

EMPLOYEE MOTIVATION AND RETENTION- KEY TO ORGANISATIONAL PERFORMANCE- IN INDIAN PERSPECTIVE

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Abstract:

Organisations today would like to have their employee's motivated and ready to work, but do not understand what truly motivates a person. Companies could be more efficient if the employees had an invested interest in the future of the company. There are essential needs to be met for a person, specifically an employee, to succeed in the workplace. Every employee is at a different stage in their lives, which requires different management techniques. There are many ways by that the employers can motivate and retain their employees using financial means as well as non-financial recognitions. It is important to understand how organisations can make their employees feel important without breaking the bank. Most of the approaches and solutions described here have been successfully implemented by organisations operating in India. It has been proven to that one can not directly motivate someone else, but they can give them the tools they need to motivate themselves.

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Introduction

Today various organizations compete to survive in this challenging and unstable market environment. Motivation of employees is powerful tools for the long term success of the organization. Performance measurement is a critical characteristic of organizations management since it reflects the progress and achievement of the organization. The purpose of this paper is to know the factors of employee motivation to high level of performances. Dissatisfied and de motivated employees due to monotonous jobs affecting the organizational performance. This scenario also leading towards decreased retention rates of organisations and attrition of employees for better prospects and higher incentives in other organisations frequently. The level of motivation and factors of motivation to achieve the desired goal varies from individual to individual. One employee may be motivated in his work to earn higher commission, whereas another employee may be more interested in job satisfaction or better organisational culture. The factors of motivation are one's needs, rewards, wealth, determined goals, beliefs and dignity (Vroom, 1990).

Drivers of motivation, performance and retention:

To continue in present competitive scenario, organizations required to adapt the latest technologies and new methods and trends of management. Since changes are taking place in the external business environment, it is mandatory for all organizations to adapt to the important changes that can be sources of motivation for competitive advantage. Organisational changes have a direct influence on the motivation of people. Motivation varies as a function of different factors in the work environment, including evaluation expectation, actual performance feedback, reward, autonomy, and the nature of the work itself. When employees have high autonomy, receive feedback about their performance, and have an important, identifiable piece of work to do which requires skill variety, they may experience feelings of happiness. When employees feel motivated about their jobs and their abilities, and clearly know they are contributing to their organization they perform better and remain engaged and loyal.

Identify employee needs:

Organization and people are dependent on each other to fulfil their desired expectations. It is important that organisations must be sure that they are doing everything possible to let

employees have opportunities to use their skills to make a meaningful difference. This is a key factor that drives employee loyalty, and it's one that have the most control over during a tough economy. Moreover, management must evaluate carefully employee suggestions scheme and take into account their suggestions with the aim of fulfilling their needs and skills. In 1943, psychologist Abraham Maslow introduced the concept now known as "The Hierarchy of Needs" in which he outlined how people are motivated to fulfil certain basic needs (food, water, safety) before moving on to other, more advanced needs, such as creativity and self-actualization. Focusing on employees at every level of the workforce and each department in the organization will ease the improvement of work conditions, better understanding of employees concerns and needs and provide solutions. considering the role each "employee" plays in a company's success, analyzing and planning an adequate response to employees' motivations deserves first place in the order of business.

Performance related pay:

Pay represents by far the most important and contentious element in the employment relationship, and is of equal interest to the employer, employee. Pay is an influential tactic to induce motivation, since individuals may utilize it to attain their desired goals. An incentive such as performance-related pay is usually given to help achieve a certain goal. Both employers and employees can find many benefits of performance-related pay. Consequently, pay is a recompense that has a great impact in establishing employees' diligence and commitment. According to Cooke (1999) and Fisher (2005), money is considered to be the key motivator for employees. On the other hand, studies have shown that pay does not seem to boost productivity levels in the long term and money does not improve performance (Whitley, 2002). Furthermore, this can deteriorate employees' attitude in which they may work merely in the interest of high pay. Pay is not only the main rein forcer, other non-financial factors such as rewards, social recognition and performance feedbacks are also found to be positive motivational factors.

