

## **A study on the various factors which will impact the Motivation for the Employees in Small, Medium Scale Enterprises**

**N. Lakshmi Gayathri,**

Research Scholar, Department of Commerce and Management

J.S. University, Shikohabad (UP)

[lakshmigayathri.1211@gmail.com](mailto:lakshmigayathri.1211@gmail.com)

**Prasad Babu Jayanthi**

Professor, Department of Commerce & Management,

J.S. University, Shikohabad (UP)

[rampros.edu@gmail.com](mailto:rampros.edu@gmail.com)

---

### **Abstract**

Employee Motivation is also one of the factor which will impact the performance of the employee and contribution of the employee towards the development of the organization. Motivated employees are an asset to an organization they are directly proportional to an organization's success. Motivation is intangible, difficult to measure and extremely difficult to control, but very easy to facilitate if done right. It's all about intention, intensity, and perseverance. In this paper the study of various factors like Employee motivation will impact the growth of the organization and contribution of the work towards the employee growth and organizational growth. Various samples are considered in Medchal, Telangana is studied and carried out for the purpose of understanding the HR and its policies and impact on SME's.

### **Human Resource Management System (HRMS):**

Human Resource Management System (HRMS) has become one of most vital information systems in the market. The purpose of this study is to develop an effective and efficient HRM system for ease in HR functionality and their contribution in employee management and all businesses processes of the personnel functions and this is intended to enhance workforce planning through HRMS recruitment, training & development subsystems and succession planning subsystem as perceived by senior HR Managers in their management functions. It includes definition of various levels of hierarchy in an organization, the salary structure pertaining to every element in this hierarchy, the description of every department functioning in

the organization and the overall employee database which integrates elements in all the aforementioned.

This system would allow the database administrator to have access to the entire employee database, in regards with viewing, edit employees' details, add new employees, transfer/terminate/promote employees. Each employee in the database is assigned with a position which can be easily added and edited when need arises.

Moreover employees will also be easily transferred between positions without having to retype back their information in the database. Most of all, the employer will have the opportunity to assign tasks to employees and assess their progress in order to keep track of employee performance.

### **Employee Motivation:**

Employee motivation is defined as the enthusiasm, energy level, commitment and the amount of creativity that an employee brings to the organization on a daily basis.

Motivation is derived from the Latin word, "MOVERE" which literally means movement. All the definitions that you would read in books or in dictionary relate to the fact that motivation is behaviour and one needs to channelize this behaviour in order to achieve desired goals and results.

Employee motivation is all about how engaged an employee feels in tandem to the organization's goals and how empowered he/she feels. Motivation is of two types:

- Intrinsic motivation
- Extrinsic motivation

Motivated employees are an asset to an organization they are directly proportional to an organization's success. Motivation is intangible, difficult to measure and extremely difficult to control, but very easy to facilitate if done right. It's all about intention, intensity, and perseverance.

### **Types of employee motivation**

There are two types of motivation, intrinsic and extrinsic. An organization needs to understand for a fact that not employees are clones, they are individuals with different traits. Thus

effectively, motivating your employees will need to acquire a deeper understanding of the different types and ways of motivation.

With this understanding, you will be able to categorize your employees better and apply the right type of motivation to increase the level of [employee engagement](#) and employee satisfaction. Some employees respond better to intrinsic motivation while others may respond better to extrinsic motivation.

### **Intrinsic motivation**

Intrinsic motivation means that an individual is motivated from within. He/she has the desire to perform well at the workplace because the results are in accordance with his/her belief system.

An individual's deep-rooted beliefs are usually the strongest motivational factors. Such individuals show common qualities like acceptance, curiosity, honor, desire to achieve success.

Research has shown that praise increases intrinsic motivation, so does positive [employee feedback](#). But it should all be done in moderation. If you overdo any of these, there are high chances that the individual loses motivation.

It is well observed in children and I am using this as an example here if children are over praised for the little things they are expected to do on a daily basis, their motivation level decreases. Now if you are reading this blog, there are good chances you are not a child, although we encourage children to read good content, the purpose of writing this blog is to still focus on adults.

So if you are a manager, supervisor or in a leadership role, please be intentional with your feedback or praise. Make sure it is empowering and your employees understand your expectations.

