and personal growth and advancement. Maslow's self-actualization needs and intrinsic component of esteem needs fall under this category of need.

Every employee's needs and satisfaction factors differ from the other and every one of them has more than one satisfaction factor and needs, and this is what the manager should be aware of. According to the ERG theory, the manager shouldn't concentrate only on one need at a time which will not effectively motivate the employee

Alderfer's ERG Theory



Vroom's expectancy theory:-

This theory assumes that behavior results from conscious choices among alternatives whose purpose it is to maximize pleasure and minimize pain. Together with Edward Lawler and Lyman Porter, Victor Vroom suggested that the relationship between people's behavior at work and their goals was not as simple as was first imagined by other scientists. Vroom realized that an employee's performance is based on individual factors such as personality, skills, knowledge, experience and abilities.

The theory suggests that although individuals may have different sets of goals, they can be motivated if they believe that:

- ✧ There is a positive correlation between efforts and performance,
- ✧ Favorable performance will result in a desirable reward,
- ✧ The reward will satisfy an important need,
- ✧ The desire to satisfy the need is strong enough to make the effort worthwhile.

The theory is based upon the following beliefs:

Valence:-

Valence refers to the emotional orientations people hold with respect to outcomes [rewards]. The depth of the want of an employee for extrinsic [money, promotion, time-off, benefits] or intrinsic [satisfaction] rewards). Management must discover what employee's value.

Expectancy:-

Employees have different expectations and levels of confidence about what they are capable of doing. Management must discover what resources, training, or supervision employees need.

Instrumentality:-

The perception of employees as to whether they will actually get what they desire even if it has been promised by a manager. Management must ensure that promises of rewards are fulfilled and that employees are aware of that.

Vroom suggests that an employee's beliefs about Expectancy, Instrumentality, and Valence interact psychologically to create a motivational force such that the employee acts in ways that bring pleasure and avoid pain.



Motivational factors :-

Individuals work for many different reasons. Financial rewards are frequently a key factor in influencing why individuals undertake certain jobs. However, money is not everything. Employees want to enjoy their work, be challenged by it and achieve personal fulfillment. For many people, their careers are on-going learning experiences. This is known as intrinsic motivation. When individuals are intrinsically motivated, they are interested in their work. However, individuals also need extrinsic motivation. This is motivation arising from factors outside the immediate work that an individual undertakes. For example, this might include pay, conditions, grades and promotional opportunities. Some of these factors are explained followed:

- 1. Financial Factors-** Most of the studies have proved that money is important motivational factor to employees relative to other motivators. Money is the need of every person in this world. If employees are satisfied from financial point of view, they motivate to work hard. Financial aspects like payments, allowances, salaries and bounces increase and affect employee's productivity.
- 2. Recognition-** it is a useful tools where usually people get recognized by their work and job done and based on that they receive recognition. Employees work harder when they are recognized and appreciated for their effort toward the work and tasks have been given and this is a simple, easy and powerful strengthen system. When employees get recognized

and appreciated, they do their best to prove the skill, talents and abilities they have.

- 3. Assigning new responsibility-** Mostly satisfied employees who are given higher roles and responsibilities work as motivators toward unsatisfied employees. In order for employees to successfully take the new role, they should be given specific directions and expectations. Employees who are given new role and high responsibilities are motivated to work harder because they see that all their effort in work will accomplish positive results and based on that they will receive recognition.
- 4. Management style-** Most researchers agreed that in order to motivate employees and get the desired outcome from them, we need leaderships, not managers. So, being a leader instead of a manager is more important for motivation. A successful leader is aware of the value of helping employees to be successful. A basic role of leaders is that they have to understand their employee's needs and rank the importance of them and be aware of what their employees enjoy most about the work in order to adopt motivation. One of the reasons that motivators can successfully be motivators because they understand that every employee should be motivated differently which are not the characteristics of the managers and they need time to outline it.
- 5. Management communication style-** Communication is an important

aspect of motivation. It affects directly the employee motivation and satisfaction and choosing the best communication style to apply on employees when going for motivation is an important factor on motivation approach.

