A STUDY OF THE IMPLICATIONS OF MOTIVATION THEORIES ON EMPLOYEE RETENTION

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ABSTRACT: Employees are the most valuable asset to an organization's success. Employee commitment, higher productivity and employee turnover are some of the problems that human resource departments face nowadays. Turnover is a problem that affects an organization's productivity, increases recruitment cost, time wastage on training new employees and lost sales. This is why employee retention is important. Employee retention means an organization's ability to ensure their employees stay with them. This study aims to investigate the impact of motivation theories on employee retention. Motivation theories are the study of understanding of what drives individuals to work towards a goal. These motivation theories can be used by organizations to motivate their employees to stay and work for them. These could be used by the organizations to deal with their biggest problem of employee turnover.

KEYWORDS: Employee Retention, Motivational Theories, Satisfaction of Needs, Remuneration, Salary.

INTRODUCTION:

In today's dynamic business world, it is not the tangible assets but the human assets that differentiate an organization from others. Employees are seen as the face of the organization. It is their unique ideas and hard work that result in the success of an organization. In order to work efficiently, the employees should be dedicated and loyal to the organization. How satisfied they are with what they get from the organization and how much they like working there will be reflected on their work style. It's the satisfactory level of the employees that attracts other people to the organization. Employees leaving the organization could be replaced physically, but their knowledge and skills cannot be as everyone has their own set of skills and experiences. Employee efficiency is what determines the growth acceleration for an organization. Hence, it becomes very important for the organization to know what motivates the employee and how his interest can be retained in the firm.

Retention of employees in an organization is not as easy as it sounds. The organization needs to provide various things that satisfy the employees and motivate them to work for that organization. Motivation is a broad term. It means something different for different people. What motivates me may not be what motivates you. Hence, it is important to understand how different human personalities work and what motivates them to contribute their skills to an organization. One way to understand what motivates each individual is to understand the different motivation theories. There is no single theory that explains all the characteristics of motivation.

Scope and Objectives :

1. To understand the major causes of employee turnover.
2. To evaluate the role of motivation theories in employee retention.
3. To study the best practices to improve employee retention.

Limitations :

Only five motivations theories (Maslow's Hierarchy of Needs, McClelland's Theory of Needs, Herzberg's Two-Factor Theory, Equity Theory, Vroom's Expectancy Theory) were considered to see the impact on employee retention.

I. Interpretation and Analysis:

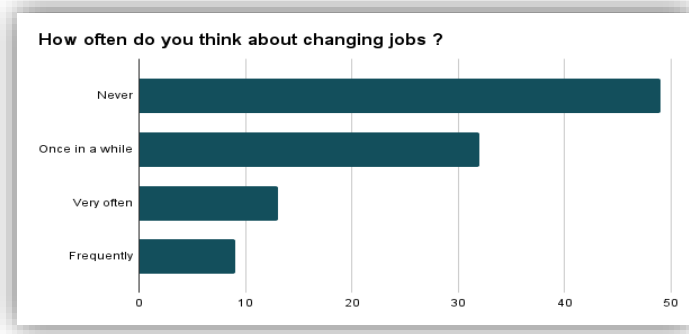**1. How often do respondents think of changing their jobs?**

Figure 1 Source :Primary

The above graph shows how often employees feel like changing their jobs which are as follows:-

- *47.6 % of employees don't feel like changing their job.*
- *31.1% of employees feel like changing their job once in a while.*
- *12.6% of employees feel like changing their jobs very often.*
- *8.7% of employees feel like changing their jobs frequently.*

Almost 50 percent of the employees' are satisfied and motivated with their job position, job and output in the organization. They don't feel like changing their jobs. There are employees who think of changing their jobs to get a break from the same and explore some new skills to add on to their personality. There are also some employees who feel like changing their jobs very often and frequently. It reflects that either they do not like the jobs or they could not fit themselves in that particular job position. Some employees apply for jobs without even having enough knowledge about the same. Their expectations don't match with the expectations of the organization.

