

# Factors that lead to employee motivation



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Employees are considered as one of the most valuable asset of an organization and they contribute to various activities of an organization.

There is a need in every organizational to motivate their employees in order to render organizational commitment of the employees and if an employee is committed toward to an organization than there will be strong desire in an employee to work toward s the goals of an organization and to remain in the organization which will in turn lead to success of the organization.

The purpose of this research is to examine and evaluate the factors which motivate the employees.

One reason for choosing this topic is that it is an important fact that employees spend a lot of time at work for almost 40 years of their lives therefore it is important that employees should be satisfied with their job and the working environment.

Apart from this topic being so interesting and important, there are different theories than can be used to look at motivation from different angles.

Reasons for choosing Pepsi

Pepsi co has a work oriented approach with highly skilled and knowledgeable employees. Pepsi is a world leader in producing beverages and other consumer product. PepsiCo in Pakistan produces financial rewards for its investors and provide growth opportunities to its employees. The aim of the management of PepsiCo is to build a work force that is motivated and associated with the objectives of the organization.

At PepsiCo both financial and non financial practices are undertaken to motivate the employees.

My research will focus on the non financial practices for motivation.

Project Objectives and research questions:

The objective of this research is to understand the factors that motivate employees. Employees not only focus on financial rewards but also non financial rewards and benefits which are responsible for motivation among employees. The objective of this report focuses on the impacts of non financial practices on employee motivation. A smaller part of this report will focus on the financial factors responsible for motivating employees.

The main aim of this research is to identify and analyze the factors that motivate the employees using different theories of motivation. Both primary and secondary sources will be used to identify these factors. Primary research will give more detailed and in depth analysis.

The main primary question will be:

Are PepsiCo employees motivated?

What factors lead to employee motivation?

How can PepsiCo improve motivation of its employees?

The answers to the above three questions will help in identifying and analyzing the areas of strengths and weakness in overall motivation process

at PepsiCo. At the end recommendation will be given that how Pepsi can improve and work on their areas of weakness.

Overall research approach:

To begin with the research first of all I will analyze whether the employees at PepsiCo are motivated or not. I will use results obtained from primary research and secondary sources to do the overall analysis of motivation.

Once I have found that employees at PepsiCo are motivated or not I will identify and analyze the factors that are responsible for motivating employees or responsible for their dissatisfaction. The factors that I will use will be based on the theories of motivation I will be using. There is at least one question in the primary research questionnaire for each factor. The questionnaire will ask the participating employees to put in order of importance the factors they consider are most important and will motivate them.

The theories that I will be using are:

Herzberg's motivation hygiene theory

Vroom's expectancy theory

From the information that I will obtain from primary and secondary research I will make recommendations to PepsiCo that on which factors they can improve on and which factors they should not focus on as they do not help in motivating employees. Finally in the conclusion I will discuss the overall effectiveness of the motivation process of employees at PepsiCo.

## Part 2:

### Sources and methods used for collecting information:

The secondary sources that I am using for my research are websites, books and business magazines, whereas primary research will be conducted through a questionnaire. The questionnaire was distributed among different employees working at different positions at PepsiCo. The questionnaire has at least one question relating to the factor considered. The participating employees were asked to put in order of importance the factors that the considered are the most important for their motivation. This help me identifying that where PepsiCo is putting its emphasis and on what factors it is not putting much emphasis.

### Limitations of your information gathering

### Ethical issues and how they were resolved

The main ethical issue concerned was of confidentiality as this report discusses private personal information as well as information about PepsiCo which gives PepsiCo complete advantage. To overcome the issue of confidentiality the surveys are kept anonymous and individual results will not be shown.

I am a customer of PepsiCo and I am an admirer of it. However I ensure that my results are not biased in favor of PepsiCo. I made sure that I focused on the factual data for my results.

### Accounting and/or business techniques and their limitations

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Motivation is “ the psychological feature that arouses an organism to action toward a desired goal; the reason for the action; that which gives purpose and direction to behaviour” (Princeton, 2010).

There are two types of motivation theories, process theories and content theories. According to content theory man has needs which tend to change over time. Man will be motivated when these needs are satisfied. Therefore the theory identifies factors that are needed to be satisfied in order to motivate an individual.

Whereas process theories believe that motivation leads to actions which will satisfy an individual's need. Content theory believes that's if needs of an individual are satisfied then he is motivated whereas process theories believe motivation leads to actions that can satisfy needs. There are two types of process theories, expectancy theory and equity theory.