The team dynamics:

In workplaces where work is monotonous and unchallenging, employees become easily bored, annoyed and for this reason they demand their work to be more humanized (Vroom). No employee wishes to work in an isolated environment. By encouraging employees to work in

team, they become more competent, motivated and flexible enough to undertake multiple tasks as well as deliver outstanding products and services required by the customers (Boldman & Deal, 2003). High-performance teams depend on a shared mission, vision and values to align their personal interests, harness their collective expertise and focus their individual efforts. They establish clear roles and responsibilities - plus a framework for making decisions and resolving conflicts. *Most important, they commit to an environment of trust.* When employees are involved in operational decision making process, they do not only feel more devoted to their organization and having responsible positions in their work but also show enthusiasm in the performance of their duties (Ford, 2005). Moreover, work absenteeism is minimized, since employees are more loyal to their work and have no intention to deceive their team members (Fisher, 2005).

Organizations apply different approaches such as rewards, social recognition, team-based methods for the overall employee motivation and performance. In order to suit organization and employee needs, management should carefully weigh which strategy that will fit the most for the long-term performance of the organization. Few decades ago, organizations tended to be unchanging, nowadays, businesses need to adjust all the time since revolution is always changing . Since the rationalization of the structural changes is indeed vital, organizations must apply appropriate motivational tools in order to improve performance and retention.

Indian Scenario on Attrition:

Many companies in India struggle to find and keep the right people for the job. High attrition rates cause unforeseen expenses and sometimes even crush the entire business venture. Motivating workers becomes a vital part of the business. Nowadays, India is seen as a country of opportunities, a booming market, one of the best performing economies in the world, a nation on the move. Since the onset of globalization in India during the early 1990s, liberal economic reforms of the government led to a steady flow of investments, provided competitive advantages to attract major multinational corporations (MNCs), and eventually turned the country into the world outsourcing centre. In 2005, India controlled more than 40 percent of the global offshore outsourcing market for software and back-office services, with revenues of US \$17.2 billion. In spite of the global financial crisis, India not only manages to stay afloat but also keeps on a

rather active process of development. While offering a rich set of advantages, India is equally famous for the great amount of challenges, which it delivers to companies.

Retention of employees- a major cause of concern:

A number of research projects in the last few years show that one of the most common issues leading to failure or hampering the performance of the companies in India is due to failure in retaining qualified personnel or core employees in organisation. According to the study of the Chambers of Commerce of India, attrition in the booming IT/ITES sector averages 25 - 30 percent. The average personnel turnover rate in the business process outsourcing (BPO) sector even hit a high of 30 - 35 percent. The business that probably suffers most from attrition is call centres. Growing attention to the issue and the global economic slowdown reduced the average figure to 24 - 30 percent, but this still has a significant impact on costs and quality. A number of experts claim that the costs associated with attrition are so high that they can override the benefits of lower wages. Both smaller and bigger businesses are facing the same problem. One of the major concerns that MNCs human resources managers express in India is that people do not stay long enough to be taught or to learn the job. This can have a disastrous impact on a company's success. Moreover, managing attrition is often the route to survival in present Indian scenario.

Retaining staff:

Turnover of staff is a significant concern at many national and multinational corporations in many parts of the world. Staff attrition and absenteeism cause significant costs for most local Indian organizations. Almost every sector in India is facing high rates of attrition. It is a universal phenomenon and almost no industry or region is devoid of it. The main question is why companies cannot retain qualified personnel. Motivation procedures are a major factor to help retain staff. However, motivation is not achieved with the same methods and procedures throughout the world. The first mistake companies can make is to use the same methods of motivation in order to retain personnel as they use for other employees. Generally, in the context of business, being able to motivate your employees has become increasingly significant. The main factors to retain employees in order of importance are: salary and remuneration, providing

recognition, benefits, and opportunities for individual growth. But do these methods really help to keep staff in every company and every region of the world?

Value Hierarchy:

All nations of the world share a similar set of values. Experts nowadays suggest that the importance and the hierarchy of these values vary in each particular society. A different hierarchy of values naturally implies variations in the methods used in order to retain and motivate staff. Reducing attrition involves a thorough understanding of the human psyche. Thus, methods need to be cultural as well as organisation-specific. In order to better understand how to motivate employees, it is crucial to first understand how their motivation works.

