RELATIONSHIP BETWEEN MOTIVATIONAL FACTORS AND LABOUR PRODUCTIVITY IN SMES WITH REFERENCE TO NASHIK REVENUE REGION IN MAHARASHTRA, INDIA

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ABSTRACT:

The Small and Medium enterprises play a vital role in the Indian economic structure due to its significant contribution in terms of output, exports and employment. For a developing nation like India, where the labour is abundant and capital is scarce, the small sector is a major source of employment for millions of people. Keeping in view the importance of SMEs, the Indian government has included this sector in its five-year plans. The SMEs are still hampered by the problems of finance, marketing and low quality. In addition to this there are other problems also like employee development, career and growth opportunity and labour productivity. Employee is a key element of the organization. The success or failure of the organization depends on employee performance. Therefore, organizations are fostering to create an environment that motivates employees and thereby get improved productivity. This paper analyses the views related to motivational factors and its influence on improving labour productivity in SMEs in Nashik revenue region in Maharashtra (region comprises five districts i.e. Nashik, Ahmednagar,Jalgaon,Dhulia and Nandurbar).

The productivity of labour is an indispensable condition for the prosperity of enterprises and the well being of the workers and their families. While the production facilities at workplace and the remuneration are important, attitudes towards work, and the value placed by the society on dignity of labour are equally important in influencing the productivity of labour. This paper tries to identify the factors that promote positive motivational behaviour among the workers as to improve production in the industries on the basis of primary data collected from 530

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respondents(male = 370, female = 160), randomly selected in 50 SMEs. Furthermore the study will identify the satisfaction and dissatisfaction level of employees in the SMEs, since these are important characteristics in the workplace. Findings suggest that there is a direct and positive relationship between motivational factors as human resource policy, allowances, labour welfare measures and job satisfaction and job relation with the labours' productivity level. The research is based on the results of a survey of 50 SMEs in selected region. The results indicate that there is positive relationship between motivational factors influence and labour productivity

.Keywords: SMEs, Motivation, Economy and labour, Labour productivity, Performance.

Introduction:

Productivity consciousness has acquired worldwide momentum. Higher productivity is necessary for the survival of any nation helps to improve national GDP. It stands for proper utilisation of available resources to achieve the best results with minimum cost. Improvement in productivity is the only answer to the problems in the industrial sphere and it is the only path to national prosperity. In India it assumes special significance owing to the resource gap. In order to overcome the hurdle of shortfall in resources, stepping up of productivity is a must.

The economic significance of the small business sector in generating income and sustaining employment has been recognised by successive Governments of India. Govt. is taking several initiatives to boost and improve productivity in this sector.

In India, the enterprises have been classified broadly into manufacturing and those engaged in providing or rendering of services. These categories of enterprises have been further classified into micro, small and medium enterprises based on their investment in plant and machinery for manufacturing enterprises and on equipment for enterprises providing or rendering services (Development Commissioner of MSME, 2009).

Small and Medium Enterprises (SMEs) play a pivotal role in the development of the country. It has made significant contribution to industrial production, export and employment generation. In developing countries as well as developed countries they are important from the point of view of employment generations, which is very important in countries like India with huge backlog of unemployment in the urban sections of the economy. It has been observed that their composition depends upon the way the production is being organized in the economy .However in India

Government deliberately planned the growth of SMEs to achieve certain economic and noneconomic objectives.

India has registered a consistent high economic growth (6-9%) over the last decade and was able to survive and sustain world recession triggered in 2008. For the sustainability of this kind of growth proper nurturing of SME sector is imperative. However, growth of SMEs and labour productivity hampers because of labour turnover. Therefore, an attempt has been made to find out what are the motivational factors? Which can improve labour productivity in the said sector?

2. Research Objectives This research project will meet the following objectives:

1. To analyse the needs of motivational tools in SMEs.

2. To find out the relationship between motivational factors and its influence on labour productivity in SMEs.

3. Literature Review:

3.1. Definition of SMEs in India

According to the SME White book 2011-2012, the MSMEs (Micro, Small, and Medium Enterprises) sector has consistently registered higher growth than the rest of the industrial sector. A significant number of the MSMEs depend on the agriculture, horticultural, forest and non-forest produce. They do generate much required employment and thus prevent mass migration from the rural to urban areas thus reducing the clutters and burden on Tier 1 and Tier 2 cities in India.