### **Extrinsic motivation**

Extrinsic motivation means an individual's motivation is stimulated by external factors- rewards and recognition. Some people may never be motivated internally and only external motivation would work with them to get the tasks done.

Research says extrinsic rewards can sometimes promote the willingness in a person to learn a new skill set. Rewards like bonuses, perks, awards, etc. can motivate people or provide tangible feedback.

But you need to be careful with extrinsic rewards too! Too much of anything can be harmful and as a manager or a supervisor, you need to be clear to what extent are you going to motivate your employees to accomplish organizational goals.

Employee motivation is the level of energy, commitment, and creativity that a company's workers bring to their jobs. Whether the economy is growing or shrinking, finding ways to motivate employees is always a management concern. Competing theories stress either incentives or employee involvement (empowerment). Employee motivation can sometimes be particularly problematic for small businesses. The owner has often spent years building a company hands-on and therefore finds it difficult to delegate meaningful responsibilities to others. But entrepreneurs should be mindful of such pitfalls: the effects of low employee motivation on small businesses can be harmful. Such problems include complacency, disinterest, even widespread discouragement. Such attitudes can cumulate into crises.

But the small business can also provide an ideal atmosphere for employee motivation: employees see the results of their contributions directly; feedback is swift and visible. A smoothly working and motivated work force also frees the owner from day-to-day chores for thinking of long-term development. Furthermore, tangible and emotional reward can mean retention of desirable employees. People thrive in creative work environments and want to make a difference. Ideally the work result itself will give them a feeling of accomplishment—but well-structured reward and recognition programs can underline this consequence.

## MOTIVATION METHODS

There are as many different methods of motivating employees today as there are companies operating in the global business environment. Still, some strategies are prevalent across all organizations striving to improve employee motivation. The best employee motivation efforts will focus on what the employees deem to be important. It may be that employees within the same department of the same organization will have different motivators. Many organizations today find that flexibility in job design and reward systems has resulted in employees' increased longevity with the company, improved productivity, and better morale.

### Empowerment

Giving employees more responsibility and decision-making authority increases their realm of control over the tasks for which they are held responsible and better equips them to carry out those tasks. As a result, feelings of frustration arising from being held accountable for something

one does not have the resources to carry out are diminished. Energy is diverted from self-preservation to improved task accomplishment.

### **Creativity and Innovation**

At many companies, employees with creative ideas do not express them to management for fear that their input will be ignored or ridiculed. Company approval and toeing the company line have become so ingrained in some working environments that both the employee and the organization suffer. When the power to create in the organization is pushed down from the top to line personnel, employees who know a job, product, or service best are given the opportunity to use their ideas to improve it. The power to create motivates employees and benefits the organization in having a more flexible work force, using more wisely the experience of its employees, and increasing the exchange of ideas and information among employees and departments. These improvements also create an openness to change that can give a company the ability to respond quickly to market changes and sustain a first mover advantage in the marketplace.

### **Learning**

If employees are given the tools and the opportunities to accomplish more, most will take on the challenge. Companies can motivate employees to achieve more by committing to perpetual enhancement of employee skills. Accreditation and licensing programs for employees are an increasingly popular and effective way to bring about growth in employee knowledge and motivation. Often, these programs improve employees' attitudes toward the client and the company, while bolstering self-confidence. Supporting this assertion, an analysis of factors which influence motivation-to-learn found that it is directly related to the extent to which training participants believe that such participation will affect their job or career utility. In other words, if the body of knowledge gained can be applied to the work to be accomplished, then the acquisition of that knowledge will be a worthwhile event for the employee and employer.

### **Quality of Life**

The number of hours worked each week by American workers is on the rise, and many families have two adults working those increased hours. Under these circumstances, many workers are left wondering how to meet the demands of their lives beyond the workplace. Often, this concern occurs while at work and may reduce an employee's productivity and morale. Companies that have instituted flexible employee arrangements have gained motivated employees whose productivity has increased. Programs incorporating flex-time, condensed workweeks, or job

sharing, for example, have been successful in focusing overwhelmed employees toward the work to be done and away from the demands of their private lives.

