

Management in organizations assignment



**ASSIGN
BUSTER**

However, this would make the organizations found more difficult to retain and motivate their people as there are full of external opportunities which those offers may be more attractive.

Good employees will leave the organizations for a better package. In order to keep competitive and survive in the market, it is critical for the organizations to define what the needs of their employees are and how to increase their motivation and reduce their intention to leave.

The main objective in this study is to understand the current issue of PepsiCo Hong Kong regarding the high turnover rate and to find out the motivation factors and their impacts on employee behavior based on the motivation theories, following with the evaluation of the current employee retention measures which PepsiCo Hong Kong has been carried out and what recommendations can be given to PepsiCo Hong Kong to achieve a better outcome. PepsiCo Hong Kong is a multinational food and beverages company in U. S. A.

Hong Kong is the regional office of Asia Pacific Region and most of the employees stationed here are back office departments including Finance, Human Resources, Legal, Strategic Planning and Information Technology, etc. There are about 70 employees based in Hong Kong office. The current issue is the high turnover rate in the supporting team including receptionists, office assistants and secretaries.

Based on the exit interview results, the main reasons for their resignation include: desire of new challenges, look for new environment and would like to take a break before looking for another job. We are going to understand

more on what PepsiCo Hong Kong has been done to retain and motivate its employees and what further improvements can be done to achieve a more effective outcomes.

3 Motivation Theories It is known that employee retention is closely related to motivation while in early 20th century theorists began to link this to meeting the needs of employees. (Wilson, 2005). People have various desires and these desires will motivate them to work hard to achieve. In reverse, if the completion Of the tasks does not bring them to what they expected, they might not be willing to work on them. Therefore, if we want to retain and motivate the employees, we will have to identify what their needs are and try to set up the targets and lead them to their desired outcome.

To have a further understanding, we are going to explore some commonly used motivation theories in the following part. 3. Emotional Needs Theory Emotional Needs Theory was developed by Nit Norris, Boris Greenberg and Linda-Ling Lee (2008). According to this theory, there are four basic and innate drives – acquire, bond, comprehend and defend. Based on each area, we can set up organization policies and practices to enhance employee motivation, as shown in Table 1. (Buchanan and Husking 2010).

Table 1: Emotional needs theory and implications for practice Drive

Definition	Primary Lever	Management Action
Acquire Obtain scarce goods, develop social Status	Reward System	Differentiate good from average and poor performers, tie rewards clearly to reference, pay as well as your competitors
Bond Form connections with other individuals and groups	Culture	Foster mutual reliance and friendship among coworkers, values

collaboration and teamwork, encourage sharing of best practices

Comprehend Satisfy our curiosity, master our environment Job Design Design

job that have distinct and important roles in the organization, design jobs

that are meaningful and foster a sense Of contribution to the organization

Defend Protect against threats, promote justice Performance Management

Increase the transparency of all processes, emphasize their fairness, build

rust by being just and transparent in granting rewards, assignments, and

other form of recognition According to Table 1 , we can see that employees

have psychological need. They will be motivated if working harder means

getting more. Connections are also important as better connection means

better working environment when you have a good relationship with

colleagues, more efficient when working as team and sharing knowledge.

This could enhance job satisfaction and motivation.

For job design, if employees have delegated responsibilities, they would be

motivated as they will feel their importance to the organization. Lastly,

recognition of achievements in the way of rewards, promotion or

announcement can also increase employee satisfaction and motivation as

they find themselves different from those do not work as hard as them.

3. 2 Abraham Maslow's need hierarchy According to Maslow (1943), there are

at least five sets of goals in human being from basic needs to intellectual

desires (Figure 1). According to Buchanan and Husking (2010), Maslow

(1943) also stated that the basic needs will have to be fulfilled before

motivation can be developed.

When we apply this theory to real situation, it would mean we need to fulfill the need of employees starting from the basic requirements like working environment, salary level, acceptable working hours, other benefits like annual leaves, medical insurance and retirement plan, etc. However the above basic requirements will only lower employees' intention to leave.

It can attract people to take this job position does not mean they are motivated as they will get this benefits anyway. In order to motivate the employees, organizations would also need to work more on the social interaction encouragement, awards & recognitions, staff training responsibilities delegation and creativity encouragement, etc. , which staff can only obtain these rewards by motivation.

Figure 1 : Abraham Maslow's Hierarchy (1943) 3. 3 Herrings Motivation

Hygiene Theory Table 2 shows the two-factor theory of motivation developed by Herzberg (1966).

-rabbi 2: Herrings Motivation Hygiene Theory (1966) According to Buchanan and Husking (2010), Herzberg (1968) argued that hygiene factors are those factors which will only be able to remove employee dissatisfaction but lead to satisfaction. Conversely, motivator factors could lead to employee satisfaction but it will not make the employee dissatisfied. However, Herzberg also stated that to increase the job satisfaction level, hygiene factors would have to be fulfilled before the motivators become more effective.