Micro, small and medium enterprises as per MSME Act, 2006 are defined based on their investment in plant and machinery (for manufacturing enterprise) and on equipment for enterprises providing or rendering services. The defined limit on investment for enterprises to be classified as micro, small and medium enterprises is as follows:

Classification	Manufacturing Enterprises	Service Enterprises
Micro	Rs. 2.5 million / Rs. 25 lakh	Rs.1 million / Rs. 10 lakh
Small	Rs.50 million / Rs. 5 crore	Rs. 20 million / Rs 2 crore
Medium	Rs 100 million / Rs 10 crore	Rs. 50 million / Rs 5 crore

3.2. Growth Performance of SMEs or MSMEs in India

We observe that the SMEs or MSMEs in India continues to grow a growth trajectory from the last decade. It rose considerably in 2006-2007 from 261.12 points to 311.52 in 2010-2011. This is a remarkable jump in the number of MSME or SMEs in India.

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* Projected data for the year 2009-10 to 2010-11.

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Source: Government of India, MSME Annual Report 2011-2012

3.3. Role of SMEs in Indian Economy

In order to understand the impact of SMEs on the Indian economy; one must study the trend and pattern that have been prevalent in the preceding years. Following texts help us to understand the present scenario and their contributions of MSMEs in India

Importance of SMEs The importance of small and medium enterprises (SMEs) is well understood by national economies. World over half to two- thirds of all businesses are SMEs and in many regions this proportion is much higher. SMEs are capable of creating jobs with least amount of capital and in dispersed locations which makes SMEs attractive to policy makers. However they remain as a heterogeneous group, in different organizational structures ranging from proprietorship to corporate, engages in factories to service organizations activities and with different definition in different countries and in some countries they differ from industry to industry. The heterogeneous nature and small size needs adequate support from organized intermediaries. These intermediaries exist in every country in different forms.

Contribution of SMEs the contributions of individual SMEs are small but collectively they have emerged as a dominant player in the national economies. The unprecedented importance of Small and Medium Enterprises in India is due to the maximum number of units and its employment opportunities. This sector plays a significant role in the development and employment to minorities, backward class people and also to women. Annual report of Ministry of MSME (2010-11) show that, in terms of value, the sector accounts for about 45 per cent of the manufacturing output and 40 per cent of the total exports of the country. The sector is estimated to employ about 59 million people in over 26 million units throughout the country. There are over 6000 products ranging from traditional to high-tech items, which are being manufactured by the Micro, Small and Medium enterprises in India. The benefits of the SMEs have created a

special status and importance in the Five-Year Plans right from its inception. In recent years, the MSME sector has consistent higher growth rate compared to the overall industrial sector. In this globalised environment the government of India has felt that, there is a need to enhance the global competitiveness of the MSMEs by simplifying systems and procedures, easy access to capital and taking the MSMEs in the global value chain by increasing their productivity.

To promote and develop the MSMEs, the government has implemented several schemes/programs to cater to the needs of the sector (Rai, 2009).

Above literature and evidences proves significance of SMEs hence, we can't ignore the contribution of SMEs and development of its man power to meet the global challenges. If this sector is catered carefully can contribute to increase in national GDP.

"Motivation", the word itself is so positive in nature. Right from our childhood days we have been hearing the word 'Be Positive'. Why? Because it leads to enhanced confidence and productivity thereby leading to success in life. Positivity being such a crucial factor has made me focus on a very important word driving immense positivity and that is motivation.

This paper focuses on how motivation enhances productivity of the employees in any organization. Being a very crucial factor in enhancing the productivity, it becomes very important for any organization to have proper and systematic study on motivation so as to not only survive but also succeed and grow in today's cut-throat competition.