### Monetary Incentive

For all the championing of alternative motivators, money still occupies a major place in the mix of motivators. The sharing of a company's profits gives incentive to employees to produce a quality product, perform a quality service, or improve the quality of a process within the company. What benefits the company directly benefits the employee. Monetary and other rewards are being given to employees for generating cost-savings or process-improving ideas, to boost productivity and reduce absenteeism. Money is effective when it is directly tied to an employee's ideas or accomplishments. Nevertheless, if not coupled with other, non-monetary motivators, its motivating effects are short-lived. Further, monetary incentives can prove counterproductive if not made available to all members of the organization.

### Other Incentives

Study after study has found that the most effective motivators of workers are non-monetary. Monetary systems are insufficient motivators, in part because expectations often exceed results and because disparity between salaried individuals may divide rather than unite employees. Proven non-monetary positive motivators foster team spirit and include recognition, responsibility, and advancement. The Manager who recognizes the "small wins" of employees, promote participatory environments, and treat employees with fairness and respect will find their employees to be more highly motivated. One company's managers brainstormed to come up with 30 powerful rewards that cost little or nothing to implement. The most effective rewards, such as letters of commendation and time off from work, enhanced personal fulfillment and self-respect. Over the longer term, sincere praise and personal gestures are far more effective and more economical than awards of money alone. In the end, a program that combines monetary reward systems and satisfies intrinsic, self-actualizing needs may be the most potent employee motivator.

### RESEARCH PROBLEM

The research problem here in this study is associated with the motivation of employees of SME's in Medchal District , Hyderabad. There are a variety of factors that can influence a person's level of motivation; some of these factors include

1. The level of pay and benefits,
2. The perceived fairness of promotion system within a company,
3. Quality of the working conditions,
4. Leadership and social relationships,
5. Employee recognition
6. Job security
7. Career development opportunities etc.

Motivated employees are a great asset to any organisation. It is because the motivation and Job satisfaction is clearly linked. Hence this study is focusing on the employee motivation in the organisation.

### **NEED OF THE STUDY**

The study is intended to evaluate motivation of employees in the organization. A good motivational program procedure is essential to achieve goal of the organization. If efficient motivational programs of employees are made not only in this particular organization but also any other organization; the organizations can achieve the efficiency also to develop a good organizational culture.

Motivation has variety of effects. These effects may be seen in the context of an individual's physical and mental health, productivity, absenteeism and turnover. Employee delight has to be managed in more than one way. This helps in retaining and nurturing the true believers "who can deliver value to the organization. Proliferating and nurturing the number of "true believers" <sup>1</sup>is the challenge for future and present HR managers.

This means innovation and creativity. It also means a change in the gear for HR policies and practices. The faster the organizations nurture their employees, the more successful they will be. The challenge before HR managers today is to delight their employees and nurture their creativity to keep them a bloom.

This study helps the researcher to realize the importance of effective employee motivation. This research study examines types and levels of employee motivational programs and also discusses management ideas that can be utilized to innovate employee motivation. It helps to provide insights to support future research regarding strategic guidance for organizations that are both providing and using reward/recognition programs.

## SCOPE OF THE STUDY

The present study on employee motivation helps to get clear picture about the factors which motivates the employees. This in turn helps the management to formulate suitable policy to motivate the employees. Hence, the motivational level of the employees may also change.

The factors that motivate the employees may change with change in time because the needs of employees too change with change in time. So continuous monitoring and close observation of factors that motivate the employees is necessary to maintain a competent work force. Only with a competent work force an organization can achieve its objective. Moreover, human resource is the most valuable asset to any organization. A further study with in dept analysis to know to what extent these factors motivate the employees is required.

## OBJECTIVES OF THE STUDY

### Primary objective

1. To study the important factors which are needed human resource motivation of employees

### Secondary Objective

1. To study the effect of monetary and non-monetary benefits provided by the organization on the employee's performance.
2. To study the effect of job promotions on employees.
3. To learn the employee's satisfaction on the interpersonal relationship exists in the organization.
4. To provide the practical suggestion for the improvement of organization's performance.

## 5. DATA COLLECTION& ANALYSIS

## HYPOTHESIS:

H0: There is no relationship between Demographic factors and employee motivation.

H1: There is relationship between Demographic factors and employee motivation.

## RESEARCH METHODOLOGY



Research is a systematic method of finding solutions to problems. It is essentially an investigation, a recording and an analysis of evidence for the purpose of gaining knowledge. According to Clifford woody, “research comprises of defining and redefining problem, formulating hypothesis or suggested solutions, collecting, organizing and evaluating data, reaching conclusions, testing conclusions to determine whether they fit the formulated hypothesis”<sup>2</sup>

### **Sampling Design**

A sample design is a finite plan for obtaining a sample from a given population. Simple random sampling is used for this study.