According to Marching & Wild onions (2008, 457-458), Herzberg's theory has similar directions to need hierarchy by Maslow (1943): hygiene factors could refer to psychological needs, safety & security, love & belonging; while

<https://assignbuster.com/management-in-organizations-assignment/>

motivator factors could refer to self-esteem and self-actualization. In order to motivate and retain the employees, organizations will have to design a job with opportunities for employees to get both extrinsic and intrinsic rewards (Marching & Wilkinson, 2008): Intrinsic rewards – valued outcomes or benefits which come from the individual, such as feelings of satisfaction, competence, self-esteem and accomplishment.

“ Extrinsic rewards” – valued outcomes or benefits provided by others, such as promotion, pay increases, a bigger office desk, praise and recognition. (p. 280) 4 Analysis Based on the above motivation theories, a few areas can be defined as the factors to motivate and retain employees: Workplace environment, economic & psychological security, affiliation, training, job nature and creativity. We are now going to analyze each factor individually and to find out what actions have been done for PepsiCo Hong Kong to retain and motivate the employees, also what improvements are recommended to get a better result. 4. 1 Workplace environment 4.

1. 1. Physical environment Workplace condition in this part refers to office physical environment.

According to an independent research study done by the America Society of Interior Designers (Earl 2003), there are 51% of 663 adults said the physical workplace would affect their intention to leave an organization. All offices in Hong Kong would need to follow the Hong Kong Government rules and policies regarding office health and safety such as qualified fire services installations, fire evacuation plans and first aid box, etc.

However, this will not differentiate PepsiCo Hong Kong from other organizations. How to make the office to become attractive to employees? PepsiCo Hong Kong concerns about office environment. As it is a food and beverages company, it provides free soft drinks, juices, coffee, distilled water and also snacks like biscuits, chips, nuts, etc. To employees.

It is known that office rental increases rapidly which cause the property prices more than doubled in 3 years – end-2008 to end-2012 (XIII Piecewise, 12 Novo 201 3) Every company becomes space- conscious and will try to rent a smaller office to save cost.

However, PepsiCo Hong Kong offer private offices to employees who meet the band level requirement, which is over 50% of the employees. For other employees, they have a 1. Mm x 1. Mm workstation with enough storage spaces for their documents, which is rather big comparing to other organizations in Hong Kong.

In the coming year, PepsiCo Hong Kong is planning to have refurbishment in office and purchase new furniture. Therefore, PepsiCo Hong Kong has done pretty well in this area which the employees are satisfied with the current workplace environment.

Though employees are willing to stay in such a comfortable environment to work longer time but it does not mean that the staff will not leave as this is just a basic need which they will give up for a better offer in other areas like benefits, job nature, etc. , provided that the working environment is at an acceptable level.

4. 1 . 2. Workplace Wellness Work life balance means the harmonious and holistic integration of work and no-work so that people can achieve their potential across the domains in which they live. (Kara & Miser, 2013, p.

63) Besides the physical environment, psychosocial environment of the workplace also has a great impact on employee retention (Seek et al. , 2012). It is very common in Hong Kong which employees work very long hours.

Working long hours continuously will make employees unhappy and spend too little time on personal life.

Employees should have a healthy life besides work. Organizations should encourage employees to spend time on families, doing exercises, developing positive habits, etc. Rather than spending extra long hours at work.

According to Lockwood (2003), a study was done in year 1997 by AVID (Work/Family Directions) about the work/life programs of different clients (Lander, 1997).

60% of the surveyed employees in Hooch's Celanese reported it is a great importance between the ability to balance work with personal and family responsibilities and their intention to leave the company.

Lockwood and Nancy also stated that work-life balance affects five key areas: employee time- saved, employee retention, increased motivation and productivity; absenteeism; decreased healthcare costs and stressed-related illnesses. PepsiCo Hong Kong holds work-life balance week each year to raise employees' awareness of workplace well-being. During the week, PepsiCo

Hong Kong will arrange health talks, outing, trial class in fitness centre, informal gathering, etc.

However, it will only have a short-term effect and employees will forget about this after some time. Therefore, starting this year PepsiCo Hong Kong also will arrange lunch and learn sessions each month. Free lunch will be arranged follow by a talk. Different talks with topics like Fungi Shush, organic food, skincare and healthcare will be presented by external professionals.

Employees can also raise any ideas which they are interested with. However, according to the work-life balance study by Moore (2007), the impact of work-life balance programs would depend on the circumstances of the individual.