Employee productivity plays a vital role in any organization's success, which is only possible if employees are motivated. Unmotivated employees produce lots of problems in any organization such as: absenteeism, indiscipline etc. As it is also said that "HAPPY WORKERS ARE PRODUCTIVE WORKERS". But the question which comes before any organization is that how the workers can be happy. It is only possible if the employees are motivated.

After studying Herzberg theory of motivation, we know that employees get satisfaction in workplace if the hygiene factors are available such as: regular and timely salary, good working condition, personal life, fair behavior and justice.

Productivity is the effective use of innovation and resources to increase the value-added content of products and services. It is the true source of competitive advantage that creates long term economic viability and a better standard of living for all.

Dr.Sucharitha, Dr.J.U.Maheswar Reddy, and Dr.Reecharanjansingh (2012) in their study found that it is the quality of the employees workplace environment that most impacts on their level of

motivation and subsequent performance. How well they engage with the organization, especially with their immediate environment, influences to a great extent their error rate, level of innovation and collaboration with other employees, absenteeism and ultimately, how long they stay in the job. Creating a work environment in which employees are productive is essential to increased profits for your organization, corporation or small business.

Navdeep Kumar, Pankaj Garg(2011) indicated that there is a statistical significant relationship between the three independent variables (salary, facilities and promotion) with dependent variable i.e. job satisfaction as well as the productivity. The results also depicted that among independent variables, salary package is the most important and more influential variable.

Daljeet Singh Wadhwa, Manoj Verghese, Dalvinder Singh Wadhwa (2011) focused on how to motivate employees to work more productively and to increase their feelings of satisfaction, involvement, and commitment. They also found that all the three variables that are environmental, organizational and behavioral factors have a positive impact on job satisfaction and improvement in their productivity. It means that if the employees are treated equally, fairly and they are properly supervised, their level of satisfaction can be increased towards their job.

Mohammed Javed Kalburgi and Dinesh.G.P (2010) viewed that employees were highly motivated due to good working environment & highly supported by supervisors to perform the task and also the workers were positively affected toward higher productivity with the provision of regular promotion, assurance of adequate job security and bonus for excellent performance. Nevertheless monetary incentives and rewards do not exert stronger influence on workers than any form of motivational factor. The organisation should encourage initiative and creativity by allowing for some flexibility in application of rules and regulation.

Dale S. Rose, Stuart D. Sidle and Kristin H. Griffith (2007) in their study of monetary incentives found that there was significant improvement in employees" response rate with increased incentives.

Lawler (2003) noted that different theories questioning why people prefer certain careers, why they seek particular rewards and why they feel satisfied or dissatisfied with their work and rewards. These are some of the resonating questions that create so many assumptions and hypotheses to be researched. It is important to review the literature on motivation clarify the issues.

Sharma (1991) referring to the report of the National Commission of Labour, "under Indian



conditions incentives were concerned with effective utilization of manpower which is quickest, cheapest and surest means of increasing productivity and stimulate human efforts to provide positive motivation to greater output."

Matthew (1983) stated, direct monetary benefits coupled with greater responsibility and autonomy in decision making were good motivators than other perks. However, the non-monetary incentives are perhaps more important in the case of executives, particularly those in higher position.

Gupta (1975) in his study of labour incentive in Indian Iron and Steel Industry found that monetary incentives are best motivators which lead to better motivation and a higher labour productivity. Finally, we can say productivity is a ratio between the output of the wealth produced and the input of resources used in the process of any economic activity.

Above literature indicates that there is relationship between motivational factors and labour productivity.

4. RESEARCH METHODOLOGY

This study used both primary data and secondary data. Primary data was collected by distributing questionnaire to the labours of the SMEs in Nashik region in Maharashtra state, India. The sample of the study was consisted of 530 respondents (male = 370, female = 160) randomly selected in 50 SMEs. The questionnaires, covers some background information such as age, marital status, designation, service etc. In the second part there were close ended questions each on Likert^{*}s five-point scale. There was an open ended question for suggestion or remarks in the end with thanks note. The secondary data was collected from different Economic Survey of SMEs, annual survey of industries, various journals, and websites to the relevant subject matter under the study.

With a view to achieving the objectives set for the study, the researcher has used combination of exploratory and descriptive research.