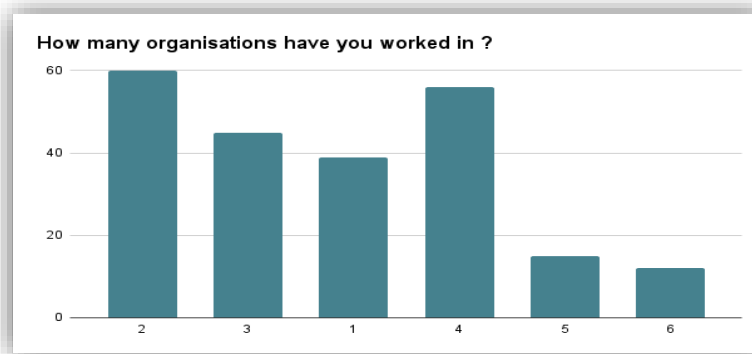**2. The respondents were asked how many organizations they have worked in till now.**

Figure 2 Source :Primary

The above graph shows the number of organization employee worked in which are as follows :-

- *37.9% of employees worked in only one organization.*
- *29.1% of employees worked in two organizations.*
- *14.6% of employees worked in three organizations.*
- *13.6% of employees worked in four organizations.*
- *4.8% of employees worked in more than five organizations.*

Segregation of the employees into numbers of organizations they worked in indicates that most of the employee percentage work in only one organization till the date. Some shows two organizations which indicate that they got better jobs in some other organizations with better pay. The ones who worked in many organizations are either transferred or promoted on the basis of their job performance. It might also be the case that as per the employees expectations they didn't get a job and hence they went on changing in search of the better one.

3. Reasons to leave the previous organizations were listed by the respondents.
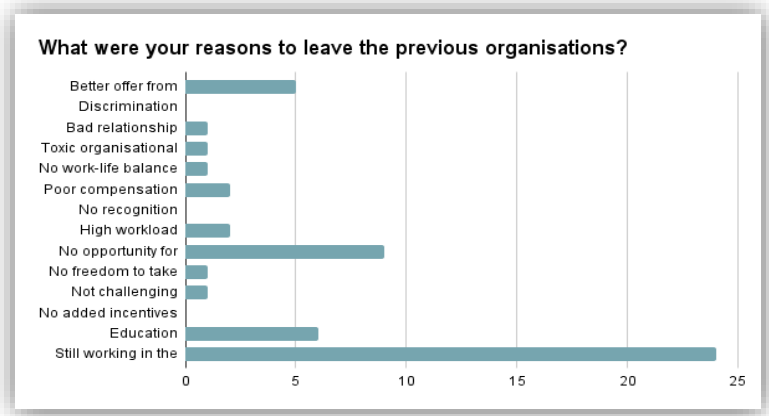

Figure 3 Source :Primary

The above graph shows that most of the employees are still working in the same organization, which shows that they are satisfied with the organization. Then the reasons for leaving the organizations is no opportunity for growth and development by the same. Then comes better offer from the other organizations. Next is higher workload and poor compensation by the organizations. The rest points contain minimum weightage for the employee turnover.

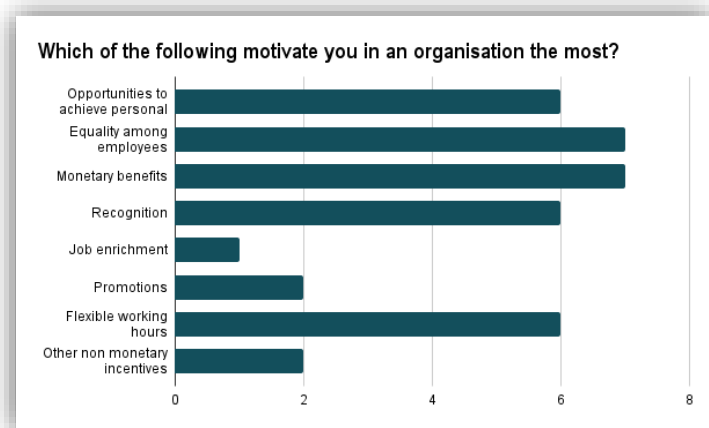4. **What motivates the respondents the most in an organization?**

Figure 4

As per the graph depicted above, it shows that Equality among employees and monetary benefits motivates the employees in the Organization the most. Then comes to Opportunities to achieve personal, Recognition and Flexible working hours which motivates employees in lesser percentages. Then comes Promotions and Other non-monetary incentives motivates the employees. Job Enrichment is the least voted motivation for employee in the organization.