Motivational Methods:

Increasing motivation in your workplace can help improve performance, raise morale and boost productivity. While different motivators work for different types of employees, there are several common techniques for getting employees excited and energized for their jobs. According to the theory of Maslow; people are motivated by unmet needs. It includes: Psychological, survival needs, Safety and security needs, Social needs of acceptance, Esteem and acknowledgement needs, Self actualization and self-development needs. In management theory, once one of these needs is met, a person will start to develop the next need. The challenge of an HR manager is to understand the types of needs in a particular culture. Motivating employees by giving them an upbeat, positive work environment and encouraging teamwork and idea-sharing ensures performance. Establishing professional goals and objectives for employees make them self-motivated. Individual incentives, recognition of employee achievements, profit-sharing program, soliciting employee inputs are the other motivational methods which improve motivation and retention of employees.

Money as a motivator:

It is rightly said, "Money and job satisfaction are the two wings of a bird; one is enough for survival, but to fly high both are required. As people have different needs therefore money's significance cannot be denied in any era. It is the primary objective of most people to attain the optimum benefits for their efforts. Employees require improved salary packages since monetary

benefits are the primary source of attraction towards the job for most people, where they can survive and fulfil their requirements once they are done with the basic necessities. It is no surprise that money is an important factor, but there are many other reasons for an employee's decision to leave. In fact, in the current Indian business environment, increasing the basic salary hardly reduces turnover. In a country with a comparably low cost of living, satisfaction with the salary tends to be reached more quickly. Employees look beyond the money factor and new aspects also become crucial.

Family Involvement:

Safety and acceptance needs are the ones to be satisfied next. As per a survey 70 percent of employees see job security and emotional comfort as the major elements of motivation. Traditional Indian companies often play the role of a family extension for their staff. They provide a feeling of belonging, build personal relations, and offer long-term (often life-long) contracts. Besides, research shows that those organizations that appear to be successful on the Indian market often include employee's families into the company life. Family in India plays a crucial role in the life of an individual. A family decision can change the career path of a young professional and make him abruptly change his or her job. All this translates into huge losses for the company, which invests a lot of money into training them. That is why one of the reasonable solutions for a company would be to involve the families of employees into the company life. Basic things such as family, sport and recreation events, small presents, and specific types of financial support will do the job.

Personal development Opportunities:

The next step of the motivation policy should meet the esteem and acknowledgement needs. These are highly important in such a hierarchical society as India. A higher position in this culture means status and respect. An Indian employee, as any other employee, is keen to know his or her career opportunities and path in the company. A career development program could be one of the solutions for an effective motivation policy. Another factor closely connected with career growth is the learning opportunities available. Knowledge and experience are seen as status factors and lead to a higher degree of respect and acknowledgement. According to research, companies providing both technical and soft skills trainings appear to be more

attractive and succeed more in their retention policies. Consistent with the status value, experience of companies operating in India shows that overseas assignments and the possibility to work abroad play a positive role in motivating younger generations and thus appear to be effective methods of reducing personnel fluctuation. Self-actualization needs appear to be of great importance in the present-day Indian business environment. Financial satisfaction and acknowledgement needs are relatively fast to reach and internal motivators become crucial elements of the retention policy. Considering this, the key motivator for professionals is that their learning curve and the challenges given to them should not come to a standstill.

Conclusion:

To find and retain the right people for the job, businesses in India need to redesign their reward and recognition packages according to the need and local culture. There is no complete attrition management solution for every company. Every organization has to build its own motivation system based on compatibility between organizational and individual goals. Motivation is a complex concept and can help or harm an organization depending on how it is used within an organization. Nevertheless, most of the approaches and solutions described above have been successfully implemented by a great number of companies operating in India. It has been proven to that one can not directly motivate someone else, but they can give them the tools they need to motivate themselves. The conclusion is that the motivators as challenging work, family benefits, learning opportunities, the chance to go abroad, and career advancements were found to be much more significant than monetary compensation. From the Society for Human Resources Management findings of what motivates employees, they believe that employers are able to get the best talent possible if they follow what motivates employees. Being able to use personal skills was ranked highly in what creates job satisfaction. Therefore, employers should make this a priority so that their employees are able to use their skills and abilities to their fullest .

Resources

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