The statements of hypotheses formulated for the study are as follows:

- Ho: HR policy does not have positive influence on labour productivity.
 Hi: HR policy has positive influence on labour productivity
- 2. Ho: Allowances does not have positive influence on labour productivity
 - Hi: Allowances have positive influence on labour productivity

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- 3. H0: welfare measures do not have positive influence on labour productivity.Hi: welfare measures have positive influence on labour productivity.
- 4. Ho: Job interest and involvement factor does not influence on labour productivity.Hi: Job interest and involvement factors have positive influence on labour productivity

5. Data Presentation and Analysis

Here, the results of the analysis are reported and presented. The statistical programme used for the analyses and presentation of data in this research are simple Chart, graphs, diagrams and calculations of percentages etc. Data for the analysis was collected from 50 SMEs. Questionnaires were administered to 530 respondents personally and collected, and found suitable for further analysis.

Particulars of Respondents	Frequency	Percentage (%)
Rank		Contraction of the local division of the loc
Executive	106	20.00
Senior labour	115	29.25
Supervisor	131	24.72
Junior	138	26.04
Total	530	100%

Table I: Demographic Characteristics of Respondents

Source: Research Survey, 2013

Table- 1 shows the position of the respondents 106 (20%) of the respondents are executive level followed by senior level staffs who are 115 (29.25%) While supervisor level staff 131 (24.72%) and junior level staff 138(26.24%) of the respondents.

Table-2.Years of Service

Years of Service	Frequency	Percentage (%)		
0-5	205	38.68		
6-10	163	30.7		
11–15	81	15.28		

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16 and above	81	15.28
	Total 530	100.00%

Source: Research Survey, 2013

Table-2 shows the year of service of the respondents. Majority of the respondents are having service tenure in the range of 0 -5 years (38.68%) followed by 6-10 years (30.7%), 11-5(15.28%) and 16 years and above 15.28%

Table 3: Age of the respondents

Age	Frequency	Percentage (%)	
21-30	180	33.96	
31-40	187	35.28	
41-50	123	23.21	
<mark>51-60</mark>	40	7.55	
Total	530	100%	

Source: Research Survey, 2013

Table-3 shows the age of the respondents. Majority of the respondents are in the range of age 21-30 years (33.96%) followed by 31-40 years (35.28%), 41-50(23.21%) and 51-60 years 7.55%

Table 4: Firm Age

Age	Frequency	Percentage (%)
0-5 Yrs	188	35.47
06-10	190	35.85
11-20	103	19.43
21-30	49	09.25
Total	530	100%

Source: Research Survey, 2013

Table-4 shows the age of the firms. Majority of the firms are having age, 0-5 years 188 (35.47%) followed by 6-10 years 190 (35.85%), 11-20 years 103(19.43%) and 21-30 years 49(79.25%)

Table 5: Educational Qualification

Educational Qualification	Frequency	Percentage (%)	
Graduates	160	30.75	
Professional Degree	123	23.21	
Post Graduate Degree	113	21.23	

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Engineering degree	131	24.72
Total	530	100%

Source: Research Survey, 2013

Table-5 shows the educational qualifications of the respondents. Majority of the respondents are graduates 160 (30.75%) followed by professional degree 123 (23.21%), post graduates 113(21.23%) and 131 (24.72%) are having engineering background.

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Gender	Frequency	Percentage (%)	
Male	370	69.81	
Female	160	30.19	
Total	530	100%	

Source: Research Survey, 2013

 Table-6 shows gender difference of the respondents. 69.81% are male and 30.19 % are female this shows that male are more than females in SMEs.