According to expectancy theory an individual has to expect that their ability and skill will help them to complete a task which will lead to fulfillment of desired need. Therefore a job design is important.

Equity theory analyzes the ratio between an individual input and the expected outcome. An individual input includes his effort, his ability, his training etc where as the expected outcome includes the pay he is getting, his status etc. An individual is de-motivated when he believes that his input to output ratio is not similar to his coworkers in the company. For example if one employee's earns €200, 000 of revenue for the company in a year and earns an income of €30, 000 whereas his coworker who has been at the

company for 4 years longer than him earns an income of €40, 000 even though he also earns €200, 000 of revenue for the company.

For my research project the motivation theories I have chosen is one process and one content theory, which are discussed below:

### Herzberg's Hygiene Motivation theory

Frederick Herzberg (1966) was a student of accountants and engineers in Pennsylvania and he identified the two-factor theorem for job satisfaction. He noted that the opposite of satisfaction is not, no satisfaction but is dissatisfaction. Therefore the two factors he identified were hygiene factors and motivating factors. The hygiene factors are those which remove job dissatisfaction and motivating factors are those which cause job satisfaction.

Hygiene factors are the needs which an employer must provide in order to stop an employee's dissatisfaction. Some of the primary hygiene factors are :

Company policy

Supervision

Working conditions

Relationship with peers

Salary

Security

These factors are all external and will satisfy human' physiological needs.

Physiological needs include such as food and shelter etc

Whereas motivating factors will satisfy a person's psychological needs and are fundamental. The important motivating factors are:

Achievement

Recognition

Work itself

Responsibility

Advancement and

Growth

Motivating factors will not be met until and unless hygiene factors are not met. However if both factors are successful then the employees will be loyal and will be more productive.

Now looking at the limitations of the theory:

The first limitation this theory has is that it does not see employees as individuals with different personalities. As all human beings have different needs and different wants therefore it is inappropriate to consider that same factors will motivate everybody.

The second limitation with this theory is that it assumes that only motivated employees are productive however this may not hold true in some cases.



Therefore it can be seen that theory does not consider an individual's ability and his skills.

Also at time the managers blame that hygiene factors lead to employee's dissatisfaction and they tend to ignore the motivating factors, which may be the main reason for an employee's de-motivation.

Vroom's Expectancy theory of motivation.

Vroom presented the following equation for motivation:

Motivation = Valence x Expectancy (Instrumentality)

In this equation Valence means the depth of want and expectancy and instrumentality considered the employees perception about his chances of receiving bonus or reward.

This theory is based on the employee's ability to predict whether he will be able to complete the given task. This ability to predict can be low for tasks which are complex and in such cases the theory will be considered ineffective.

Part 3 – Results, analysis conclusions and recommendations

Are employees at PepsiCo motivated?

Interest in task

According to the content theories, when an individual is attracted in what they are doing it motivates them to complete the task. According to Herzberg this is an essential factor and therefore is a need to develop this

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factor in the employees. Therefore it is important to understand that if the need for interest of the employees is satisfied than they will be motivated to work and perform the task successfully. Process theorists also agree that interest fac

t is important for motivation bur however according to them, individuals are motivated because they believe that they will get the desired reward.

According to Vroom if an individual is interested in their wok and are satisfied with their job then they will believe that they will succeed and they are motivated to work for their success.

Hence Interest in task by the employee is an important factor and PepsiCo should give time to it.

Graph exp

As in the questionnaire question 1 and 2 are about the factor interest in task. The results shows that employees at PepsiCo believe that their work task gives them personal satisfaction as they have answered these questions as agree and strongly agree. None of the employees said that they were dissatisfied with their job, however it is seen from the survey that satisfaction level of some employees need to be improved therefore there is a room for improvement for PepsiCo.

Also on the important list of the survey this factor varies from levels 1 to 9, which shows that how different employees view this factor's importance.

This shows that the result match with Vroom's theory because the employees feel that interest in task does not have a positive relation with

skills and ability and the results does not correlate with Herzberg's theory which believes that interest in task is a motivator.

### Recognition

Recognition means that you are acknowledged by the other because of your good performance in a task. According to Herzberg recognition is an important intrinsic motivating factor because it gives an employee the feeling of self worth and an employee feels good about himself.

If an employee feels good about him and is confident then he will be motivated as well. According to Vroom recognition makes an employee motivated to do the work again as he knows that it will lead to success.

Process Theorist believe on larger rewards such as financial bonuses where as Herzberg's theory prefers smaller rewards and frequents recognitions for making one feel good about himself.