### **Sampling Procedure**

The procedure adopted in the present study is probability sampling, which is also known as chance sampling. Under this sampling design, every item of the frame has an equal chance of inclusion in the sample.

### **Methods of Data Collection**

The data’s were collected through Primary and secondary sources.

#### **Primary Sources**

Primary data are in the form of “raw material” to which statistical methods are applied for the purpose of analysis and interpretations.

The primary sources are discussion with employees, data’s collected through questionnaire.

#### **Secondary Sources**

Secondary data’s are in the form of finished products as they have already been treated statistically in some form or other.

The secondary data mainly consists of data and information collected from records, company websites and also discussion with the management of the organization. Secondary data was also collected from journals, magazines and books.

### **Nature of the research**

Descriptive research, also known as statistical research, describes data and characteristics about the population or phenomenon being studied. Descriptive research answers the questions who, what, where, when and how.

Although the data description is factual, accurate and systematic, the research cannot describe what caused a situation. Thus, descriptive research cannot be used to create a causal relationship, where one variable affects another. In other words, descriptive research can be said to have a low requirement for internal validity.

### **Questionnaire**

A well defined questionnaire that is used effectively can gather information on both overall performance of the test system as well as information on specific components of the system. A defeated questionnaire was carefully prepared and specially numbered. The questions were arranged in proper order, in accordance with the relevance.

### **Research hypothesis**

A hypothesis is a preliminary or tentative explanation or postulate by the researcher of what the researcher considers the outcome of an investigation will be. It is an informed/educated guess. It indicates the expectations of the researcher regarding certain variables. It is the most specific way in which an answer to a problem can be stated.

Research hypotheses are the specific testable predictions made about the independent and dependent variables in the study. Hypotheses are couched in terms of the particular independent and dependent variables that are going to be used in the study. The research hypothesis of this study is as follows.

Ho: There is no significant relationship between incentives and employee's performance.

Ho: There is no significant relationship between career development opportunities and the extent of employee motivation

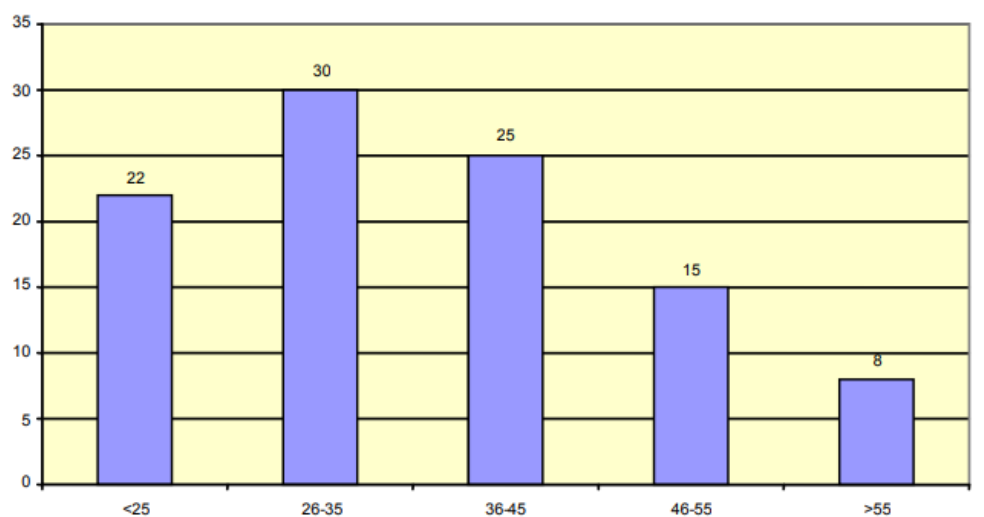
Ho: There is no significant relationship between performance appraisal system and the extent of motivation.

Ho: There is no significant relationship between interpersonal relationship in the organization and extent of motivation.