This section addresses the hypotheses of the study

Major Factors which motivates labours for higher productivity is classified into four categories as

A. Human resource policy

- B. Allowances
- C. Labour welfare measures
- D. Job interest & involvement factor

TABLE: -7-Human Resource Policies Which Influence Labour Productivity

Human Resource Policy	Agreed	Strongly agreed	Disagreed	Strongly disagreed	Neutral	Total
Wages & Salary Structure	158	212	48	43	69	530

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	29.81%	40%	9.06%	8.11%	13.02%	100%
Promotion	222	156	50	57	45	530
	41.89%	29.43%	9.43%	10.75%	8.49%	100%
Education & Training	221	159	58	45	47	530
	41.70%	30.00%	10.94%	8.49%	8.87%	100%
Performance appraisal	217	159	48	32	74	530
	40.94%	30%	9.08%	6.04%	13.96%	100%
Industry Policy & Rules	248	138	58	36	50	530
	46.79%	26.04%	10.94%	6.79%	9.43%	10 <mark>0%</mark>

Source: Research Survey, 2013

The above table represents agree and disagree level of the labours those who are working under the said industries regarding human resource policy and its influence on labour productivity.

Wages and salary structure: It indicates that more than 69.81% of the respondents are overall agreed where as only17.17% of the respondents are not agreed with the wage and salary structure of the industries.

Promotion: In this area, more than 71.32% respondents are agreed; whereas only 20.18% of our respondents are overall not agreed regarding promotion rules and facility.

Education & training: 71.70% Of the respondents are agreed regarding education, training and workshop provide by the industries to improve their productivity and capability. But, near about 19.43% of the respondents are not agreed regarding this education and training.

Performance appraisal: It indicates that 70.94% of the respondents are agreed where as only 15.12% of the respondents are not agreed with the performance appraisal of the industries.

Industry policy& rules: It reveals more than 72.83% Of the respondents are agreed whereas; only 17.73% of the respondents are not agreed

This analysis proves that HR policy has positive influence on labour productivity. From the calculation the null Hypothesis is rejected. Rejection of null hypothesis is acceptance of



alternative hypothesis which proves influence on labour productivity.

Allowances	Agreed	Strongly agreed	Disagreed	Strongly disagreed	Neutral	Total
Dearness Allowances	181	195	49	37	68	530
	34.15%	36.79%	9.25%	6.98%	12.83%	100%
House rent	210	148	58	48	66	530
	39.62%	27.92%	10.94%	9.06%	12.45%	100%
Transport Allowance	218	178	36	54	44	530
	41.13%	33.58%	6.79%	10.19%	8.30%	100%
Medical allowances	168	210	34	22	96	530
	31.7%	39.62%	6.42%	4.15%	18.11%	100%
Washing Allowance	212	162	64	18	74	530
	40.00%	30.57%	12.08%	3.40%	13.96%	100%

TABLE: 8-Allowances Which Influence Labour Productivity

Source: Research Survey, 2013

The above table represents agree and disagree level of the labours those who are working under the said industries regarding allowances, provided to them and its influence on labour productivity.

Dearness Allowances: It shows 70.94 % of respondents are agreed where as 16.23% respondents are not agreed with dearness allowances provided by the said industries.

House Rent: It denotes 67.54% of respondents are agreed and a minimum of 20% respondents are not agreed with the house rent provided by the industries.

Transport Allowances: It indicates that 74.71. % of the respondents are agreed where as only 16.98% of the respondents are not agreed with the performance appraisal of the industries.

Medical Allowances: It reveals that near about 71.32% respondents are agreed and only a minimum of 10.57% respondents are not agreed with the medical allowances provided by the industries.

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Washing Allowances: On this criterion, more than 70.57% respondents are agreed and on the other hand 15.48% respondents are not agreed with the allowances provided by the industries. This table proves that allowances have positive influence on labour productivity

Welfare Measures	Agreed	Strongly agreed	Disagreed	Strongly disagreed	Neutral	Total
L <mark>eave</mark> Facility	194	185	50	37	64	530
	36.60%	34.91%	9.43%	6.98%	12.08%	100%
F <mark>acility for childre</mark> n	208	168	54	42	58	530
education	39.25%	31.7%	10.19%	7.92%	10. <mark>94%</mark>	100%
L <mark>oan & Ad</mark> vances	218	152	40	38	82	530
	41.13%	28.68%	7.55%	7.17%	15.47%	100%
Subsidized food	185	188	48	32	77	530
f <mark>acility</mark>	34.91%	35.47%	9.06%	6.04%	14.35%	100%
Retirement	184	189	48	18	91	530
B <mark>enefits</mark>	34.72%	35.66%	9.06%	3.40%	17.17%	100%

Source: Research Survey, 2013

The above table represents agree and disagree level of the labours those who are working under the said industries regarding welfare measures and its influence on labour productivity.