### Graph

#### Working environment

According to Herzberg working environment is a hygiene factor that is required to keep away dissatisfaction but it is not a motivator itself.

According to Process theories a factor is only motivating if it helps individuals in achieving a specific goal. According to Vroom a working environment is a motivator as it is required to perform a task. This factors shows that how both theories have different conclusions about it.

#### Graph n explanation

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#### 4. Relationship with peers

According to Herzberg relationships are not needed by individuals as they are an external factor. Content theories do not encourage companies to spend their resources on building relationships among peers. According to Vroom the need for relationship among peers is important depends on whether it is an important factor in achieving success. According to the equity theory motivation depends how individuals sees themselves by comparing himself with the others in the same organization.

Graph n explanation

Relationship with senior

The use of the theories for this factor is alike to the conclusion drawn in the above factor “ relationships with peers” but process theorist would see this factor as a motivating factor because it is important to build relationship with seniors and gain their respect in order to get promotion.

Graph n explanation

Reasonable expectations from the organization

Reasonable expectations mean that a just quantity of work is given by the manager. According to Herzberg this factor is a hygiene factor and not a motivator because unreasonable expectations from the manager will lead to dissatisfaction even if other motivating factors are also present. According to Vroom this is a motivating factor because if they expectations are

reasonable the employee will believe that he will be able to succeed and hence will be motivated to perform the task.

Graph n explanation

Career advancement

According to Herzberg career advancement is a motivating factor because it indicates personal growth and the employee who is given growth opportunities and promotions will be motivated to work. According to process theorists career advancement is a motivating factor as long as the individual feels that it is realistic and the expectations for promotion are high. According to Vroom career advancement is a motivating factor as this will lead to employees' ability to succeed.

Graph n explanation

Company Pride

Graph n explanation

9. Monetary rewards

Graph n explanation

10. Job Security

Graph n explanation

## **Sample questionnaire**

### **Gender:**

Male

Female

### **Age**

### **Length of time working at the company:**

Less than 1 year

1-3 years

4-6 years

7-10 years

More than 10 years

### **Department:**

The numbers indicate the following:

1 - Strongly disagree

2 -disagree

3 - Neutral

4 -agree

5 - Strongly agree

My work is interesting.

1 2 3 4 5 .

Strongly disagree disagree neutral agree strongly agree

Doing my job fine gives me personal satisfaction.

1 2 3 4 5 .

Strongly disagree disagree neutral agree strongly agree

My manager gives me recognition when I do an excellent job.

1 2 3 4 5 .

Strongly disagree disagree neutral agree strongly agree

The company has reasonable expectations from its employees.

1 2 3 4 5 .

Strongly disagree disagree neutral agree strongly agree

I am satisfied with the working environment

1 2 3 4 5 .

Strongly disagree disagree neutral agree strongly agree

There is a feeling of teamwork in the company.

1 2 3 4 5 .

Strongly disagree disagree neutral agree strongly agree

The people I work with improve my job satisfaction

1 2 3 4 5 .

Strongly disagree disagree neutral agree strongly agree

I respect my manager as a capable professional.

1 2 3 4 5 .

Strongly disagree disagree neutral agree strongly agree

My manager treats me with respect.

1 2 3 4 5 .

Strongly disagree disagree neutral agree strongly agree

I have satisfactory opportunities for professional growth in this company.

1 2 3 4 5 .

Strongly disagree disagree neutral agree strongly agree

I am satisfied with the level of training

1 2 3 4 5 .

Strongly disagree disagree neutral agree strongly agree

I am rewarded for the work I perform

1 2 3 4 5 .



Strongly disagree disagree neutral agree strongly agree

I would leave the company if I was offered better salary at another company

1 2 3 4 5 .

Strongly disagree disagree neutral agree strongly agree

I feel my job is secure

1 2 3 4 5 .

Strongly disagree disagree neutral agree strongly agree

I expect to leave the company within the next 12 months

1 2 3 4 5 .

Strongly disagree disagree neutral agree strongly agree

I am proud to work for the company.

1 2 3 4 5 .

Strongly disagree disagree neutral agree strongly agree

Overall, I am very satisfied with my job at the company.

1 2 3 4 5 .

Strongly disagree disagree neutral agree strongly agree

**Put the following in order of importance to you regarding your satisfaction (number 1 – most important, 9 – Least important, next to each item)**

Interest in job

Recognition

Working conditions

Relationship with peers

Relationship with seniors

Reasonable expectations from my manager

Career progression

Monetary rewards

Job Security

Other – Please state