## DEMOGRAPHY OF PARTICIPANTS

The Age of the Respondents' play a significant impact on their attitude and the resulting repercussions. Segmenting employees based on how they view the company's culture is seen as a relevant demographic variable. People were asked to identify their age range: under 25, 26-35, 36-45, 46-55, and over 55. Only 30 percent of employees are aged 36 to 45 (22 percent under 25), with 8 percent over 55, and 15 percent aged 46 to 55 (the graph below displays these percentages). This suggests that the employees in the 26-35 age range make up the majority of the sample.

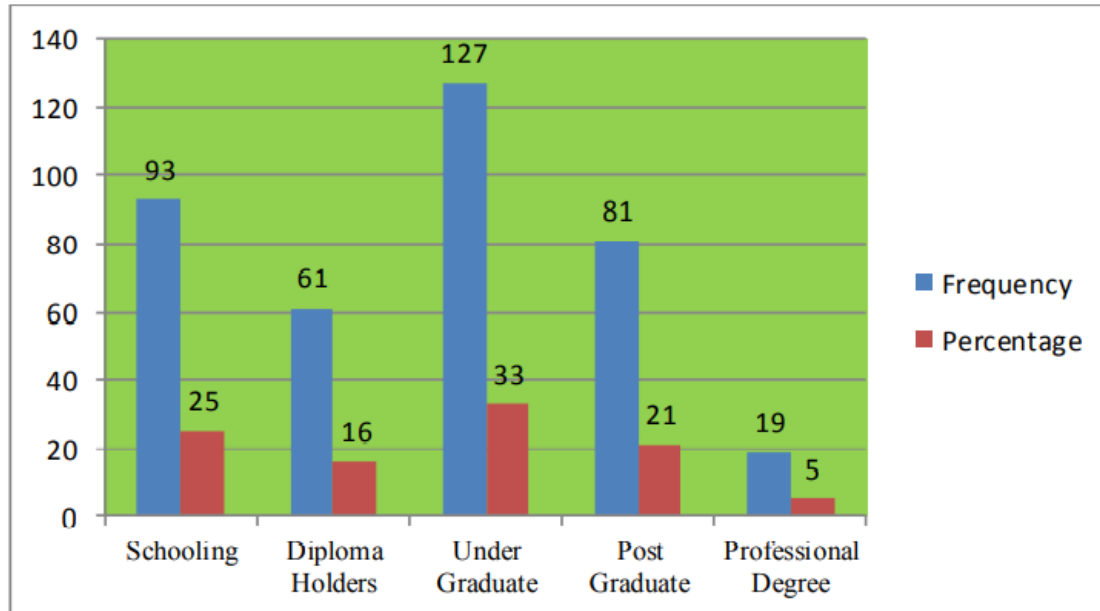
**Figure 1 Age of participants**



## Educational Background

An HR professional's education is a strong tool for assessing the impact of their actions on an organisation. The majority of those who took part in the study had a bachelor's degree or higher. 30 percent of respondents are undergrads, while 25 percent have a high school education or less.

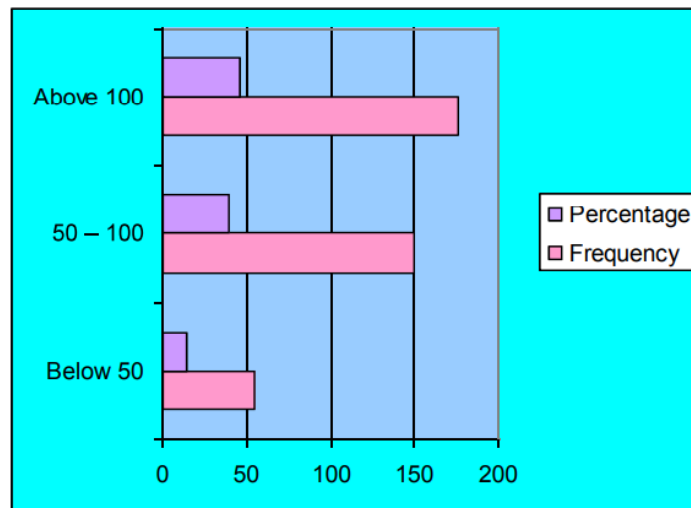
Twenty-five were educated to the point of post-graduate status and the remaining sixteen percent had diplomas.