Leave Facility: It indicates that more than 71.51% of the respondents are agreed where as 16.41% of the respondents are not agreed with the leave facility of the industries.

Facility for children education: In this area, more than 70.95% respondents are agreed where as only 18.11% of respondent are not agreed regarding facility for children education.

Loan & Advances: Only 69.81% Of the respondents are agreed regarding loan and advances provide by the industries. But, near about 14.42% of the respondents are not agreed regarding the

loan and advances facilities.

Subsidized food facility: It indicates that 70.38% of the respondents are agreed where as only 15.10 % of the respondents are not agreed with the subsidized food facility of the industries.

Retirement Benefits: It reveals more than 70.38% Of the respondents are agreed whereas; only 12.40% of the respondents are not agreed to this statement.

Above analysis proves welfare measures which have positive influence on labour productivity.

J <mark>ob interest&</mark>	Agreed	Strongly agreed	Disagreed	Strongly disagreed	Neutrals	Tot <mark>al</mark>
i <mark>nvolveme</mark> nt factor		1-2.2	a .			
J <mark>ob Secur</mark> ity	187	188	34	37	84	530
1.1.1.1	35.28%	35.47%	6.42%	6.98%	15.85%	1 <mark>00%</mark>
I <mark>nter-</mark> personal	212	162	51	34	71	530
r <mark>elationship</mark>	40.00%	30.57%	9.62%	6.42%	13.4%	100%
R <mark>elationship with</mark>	212	164	40	46	68	530
Supervisor	40.00%	30.94%	7.55%	8.68%	12.83%	100%
Working Environment	215	158	38	37	82	530
	40. <mark>57%</mark>	29.81%	7.17%	6.98%	15.4 <mark>7%</mark>	100 <mark>%</mark>
P <mark>erson</mark> al Achievement &	211	174	66	35	44	530
growth	<mark>39.8</mark> 1%	32.83%	12.45%	6.60%	8.30%	100%

 TABLE: 10 Job Interest & Involvement Factor Which Influence Labour Productivity

Source: Research Survey, 2013

The above table represents agree and disagree level of the labours those who are working under the said industries regarding their job interest & involvement factor and its influence on labour productivity.

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Job Security: It shows 70.45% of respondents are agreed where as 13.40% respondents are not agreed with job security provided by the said industries.

Inter-personal relationship: It denotes 70.57% of respondents are agreed and a minimum of 16.04% respondents are not agreed with the inter-personal relationship to this statement

Relationship with Supervisor: It indicates that 70.94% of the respondents are agreed where as only 16.23% of the respondents are not agreed with the relationship with the supervisor.

Working Environment: It reveals that near about 70.38% respondents are agreed and only a minimum of 14.15% respondents are not agreed with the working environment.

Personal Achievement & growth: On these criteria, more than 72.64% respondents are agreed and on the other hand 19.05% respondents are not agreed with their personal achievement and growth in the industries.

Above table shows job interest and involvement factors have positive influence on improving labour productivity.

6. Conclusion:

It is crystal clear from the above study that various factors are very much important to motivate the labours to improve their productivity and efficiency. Study reveals that there is direct and positive relationship between motivational factors and labour's productivity level. In SMEs almost in every section i.e. human resource policy, allowances, labour welfare measures , job interest and involvement, by conducting study we could infer that employees of SMEs are agreed with these factors that motivates employee for higher output. Study reveals that motivational factors plays important role in improving employee productivity in SMEs.

We can conclude from the above study that the motivational tools will be effective in each particular situation. The workers of the said industries are strongly agreed towards higher productivity with the provision of better wage and salary structure, regular promotion, assurance of adequate job security and bonus for excellent performance as well as proper need based



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training and education also. The organization should encourage workers by taking initiatives that creates healthy environment so that they will retain their services and put extra efforts to improve labour productivity. Government should look after not only monetary and non-monetary rewards but increase net of social security.

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