II. Interpretations based on the Five theories Considered:

Maslow's Hierarchy of Need:

Physiological Needs
-Basic Pay 53%

Safety Needs
Other incentives – 64.1%
Job security – 68%
Health benefits – 60.2%

Social belonging
Secured feeling within the organisation – 55.3%
Relationship with co-workers – 59.2%

Self-esteem
Promotion – 61.2%
Recognition- 68.9%
Bonus – 55.3%
Organisation's reputation – 61.2%

Self-actualisation
Career development opportunities - 64.1%
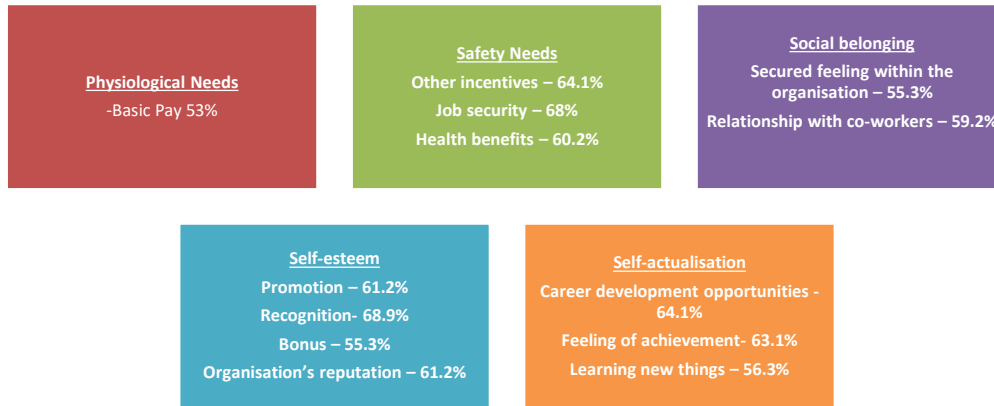Feeling of achievement- 63.1%
Learning new things – 56.3%