**Figure 2 Educational background of respondents**

**Size of the Organization:**

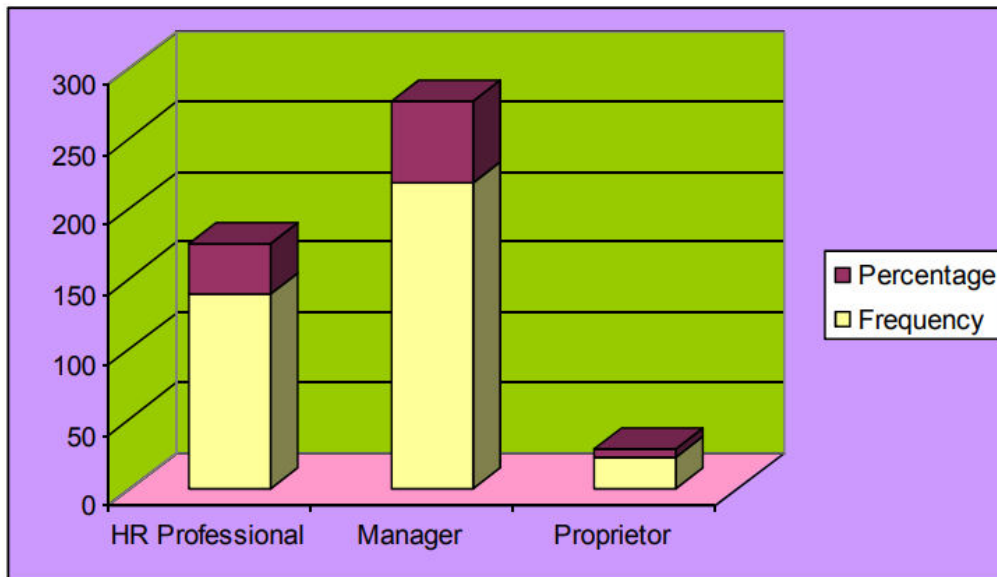
The strength of an organization's workforce says a lot about what kind of work an HR professional will be doing.



**Figure 3 Size of the organisation in terms of number of employees**

#### **Designation of the Respondents:**

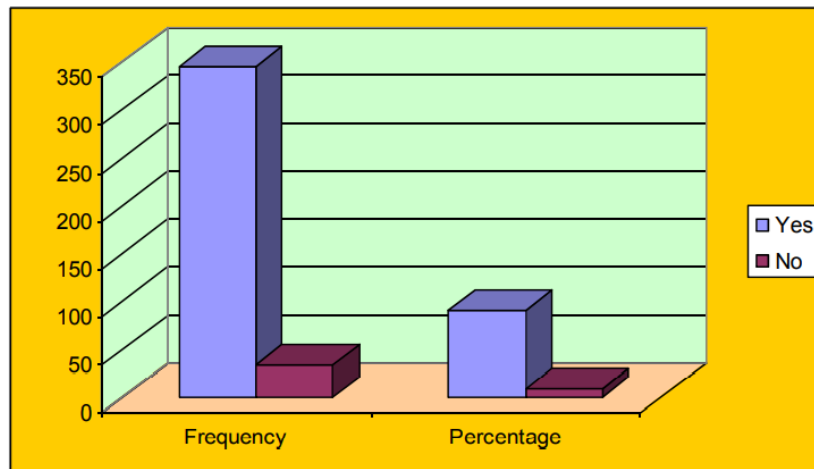
A specific emphasis is placed on HR practise following globalisation, and most companies are enlisting the help of HR experts. From the below chart, it is found that most respondents were HR managers, followed by HR professionals, and the least, proprietors managed human resources himself.



**Figure 4 Title of HR respondents**

#### **HR Policy Stated**

Pre-independent and for a long period after independence, there were no official HR policies. Following globalization, most traditional firms had to restructure their organisation to stay relevant in the market that was competing against foreign organisations. Today, most employees have a formal stated HR policy document, in our case, 90% respondents said they had a HR policy in place.



**Figure 5 Regarding stated HR policy**

### Employees benefits

The benefits given to the employees play an important role in developing motivation to the employees. The below table enlists the various benefits that can be provided to the employees of the organization. Through these methods the motivation can be provided to the employees which can impact the growth of the organization.

