

Research Paper



A STUDY ON RELATIONSHIP BETWEEN MOTIVATIONAL FACTORS AND EMPLOYEE RETENTION

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ABSTRACT

The purpose of the study is to identify and analyse the influence of motivational factors on the employee retention and its effectiveness of the Information Technology companies. Based on various literature reviews the study identified Salary, Work Environment and Job Autonomy as the Motivational Factors for employee retention. The data for the study had been collected from 100 employees working in different Information Technology companies situated in Chennai city. Using Chi-Square analysis it was found that the motivational factors revealed some statistically significant difference in relation to the personal profile of the employees. Employee's choices of motivation factors may differ according to their culture, position in the organization and other personal profile.

KEY WORDS: Motivation, Motivational Factors, retention, performance level.

INTRODUCTION

An effective human resource management practises can be the main factor for the success of any organisation. Therefore Human Capital is the key driving force of any organization, which renders endless efforts to achieve the goals of the organization. Hence, the retention of the employees is important in keeping the organization on track. In order to retain the best talents, strategies should be implemented, regardless of global companies or small-sized firms. Retaining the desirable employees is beneficial to an organization in gaining competitive advantage and to provide better customer service and enhanced productivity, which subsequently resulting in sales generating, customer satisfaction, smooth management succession and improved organizational learning (M. Heathfield, 2005). The focus of the study is to understand the different factors that motivate the employees to retain in the organisation of Information Technology companies.

MOTIVATION

The success of any organization is depends on the motivational practices accepted by employees of an organisation. Motivation is something inside the person that drives them to action. Motivation emerges in current theories, out of needs, values, goals, intentions, and expectation. Motivation is something that moves the person to action and continues him in the course of action already initiated (Robert Dubin, 1974). Motivation can be defined as "a driving force within a person which stimulates the individual to do something up to the target level in order to fulfil some need or expectation" (Mullins, 2007). "It is a complex issue of human behaviour which varies from person to a person; as a result,

different people are motivated in different ways" (Kressler, 2003). In short, motivation in an organization is effective if employees fulfill their personal needs and goals through organizational goals. A highly motivated employee knows what to do and how to reach the predetermined goal in most effective manner. Modern management is increasingly aware of the importance of employee motivation and is handled with great care and attention.

REVIEW OF LITERATURE

There have been various researches done in the past on motivation factors influence on employee retention and performance by many research scholars. From a literature review, it is found that motivated employees are more productive, happier and this result in increase in performance and organization develop. Muhammad Arshad, Mohammad Safdar & Qamar-u-Din (2012), from their study presumed that better paid employees were more satisfied and highly motivated. A study was conducted on the employees working in Benazir Bhutto International Airlines, Islamabad proved that salary drawn by the employees played a vital role towards their motivation level. Said Kingir and Muammer Mesci (2010), on their study found social facilities like housing, transportation, medical benefits etc., as the most influencing factors of motivation on the performance level of the employees. Waqas Khan (2012), on his study focused on the effects of different components of motivation on employees. According to him that the valance benefit component of compensation which includes vacations, severance pay, medical insurance, retirement benefits etc., had more effect on employee motivation. Nandanwar. M.V and Surnis S.V



(2010) on their study found that in country like India, employees give more preference and value to non-monetary incentives over monetary incentives, since they believe more on self-esteem and socio cultural values. Maznak Wan Omar (2010) conducted a study to identify the factors which might lead to the employees' loyalty towards their organization. On analysis it was found that developing a good working condition and co-operation among peer were the vital factors for the workplace since the employees live within the framework of the company regulation. Rizwan Qaiser Danish (2011) in her study scrutinizes the impact of the employees' opportunity, job involvement, working environment and incentives on employees' commitment towards organization on both private and public sector organization, found that working environment had a strong and positive relationship with the employees' work commitment since a friendly and good work environment plays an essential role in motivating its employees than the factors towards commitment to work/organization. Brajesh Kumar Varma (2011), in his study found that Skill Variety through job rotation gave employees a greater sense of competence and confidence to perform different kinds of work in the organization. According to Kameliia Petrova (2011), the interplay of autonomy and motivation affects the output and division of labour. The author says that where there is autonomy in the job, the effect of motivation on the wage washes out, while with no autonomy on the job, motivated people receive lower wage.

OBJECTIVE OF THE STUDY

The understanding of individual differences is the most complex process because managers have to deal with

human behavior, which often is unpredictable and often arises from emotions rather than with reason. Recognizing individual differences will lead to study, identify, and analyze what factors motivate employees to stay for longer period in an organisation. The main objective of the study is to identify the motivational factors to be used to retain their employees with respective their socio economic profile of the employees.

METHODOLOGY

The study was based on survey method. The data for the study was collected through primary data and secondary data. Using convenient sampling, the primary data had been collected from 100 employees working in various Information Technology companies situated in Chennai city, Tamil Nadu, India. The questionnaires were framed on the basis of 5-point Likert's scale ranging from strongly agree to strongly disagree. The data had been analyzed with the help of statistical technique K Mean Cluster analysis and Chi-Square Analysis.

DATA ANALYSIS AND INTERPRETATION

After reviewing the National and International literature, the following motivational factors were identified and put to test. The motivational factors are: Salary, Work Environment, Job Autonomy.