Figure 5 Source :Primary

- 53% respondents are strongly attracted by the base pay. Basic pay is considered to fulfill all **Physiological Needs.**
- 68% Respondents were said they were happy with the job security in their organizations.60% Respondents received various Health benefits in the form of Claims, allowances etc. These fulfill the **Safety Needs.**
- 55% Respondents feel secured within the organization that makes them involved and work whole heartedly in their organization.59% Respondents were happy working with their co workers and agreed strongly that work culture is a significant factor in motivating them to work for their organizations. These Fulfill the **Social Belonging needs.**
- 61% Respondents said they have opportunities or have gone through Promotion in the organizations they work.69% Respondents agree Recognition in the organization is a key motivator that adds up drastically to employee satisfaction and retention which helps them to continue in the same organization.55%Respondents said they have opportunities or have gone through Promotion in the organizations they work.61% Respondents agree working in a Reputed Organizations is a important factor that motivates them not to quit the organization. These factors fulfill the **Self Esteem needs.**
- 64% Respondents are happy that the organization for which they are working give them a scope for Career development opportunities.63% Respondents usually in the middle and top level have the feeling of Achievement that motivates them to do more for the organization .56% Respondents are happy that they find their work challenging and have been learning new things throughout their period of employment. These factors Fulfill the **Self actualization needs.**
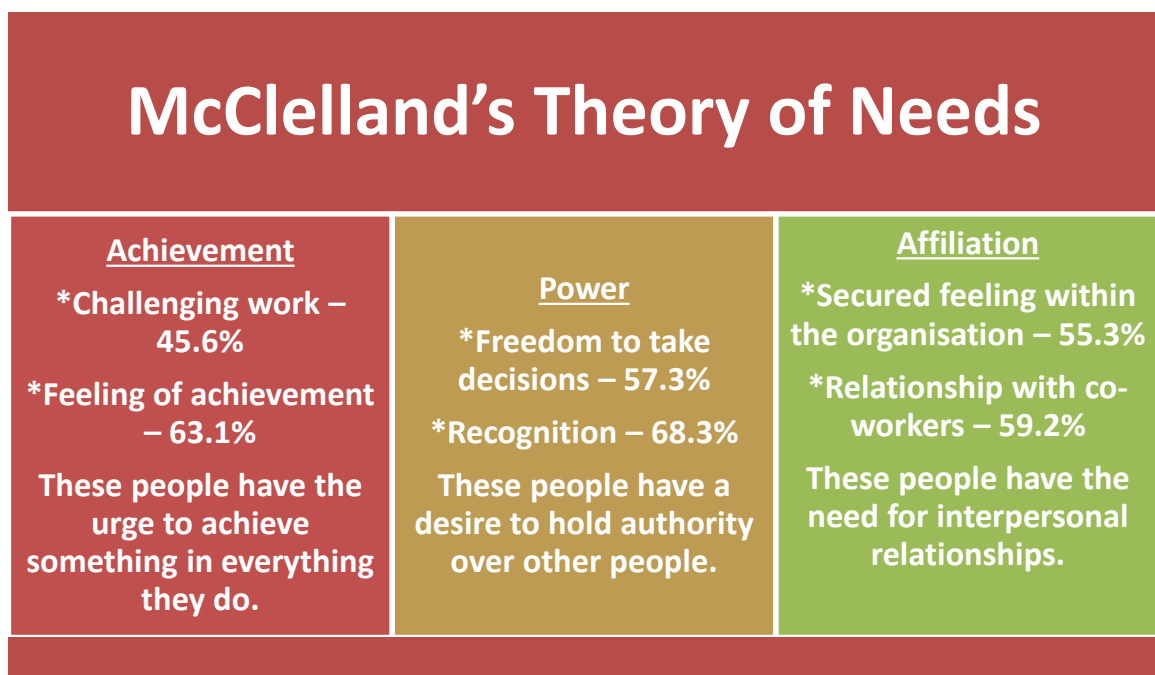
McClelland's Theory of Needs:

McClelland's Theory of Needs

Achievement

*Challenging work – 45.6%

*Feeling of achievement – 63.1%

These people have the urge to achieve something in everything they do.

Power

*Freedom to take decisions – 57.3%

*Recognition – 68.3%

These people have a desire to hold authority over other people.

Affiliation

*Secured feeling within the organisation – 55.3%

*Relationship with co-workers – 59.2%

These people have the need for interpersonal relationships.

Figure 6 Source :Primary
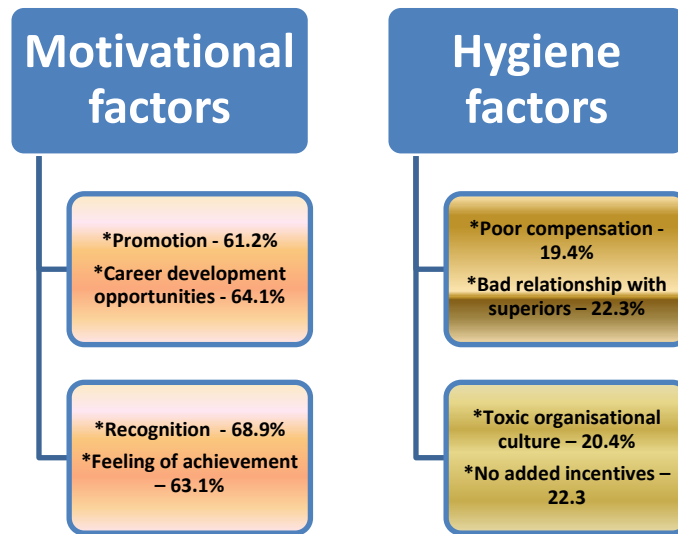
Herzberg's Two-Factor Theory:

Figure 7 Source :Primary

Equity Theory:

