

CHAPTER 3
CONCEPTUAL FRAMEWORK

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CHAPTER 3 CONCEPTUAL FRAMEWORK

3.1 INTRODUCTION:

The human resources of a business are its employees and organizations look after their staff on the basis that if they are well trained and committed to the aims of the business, the organization is more likely to be successful.

HR aims to ensure that the business retains good, experienced staff. Analyzing staff-turnover figures will show the rate at which people leave the organization. Employees normally have basic expectations of their employer. They expect to be treated and paid fairly, to have appropriate working conditions, to have training opportunities, which will improve their promotion prospects, and support if they are ill or have serious personal problems. They also want a varied and interesting job and praise when they have worked particularly hard or well. These factors help **motivation**, which means staff is keen to work hard – and this benefits everyone. HR can help this process by monitoring working conditions, having staff welfare policies and ensuring that company pay rates are fair and competitive.

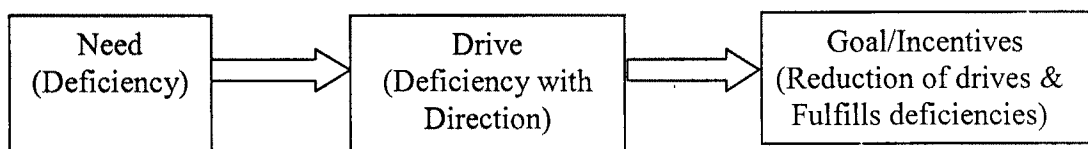
The effectiveness of work is depends on the willingness of employees to do assigned task with efforts and enthusiasm. Motivation is the work a manager performs to inspire and encourage people to take required action. The success of any organization is depends on the motivational practices accepted by organization for employees, because motivational practices are have the positive or negative Impact. The performance of any employee is depends on three dimensions namely, ability of employees/ members, level of motivation and technology symbolically,

$$\text{Performance} = \text{Ability} \times \text{Technology} \times \text{Motivation}$$

3.2 CONCEPT AND DEFINITION:

Motivation is a planned managerial process which stimulates the people to work to the best of their capabilities; by providing them with motives which are based on their unfulfilled needs. Motivation involves arousing needs and desires in people to initiate and direct their behavior in a purposeful manner. Motivation is process that starts with a physiological or psychological deficiency or need that activates behavior or a drive that is aimed at a goal or 'incentives'. Thus the process of motivation lies in the meaning of and relationship among needs, drives and incentives. The process of Motivation is shown in following figure:

Figure 3.2.1: Process of Motivation¹:



Motivation is something inside people that drives them to action. This motivation varies in different people. We can also say that motivation is the willingness to work at a certain level of effort. Motivation emerges, in current theories, out of needs, values, goals, intentions, and expectation. Because motivation comes from within, managers need to cultivate and direct the motivation that their employees already have. Motivation comes from within us such as thoughts, beliefs, ambitions, and goals.

Definitions:

1. "Motivation is a process of stimulating people to action to accomplish desired goals"²

-William G. Scoot.

¹ Rao P.Subba (2008), "Essentials of Human resource Management and Industrial Relations", Himalaya Publishing House, 3rd Revised and Enlarged Edition., Page no. 374.

² V.S.P. Rao,(2000) "Human Resource Management", Himalaya Publishing House, First Edition, New Delhi., Page no 297.

2. "Motivation is concerned with how behavior gets started, is energized, sustained, directed and stopped. As a function of management motivation is the process of inspiring and impelling people to take required actions by providing stimuli that satisfy their needs and motives; motivation is the complex of forces which propel an individual into action and keep him at work, it reflects the will to work."³

-Mr. E.F.L. Breach

3. "The concept of motivation is main by psychological, It relates to those forces operating within the individual employee or subordinates which compels him to act in certain ways."⁴

-Dalton E. Mcfarland

From above definitions it reveals that Motivation has three distinct features:

1. It results from a felt need. Motivation triggers behavior impelling a person to action. It changes as per person and environment.
2. It is goal-directed. Motivation is driving state that channels behavior into a specific course that is fulfillment of a felt need.
3. It sustains behaviour in progress. It persists until the satisfaction or reduction of a need state occurs.