For the supporting team of PepsiCo Hong Kong, they need to work fixed hours which work-life balance programs do not help them to get more time on their personal life. Therefore, PepsiCo Hong Kong also offer half-day off for special days like Christmas eve, New Year Eve, Mid; Autumn Festival and Chinese Winter Day, which allow the employees to spend more time with the family and friends. 4. Economic and psychological security 4. 2.

1 .

Financial incentives According to Desert (2003), there are different types of incentive plans besides base salary: annual bonus, target bonus, stock option awards, performance bonus, etc. However, it is doubted that if salary level is a strong motivator. According to Wilson (2005), Elton Mayo conducted the Hawthorne Studies and the result showed that employees

were not motivated by money alone but linked to their behavioral attitudes in the workplace.

For the research done by Pinto (2011), it is also shown salary level has no significant impact on employee motivation and satisfaction. Leadership expert Kane Blanchard also agreed that good salaries are not good enough to retain the staff (Alabama, 24 Jan 200711).

However, as discussed it is necessary to meet the basic need of employees before we can motivate them (Herbert 1968, Moscow 1943). Besides, the impact of money depends on different factors: Although pay has strong motivational potential, its actual effectiveness as a motivator depends on a variety of individual and situational factors, including the way it is administered in practice (Runes et al. , 2004, p. 389) Therefore we cannot ignore the impact of financial incentives.

In PepsiCo Hong Kong, there is an annual performance review and each year there will be a bonus and an increment in salary based on the employee performance. Pay for performance scheme and incentive system would motivate the employees (Taylor 1 911).

Below are some benefits of performance related pay (Armstrong, 2002): it motivates people and therefore improves individual and organizational performance. It links reward to the achievement of specified result that support the achievement of organizational goals. It meets a basic human need – to be rewarded for achievement it helps the organization to attract and retain people through financial rewards and competitive pay, and

reduces ' golden handcuff effect of poor performers who insist on staying with employers.

(p. 271) The HR professionals in PepsiCo Hong Kong will also benchmark the salary level in the market to ensure the salary level will not way too low when comparing to other organizations. However, as mentioned there are some individuals leaving PepsiCo Hong Kong for a break.

That means money will not be the major factor for some of them to considerate while they may need more personal time. Therefore, the impact of financial incentives depends of efferent individual needs.

As this study focuses on motivating the supporting team, we may evaluate and set awards to them on their general performance only as they do not have sales targets or business achievements. But honestly, companies usually would not budget a big amount on the back office teams as it is believed that their values are already paid through monthly salary. 4. 2. 2 Nonofficial Incentives According to the research result of ' The impact of reward and recognition programs on employee's motivation and satisfaction' (Shirrs et al. 2011 it reflected that there is a significant relationship between reward & recognition ND motivation & satisfaction.

According to Streetwise (2002), there are two types of non-financial rewards. The first one is developed from long-term scheme such as a guarantee response for adoption of employees' ideas, announcement of their success in internal public channels, a certain degree of decision making, which the organization is showing the respect and recognition to the employees. Another type of rewards is small but significant prizes like holidays, trips,
<https://assignbuster.com/management-in-organizations-assignment/>

badges, etc. As different employees would have different needs, we have to find out which benefits options would be the best fit to the employees (Desert 2003).

Since PepsiCo Hong Kong is a regional office which does not have marketing or sales team, therefore incentive schemes and rewards are not easily found usually. PepsiCo Hong Kong offers good benefit package instead of special rewards. Employees are entitled for different kind of leaves such as vacation leaves, sick leaves, study leaves and maternity leaves, etc. PepsiCo Hong Kong also provides medical, dental and life insurance to employees.

The medical insurance covers spouse and kids. Free body check will be offered each year. PepsiCo Hong Kong also provides allowance for employees to purchase company brand products. Employees can buy drinks, snacks & cereals in supermarket and reimburse every month.

For the expatriates, they will have a two-way ticket each year to back to home country.

PepsiCo Hong Kong does offer flexible work schedules which employees can apply for shifting the 8.5 hours working time within AAA. M. To up. M.

, this allow employees better arrange their personal schedule especially for those have kids. However, the supporting team is not entitled for this benefit due to the scope of work which is to ensure the office is operating smoothly during the normal business hours. Besides, all mentioned benefits re just for all employees but not related to performance of individuals. Therefore

whether the package is good or bad, it will just have impact On attraction to new hire but not retention or motivation of current employees.

In order to motivate the staff, PepsiCo Hong Kong has to design some recognition or rewards which are specifically for employees who have outstanding performance, such as outstanding performance selected by the team heads and long-team service award. It shows the recognition to the employee by the company and the senior management. 4. 3 Affiliation 4.

3. 1 Social Support A study by Karate (2013) shows that employees, especially who works in frontline, with social support at work are unlikely to have intention to leave the organization. According to Hellbender & Rotund (2007), social support will lead employees to higher involvement and therefore lower the intention to leave the organization (Baker et al. , 2003).