1. What motivates the respondents the most in an organization

As per the graph depicted above, it shows that Equality among employees and Monetary benefits motivates the employees in the organization the most.Then comes to Opportunities to achieve personal, Recognition and Flexible working hours which motivates employees in lesser percentages. Then comes Promotions and Other non monetary incentives motivates the employees. Job Enrichment is the least voted motivation for employee in the organization.
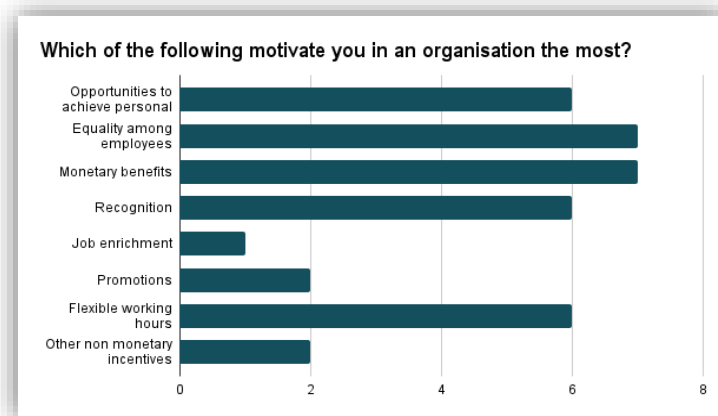

Figure 8 Source :Primary

2. Reasons to leave the previous organizations were listed by the respondents.

What were your reasons to leave the previous organisations? (Choose multiple options)
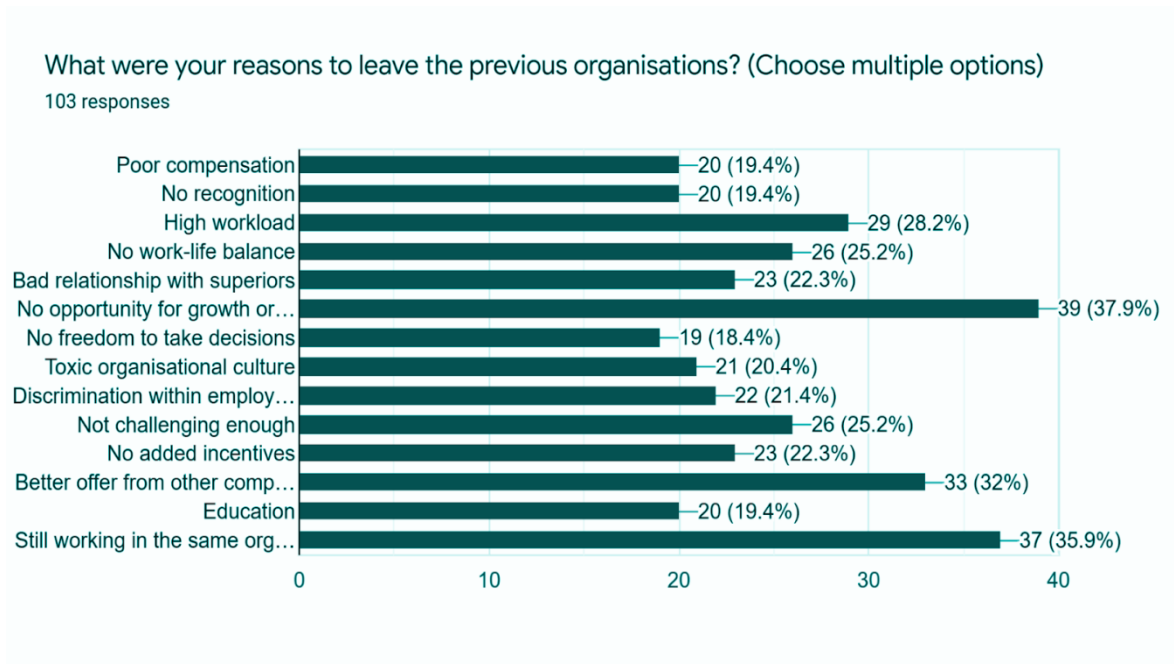103 responses

Figure 9 Source :Primary

The above graph shows that most of the employees are still working in the same organization**.**

- 1.4% of the respondents left their organisation as they found discrimination among the employees.
- Majority of the respondents consider equality among the employees as a motivating factor.
- Employees compare the output they get for the input they put in with the output other employees get for the input they put in.