In the study, gender, age, designation and total experience are taken as independent variable and their influence over the impact of motivation on employee retention is estimated as follows:

Influence of gender on the factors of motivation and their impact

Table -1 ANOVA

		Sum of Squares	Df	Mean Square	F	Sig.
SAL	Between Groups	.014	1	.014	.059	.808
	Within Groups	116.725	98	.234		
	Total	116.739	99			
WE	Between Groups	4.748	1	4.748	28.426	.000
	Within Groups	83.183	98	.167		
	Total	87.931	99			
JA	Between Groups	.536	1	.536	2.200	.139
	Within Groups	121.229	98	.243		
	Total	121.765	99			
IMP	Between Groups	.153	1	.153	.907	.341
	Within Groups	83.731	98	.168		
	Total	83.884	99			

From the above table it is found that the motivational factors Work Environment ($F=28.426$, $p=.000$) is statistically significant at 5% level. This shows that the gender of employees has influence over the work environment. This leads to the comparison of the mean values. It is found that the male employees (mean = 4.08) strongly agree that the motivational factor Work Environment motivates them in the IT companies.

Influence of age on the factors of motivation and their impact

The perceptual difference among the employees in the age group of below 30, 31-40, 41-50 and above 50 in IT companies over the motivational factors and their impact is estimated through the following analysis of variance table.

Table -2 ANOVA

		Sum of Squares	Df	Mean Square	F	Sig.
SAL	Between Groups	.861	3	.287	1.228	.299
	Within Groups	115.878	96	.234		
	Total	116.739	99			
WE	Between Groups	1.172	3	.391	2.233	.084
	Within Groups	86.760	96	.175		
	Total	87.931	99			
JA	Between Groups	.744	3	.248	1.016	.385
	Within Groups	121.021	96	.244		
	Total	121.765	99			
IMP	Between Groups	5.743	3	1.914	12.151	.000
	Within Groups	78.141	96	.158		
	Total	83.884	99			

From the above table it is found that the impact of motivational factors ($F=12.151$, $p=.000$) differs depend on the age of the employees. This show that age of the employees has influence over the motivational factors adopted in the IT companies. This leads to the comparison of mean values. It is found that the employees who are above 50 years of age (mean = 3.62) strongly agree that motivational factors adopted in the IT companies motivated them in their work place.

Further, employees who are below 30 years of age (mean = 4.126), strongly agree that they are highly motivated in the work place.

Influence of designation on the factors of motivation and their impact

The perceptual difference among the supervisory employees, middle level managers and top level executives in IT companies over the motivational factors and their impact is estimated through the following analysis of variance table.

Table - 3 ANOVA

		Sum of Squares	Df	Mean Square	F	Sig.
SAL	Between Groups	.970	2	.485	2.081	.126
	Within Groups	115.769	97	.233		
	Total	116.739	99			
WE	Between Groups	.638	2	.319	1.817	.164
	Within Groups	87.293	97	.176		
	Total	87.931	99			
JA	Between Groups	2.543	2	1.271	5.300	.005
	Within Groups	119.222	97	.240		
	Total	121.765	99			
IMP	Between Groups	.492	2	.246	1.466	.232
	Within Groups	83.392	97	.168		
	Total	83.884	99			

From the above table it is found that Job Autonomy ($F = 5.300$, $p=0.005$) is statistically significant at 5% level. This shows that the designation of employees has influence over the Job Autonomy perception in IT companies. This leads to the comparison of mean values. It is found that top level executives (mean = 4.03) strongly agree that the IT companies offers adequate Job Autonomy, which motivated them to perform their task in the work place.

Influence of experience on the factors of motivation and their impact

The perceptual difference among employees at different years of experience like below 10 years, 10-20 years and above 20 years in IT companies over the motivational factors and their impact is estimated through the following analysis of variance table.

Table - 4 ANOVA

		Sum of Squares	Df	Mean Square	F	Sig.
SAL	Between Groups	.722	2	.361	1.547	.214
	Within Groups	116.017	97	.233		
	Total	116.739	99			
WE	Between Groups	1.027	2	.514	2.937	.054
	Within Groups	86.904	97	.175		
	Total	87.931	99			
JA	Between Groups	.443	2	.221	.906	.405
	Within Groups	121.322	97	.244		
	Total	121.765	99			
IMP	Between Groups	5.743	2	2.871	18.263	.000
	Within Groups	78.141	97	.157		
	Total	83.884	99			

From the above table the impact of motivational factors ($F = 18.263$, $p = .000$) is statistically significant at 5% level. This shows that the work experience of employees influences on the motivational factors and its impact on employee retention in IT companies. This leads to the comparison of mean values. It is found that the employees working in the IT companies for more than 20 years (mean value = 3.63), strongly agree that Job autonomy practice has motivated them in their work. Further, it is found that the employees with work experience of below 10 years (mean = 4.12) strongly agree that the motivational factors creates required amount of motivation among the employees in the IT company.

FINDINGS AND CONCLUSION

The above study concludes that that impact of motivational factors differs depends on the socio economic profile of the employees working in the IT companies to retain them in the company. It is found that the performance of male employees is increased by the work environment of the company. Further, the top level executives strongly agree that the job autonomy practice motivate them to perform their task in their work place. The employees with more than 20 years of work experience are also more motivated by the job autonomy practice adopted in the IT Company. And finally, the motivational factors create deeper impact on the performance level of the employees and influenced them to stay in the company for longer period. Further employee's choices of motivation factors may differ according to their culture, position in the organization and other personal profile. The study suggests the companies should adjust the activities to improve the effectiveness of motivational factors and create a positive impact on the employees as well as on the organization.

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