6. **Praise-** one of the effective methods is being used to motivate individuals. Saying thanks and admire individuals is the most commonly ways of motivating employees. It is easy to use, and it is said usually from the heart and naturally. The praise tends to carry even greater meaning and motivational effect. True and real motivational leaders are those who are self-motivated to energize others. In order for a leader to be a successful motivational leader they have to have knowledge and skills, always confident toward their abilities, have the commitment and energy and very winning communicator. So, the more managers' praise their employees, the easier the tasks will be and the more productive they will be.

7. **Leadership Scheme:-**

This scheme will be great motivational factor if we can implement it well, by letting and giving all the employees free time during their working days to role play everyone as team by choosing any interesting game the like for instance and see how they interact and perform with their colleagues in a "Fun Way" just to break the ice and let them be far from the work environment, this will help first, to

refresh their minds and change their atmosphere.

RESEARCH METHODOLOGY

1. Source of the study

The research study covers the employees working in local factories of Amritsar and its nearby area and their supervisor.

2. Source of Data

a. Primary Sources

Data and information were gathered from employees using the questionnaires. The respondents are requested to fill up the questionnaires with the appropriate response applicable to them. Field survey, observations and personal interview is also conducted with employees and supervisors to get in-depth information.

b. Secondary sources

- ☞ Books
- ☞ Journals, Articles
- ☞ Newspapers
- ☞ Magazines
- ☞ research papers
- ☞ websites

3. Sample Size

Sample size was 100 of employees choose on random basis. Questionnaires were prepared for getting information on employee attitude, motivational techniques, factors, and performance of motivated employee.

4. RESEARCH DATA ANALYSIS

The data is collected with the help of following questions set in questionnaire and asked in personal interviews.

- Which of the following factors which motivates you most?

a) Salary Increase	b) Promotion	c) Leave	d) Job Security	e) Recognition
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- How far you are satisfied with the allowances provided by the Organization?

a) Satisfied	b) Dissatisfied
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- Do you think that incentives and other benefits will influence your performance?

a) Yes	b) No
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- Does the Top Management involve you in decision making which are connected to your department?

a) Yes	b) No
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- Are you encouraged to make decisions and take responsibility at work?

a) Yes	b) No
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- If you have taken on new or extra duties in the last year or two, you felt satisfied because of increased workload?
 - a) Yes
 - b) No
- Do you think that your work is recognized and appreciated?
 - a) Yes
 - b) No
- Does your supervisor discuss with you what Skills you need to do your job?
 - a. Yes
 - b. No
- Does your manager/supervisor talk to you before you go on any kind of task and explain to you what you should do?
 - a. Yes
 - b. No
- What factors demotivate you on the work place?
 - a. Low salary
 - b. poor working environment
 - c. No opportunity for growth
 - d. others
- What is your level of satisfaction at work?
 - a. More than satisfied
 - b. Satisfied
 - c. Not satisfied
- What think you like the most at work place?
 - a. People
 - b. Management Style
 - c. Flexibility
 - d. Salary
- As per you, what thing you think need to change or improved at work place?
 - a. Management Style
 - b. company image
 - c. Compensation policy
 - d. others

FINDING OF STUDY

On the basis of response given by respondents of the above mentioned questions following highlights came into lights.

- ⇒ For most of employees Financial factors are the majors source of motivation whereas less employees are motivated by other non financial factors.
- ⇒ There is direct relationship between the motivation and improved performance of employees.
- ⇒ Motivation satisfied the needs of employees and place positive feeling within employees.
- ⇒ With proper motivation employees become ready to take higher responsibilities that otherwise they resist earlier.
- ⇒ There are no of motivational approaches which are applicable in organization as per the life style, educational level, background, skill level.

⇒ Management with democratic style is more successful in motivating its employees.

⇒ Management directly links the performance and compensation plan of employees to get better result.

CONCLUSION

In conclusion, motivated employees not only improve their work performance but also the whole organization performance and business productivity. Every member in the organization has some requirements and expectations from the organization and in the same way organization also expect in return from its employees. So it become the responsibility of management to take care the needs of theirs employees and provide them such kind of environment where they feel motivated and their needs, desires fulfilled. Motivation techniques should not discriminate between employees. Management must use the proper mix of different approach of motivation as per the requirement of work place and psychology of employees so that each person in organization get the opportunity to improve his

performance which ultimately help the organization to realize its goals of increased and quality productivity.

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