Vroom's Expectancy Theory:

1.Respondents who were dissatisfied with the output(Salary, remuneration, status, appreciation etc)

Are you dissatisfied by the output you get for the work you do in the organisation?
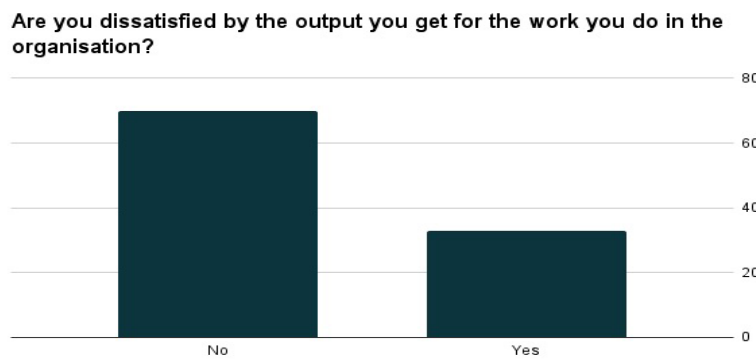
Figure 10

68% of respondents seemed happy about the output they get for the input they give.

32% were seen to be dissatisfied by the output.

Employees performance expecting for a good output and when that expectation is not met, it leads to demotivation.

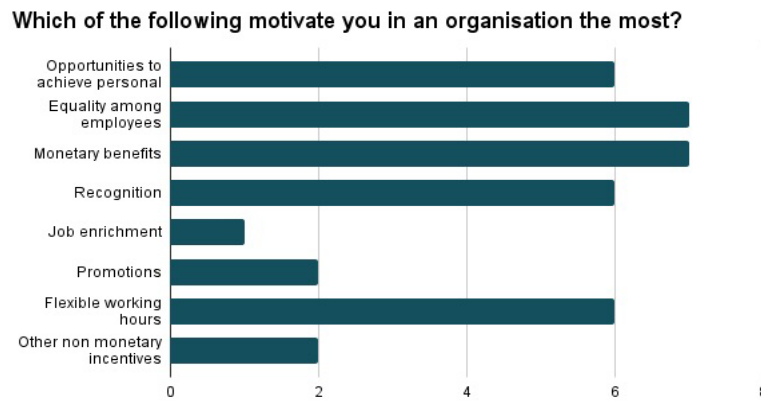2. Motivating Factors in the Organization:

Figure 11 Source :Primary

- Monetary benefits and equality among employees are the trending motivating factors.
- Opportunities to achieve personal goals, recognition and flexible working hours were few others.
- The other factors like non monetary incentives, job enrichment, flexible working hours did not motivate the respondents directly (hygiene factors)but their absence would cause a problem to the respondents.

OBSERVATIONS AND FINDINGS:

- After surveying 103 respondents, we found that motivation theories have a certain impact on employee retention.
- Majority of the respondents were from the age group of 25-45 based on which we arrived at this conclusions.
- Respondents consisted of a variety of individual from different occupations but most of it were focused on the sales department of different companies.
- Middle level employees were the ones who seemed to have been influenced by the motivation theories. Top level and lower level employees were considered less compared to this.
- Tenure of work of respondents showed that most organizations face very less job turnover as employees have been working there for more than 6 years. But a few of them were seen to have been leaving the organization before the completion of 1 year.
- Half of the respondents feel happy about staying in the same organization that are working in right now. But more than 1/4th of the employees think about changing their jobs once in a while. A few of them feel like changing jobs more frequently than the others.
- Most of the respondents have only worked in 2organizations till this date. Then majority of the rest have worked in 4 organizations and the rest have worked in 3, 1 and the least were 6 organizations.
- It was seen that majority of the respondents were still working in the same organization which showed employee retention. Most of the ones that were leaving were because of less opportunity for growth and development. Then people left to pursue higher education or because they got better offer from other companies.
- Other prominent reasons were poor compensation for the work done or due to high workload. Some of the reasons that also played a role in turnover were discrimination among employees, bad relationship with superiors, toxic organizational culture, work-life balance, no recognition, no freedom to take decisions and no other added incentives.
- People seemed to be the most attracted to an organization based on how they recognize the employees and then came job security. Career development opportunities, other non-monetary incentives and the feeling of achievement were seen to be the next best motivators for employees.
- Some people also found the organization's reputation, the promotional opportunities and the health benefits they provide attractive enough to work for them. Other motivating factors in an organization included base pay, bonus, freedom to take decisions, how challenging the work is, secured feeling within the organization, relationship with co-workers and what new things they can learn from there.
- It was seen that majority of the respondents were happy with whatever output the organization provided them for the input they put in. But there were still those who found the output dissatisfying compared to the input they give.
- Monetary benefits and equality among the employees seemed to be what motivated employees to work better in an organization. Factors that were also important as this were opportunities to achieve personal goals, recognition and flexible working hours.
- Promotions and other non-monetary incentives seemed to be motivating only a few of the respondents. Job enrichment was the least important motivating factor.
- As expected most the people wanted to be valued in the organization be it in terms of decision making or any other activity. But few people seemed fine with not being valued also as they just work for a living and being fully involved in the organization doesn't matter to them.
- Job design is also something that drives an individual to work harder in an organization and employees are seen to be motivated by challenging work but some are okay with average work and few prefer simple job design with not much efforts needed.
- People who work in the lower level of an organization seem to be motivated more by the physiological and safety needs like basic