Social support includes support from co-workers and managers. Through the social support, employees can gain more knowledge through sharing of ideas.

Also, team work can make a good use of abilities from different individuals and come up to a better performance. Satisfaction level of the employees will be increased as well.

Therefore, organizations should promote team building in order to motivate the employees and better use of the human resources. PepsiCo Hong Kong concerned about relationships among employees. There are team-building activities regularly to maintain the close relationships within the team.

Besides, informal gathering such as lunch, sports competitions and after

work drinks is organized frequently so employees in different level can know more about each other outside work.

In terms of group work, however the employees in PepsiCo Hong Kong work as individual and seldom involve in roof work. They get used to manage their own tasks from beginning to the end and it is not common to seek help from team mates or supervisors. The bonding among the employees is too weak and as mentioned, they are more likely to have intention to leave. In order to solve the problem, PepsiCo Hong Kong may different individuals form a team to on special project or event, such as annual dinner, parties or other activities like volunteer work.

It is to provide opportunities for employees to work together and hence a greater sense of belonging.

Manager should communicate with the team more wrought formal or informal catch up to understand more about employees' situation in order to provide assistance and as a result of motivation. 4. 3. 2 Corporate Social Responsibility Nowadays it is very popular for the organizations to promote corporate social, responsibilities (CARS).

According to the studies (Hess et al. , 2002; Seen and Unattached, 2001; Kim and Scullion, 201 3), it is shown that there are positive relationship between corporate social activities and reputation so as company image. These business community involvement (BCC) initiatives are voluntary contribution of money, goods or services to the community (Moon, 002), such as volunteer works, donations, and environmental friendly practices.

Table 3 shows the summary of different benefits enjoyed by organizations and employees for volunteerism: Table 3: Moon's summary of the different benefits enjoyed by each group as a result of volunteerism

Group	Benefits
Business Staff	development: teamwork, morale, skills, training, flexibility
Employees	enhances reputation; a high impact way to invest in a healthier community and trading environment. Employee Access to opportunities otherwise not aware of. Real incentives that make volunteer easier; ability to involved with peers

The research regarding the legislations between CARS and employee motivation has shown that if the job role of employees lack of variety or significance, volunteering work may compensate and makes employee feel more meaningful so enhance employee intrinsic motivation.

Moses et al. , 201 1). According to Table 2, employees can build up a closer relationship with co-workers through the CARS activities which will increase the bonding in the team and enhance team work. Employees would feel themselves stronger affiliation with the organization which would reduce their intention to leave (Sudden and Resuscitative, 2012). In PepsiCo Hong Kong, there is a committee called “ Helping Hands” in every PepsiCo Hong Kong office globally. Each year, Helping Hands organize a number of volunteer works include visiting elderly homes and orphanages, in which they will donate PepsiCo Hong Kong branded products at the same time.

Besides, they will join the activities organized by other charity like November, which would raise vital funds and awareness for prostate and testicular cancer and mental health. Senior management always will send out a formal notice to appreciate all the participants, this will also encourage there employees to join in the activities afterwards. This intrinsic reward

would build up a positive image of those employees and hence the achievement of self-esteem and self-actualization, I. E. Motivation (Moscow, 1943). 4.

4 Training Real workplace is a favorable environment for employees to continue further learning and development. This will attract and retain more desirable workers (Romantic & Smart, 2000).

There is also a proof that the more company to avoid offering skills and career development, the fewer employees are satisfied with their current job (Robinson & Rousseau 1994). A research by Squiggle & Tommy (2006) also states that if the employees can continue developing their career, which making them feel happy and the job IS meaningful, they are unlikely to change job or occupation I. E. Increase their motivation and reduce their intention to leave.

Therefore though the training may involve more expenses for the organizations, but they still would budget this cost as their employees' value will be increased gradually so this is an investment on human resources.

PepsiCo Hong Kong allows staff to learn and develop in different ways. Firstly is on-the-job training, senior employee will hare experiences with the junior ones. Also, policy & operation manuals are always up-to-date to allow new joiners to study. Secondly, it allows employees to shift their work position after a certain period of time; therefore the employees can further develop their skills and reach some new areas.

In addition, they will hold some training sessions joint with other companies so the employees can further understand about what is going on in the market. Lastly, PepsiCo Hong Kong will sponsor employees for job-related further study in schools outside office hour.

Employees will have to guarantee longer service period in this situation. However, PepsiCo Hong Kong does not promote job rotation and everyone work separately with different tasks. Though employees will feel more secured, however it does not mean they can be motivated as there is no peer pressure for individual tasks.

Besides, PepsiCo Hong Kong will have less bargaining power for retaining the employees as their importance are relatively high as no one can back up for their current job. Therefore job rotation will also benefit to both employees and company.