Ranking	Micro-enterprises	Small enterprises	Medium-sized
1.	Catering	Catering	Catering
2.	Discounts	Pension schemes	Pension schemes
3.	Unspecified bonuses	Unspecified bonuses	Vacation
4.	Telephone use	Sports and culture	Unspecified bonuses
5.	Sports and culture	Telephone use	Education
6.	Pension schemes	Christmas contributions	Sports and culture
7.	Christmas contributions	Vacation	Bonus at anniversary
8.	Clothing	Automobile use	Insurance
9.	Vacation	Performance rewards	Performance rewards
10.	Performance rewards	Education	Telephone use
11.	Automobile use	Discounts	Discounts
12.	Insurance	Enterprise products	Automobile use

### Conclusion:

In this Paper the Importance of Employee Motivation in enhancing the interest of the Employee towards the work in the organization, HRM and policies related to the HR for running the organization smoothly are studied. The Medchal District of Telangana is taken into consideration and the related secondary data

of HR policies and other factors which affect the growth of the organization are taken into consideration and studied effectively.

## **References:**

1. Audet, J and E St-Jean (2007). ‘Factors Affecting the Use of Public Support Services by SME Owners: Evidence from a Periphery Region of Canada’. *Journal of Developmental Entrepreneurship*, 12(2), 165–181.
2. Baldwin, E (2001). ‘An Analytic Commentary on the Greek Regularization Bill, 2000, MMO Working Paper No. 1’, Mediterranean Migration Observatory, Athens. 201 *Global Journal of Management and Business Research* Volume XVI Issue IX Version IYear 36.
3. Bhalotra, S (2002). ‘The Impact of Economic Liberalization on Employment and Wages in India’ Geneva: ILO.
4. Burkat, M. and Ellingsen, T. (2004) ‘In-kind Finance: a Theory of Trade Credit’, *American Economic Review*, 94, 569–90 .
5. Heneman, R. L., Tansky, J. W., and Camp, S. M. (2000). Human resource management practices in small and medium-sized enterprises: Unanswered questions and future research perspectives, *Entrepreneurship Theory and Practice*, 25(1): 11-26.
6. McCann, J. E., Leon Guerrero, A. Y., and Haley Jr, J. D. (2001). Strategic goals and practices of innovative family businesses, *Journal of Small Business Management*, 39(1): 50-59.
7. Cardon, M. S., and Stevens, C. E. (2004). Managing human resources in small organizations: What do we know?, *Human Resource Management Review*, 14(3): 295-323.
8. Astrachan, J. H. (2010). Strategy in family business: Toward a multidimensional research agenda, *Journal of Family Business Strategy*, 1(1): 6-14.



9. Aronoff, C. E., McClure, S. L., and Ward, J. L. (2011). Family business compensation. NY: Palgrave MacMillan.
10. Carrasco-Hernandez, A., and Sanchez-Marin, G. (2007). The determinants of employee compensation in family firms: empirical evidence, *Family Business Review*, 20(3): 215-228.
11. Michiels, A., Voordeckers, W., Lybaert, N., and Steijvers, T. (2013). CEO compensation in private family firms: the moderating role of ownership and management, *Family Business Review*, 26(2): 140-160.
12. Sirmon, D. G., & Hitt, M. A. (2003). Managing resources: Linking unique resources, management, and wealth creation in family firms. *Entrepreneurship theory and practice*, 27(4), 339-358
13. Cardon, M. S., and Stevens, C. E. (2004). Managing human resources in small organizations: What do we know?, *Human Resource Management Review*, 14(3): 295-323.
14. Thakur, P., Khoo, C., & Pyar, W. Y. K. (2021). Diversity training: where are we, and where should we be heading? A systematic literature review. *Tourism Recreation Research*, 1-24.
15. Vosburgh, R. M. (2007). The evolution of HR: Developing HR as an internal consulting organization. *Human Resource Planning*, 30(3), 11-23.

16. Mohapatra, S. (2020). Regional Trends in Financing and Growth of Indian MSMEs. *International Journal of Management and Humanities*, 5(3), 10-12.
17. McCann, J. E., Leon Guerrero, A. Y., and Haley Jr, J. D. (2001). Strategic goals and practices of innovative family businesses, *Journal of Small Business Management*, 39(1): 50-59.
18. Aronoff, C. E., McClure, S. L., and Ward, J. L. (2011). *Family business compensation*. NY: Palgrave MacMillan.
19. Sirmon, D. G., & Hitt, M. A. (2003). Managing resources: Linking unique resources, management, and wealth creation in family firms. *Entrepreneurship theory and practice*, 27(4), 339-358