needs, job security, base pay, health, housing, etc.

- Ones that belong to the middle level have already achieved these needs, hence what motivated them is to achieve social belonging and self-esteem. While the ones that work in the top level are focusing on self actualization.

- Comparing the theory of needs and the responses we got, it is seen that people are motivated by things based on their personalities. Some people are seen to be motivated by achievements like recognition, challenging work and promotions. There are people who are motivated by power like decision making, reaching a higher position, etc. The rest of the individuals are motivated by affiliation like secured feeling within the organization, being valued, good relationship with co-workers and prefer not taking up challenging work.

- There are certain factors that lead to satisfaction and certain factors that cause dissatisfaction. Presence of motivating factors like recognition, work-life balance, opportunities for growth motivate an employee to perform better as per the two-factory theory. But the presence of factors like bad relationship with superiors, poor compensation, no job security, toxic organizational culture lead to dissatisfaction among the employees which leads to turnover.

- Equality among the employees is as important as any other motivational factors. If the employees feel they are not treated equal to other employees, it can lead to turnover. People see equality by comparing the input given by them and the output received for that to the input given by others and the output they got for it.

- An employees motivation is also based on the expectation they have for what they will receive for the work they do. They put in efforts to give good performance thinking that it will lead to the desired results. Hence it is the responsibility of the organization to satisfy the expectations of the employees.

CONCLUSION:

The study revealed the positive relation of motivation theories on employee retention. Motivation theories are applicable on both middle and lower level of employees. Top level employees have already reached on the position where they are self-motivated. For the lower level of employee monetary benefits plays a vital role for motivation. To satisfy the lower level of employees the organization need to fulfill the Physiological needs that is the basic needs of the employees along with the safety needs according to the Maslow's Hierarchy of Needs. For the middle level employees, they need more than the needs stated above for their motivation and satisfaction. Social belonging and self-esteem needs where the feel belonged to the organization and society and start focusing on themselves. As per our survey we got maximum respondents from the middle level employees who are working in the same organization for more than 6 years. Belongingness to the organization and involving their concerns in important decisions making of the organization motivates them the most. Along with the development of organization goals they also focus on personal growth as well and consequently they never think of leaving the organization. As per the McClelland's Theory of Needs employees feel belonged to the organization and enhance team building with their fellow members in the organization which fulfills the need for affiliation. Employees who are posted to the middle level have some authority along with the responsibilities which fulfills the need for power. They are clear with their day to day task and also five years plan to proceed with. They achieve their tasks before the deadline and enjoy the positive feedback. This fulfills the need for achievement. There are some intrinsic motivation which motivates the employees from within to be satisfied and enhance their job involvement. Employees measure their output with their input. According to the survey conducted maximum employees responded positively about the output satisfaction by their respective organizations. Employees expectations form the organization is very high and accordingly they put efforts which results in their performance. In many organizations employees are rewarded based on their performance which mediates as a motivation tool for employees.

Appendix:

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