Money as a Motivator:

It is normally believed that money acts as a motivator. Employees are motivated by the opportunity to make as much money as possible and will act rationally to maximize their earnings. The assumption is that money, because what it can buy, is the most important motivator of all people.

³ Herekar P.M., (2008), "Principles of Management", Mehta Prakashan, Kolhapur, First Edition. Page no.132.

⁴ Herekar P.M., (2008), "Principles of Management", Mehta Prakashan, Kolhapur, First Edition. Page no.132.

In general the role of money as a motivator depends upon certain factors:

1. Money fails to motivate people, when there is no direct relationship between reward and effort.
2. Economic conditions of people influence the Importance of money. For poor person, the value of certain amount of money is quite high as compared to rich.
3. Money is a significant motivator at lower level of employees level however money may not be a significant factor for senior executives who have already fulfilled their lower level needs.
4. Employees are concerned not only with the amount of money paid to them, but it should be fair and equitable as paid to that of other employees of same level or status.
5. A social attitude towards money and wealth also decides the motivation to earn more and more.

3.3 MOTIVATIONAL TECHNIQUES:

There are several factors that motivate a person to work. These factors are change as per change in person, their designation, organization environment and individual employee also. In applying motivational theories at work place, both intrinsic and extrinsic aspects of the job must be considered. Intrinsic factors are directly related to the contents of job whereas extrinsic factors are related to the environment in which the job is performed. Some of the motivational techniques that can be used by Managers are:

- A. Motivational Job Design
- B. Quality of work Life
- C. Financial and Non-Financial Incentives.

A. Motivational Job Design:

Traditional job designing produced job alienation resulting into monotony, boredom, meaninglessness, powerlessness, absenteeism and employee turnover all resulting in lower productivity. Modern managers may try to develop

motivational job design so as to find a fit between job and jobholders so that he performs the job in a better manner and also derives job satisfaction. The techniques that may be employed to improve job design are job simplification, job enlargement, job rotation, job enrichment and job empowerment.

B. Quality of Work Life:

Quality of work Life aims at integrating the socio-psychological needs of people in the organization, requirement of particular technology, structure and the existing socio cultural milieu. The techniques that can be employed by a manager to improve the quality of work life are flexibility in work schedules, autonomous work groups, job enrichment, and opportunity for growth, participation of employees in decision making and effective two way communication.

C. Financial and Non-Financial Incentives:

The incentives quoted by L. M. Prasad can be classified as shown below:

1. Financial Incentives:

Financial incentives are the motivations provided by the management in the form of money or measurable in monetary worth. Money plays an important role in man's life. Management therefore regards financial incentives as important motivator for improvement in performance of employees financial incentives may be individual incentives or group incentives as under:

a. Individual Financial Incentives:

1. Performance based pay:

Performance based incentives provided to those employees whose contribution cannot be measured quantitatively on day to day basis. Annual pay increase of such employees is determined on the basis of performance.

2. Productivity:

Management of several organizations provide productivity linked incentives to workers in the production department whose output can be measures

quantitatively. Such incentives are also offers to sales personnel on the basis of turnover achieved by them.

b. Collective Financial Incentives:

1.Profit Sharing:

Profit sharing is an arrangement by which employees receive a share (fixed in advance) of the profits of the organization. The sharing may be done from current profit or deferred profits.

2.Copartnerships:

Under the copartnership employees become shareholders of a company and may exercise control over it as other shareholders do. Thus employee can participate in both, sharing of the profit as well as participation in management through their representatives.

3. Stock Option:

Under this scheme employees are offered shares of a company in such way that they enjoy long -term profits due to appreciation in share prices with the progress of the company.

4. Retirement Benefits:

Managements of several organizations offer retirement benefits of different types of their employees. The important of such a benefits are provident fund scheme, pension scheme and gratuity.

2. Non Financial Incentives:

Money is an important motivational factor, but this rule cannot be applied to everyone, for every individual motivational factors are changes as per their need and internal and external environment are changes, so organization are provided non financial incentives. The objective of nonfinancial incentives is to provide

psychological and emotional satisfaction rather than financial satisfaction. The non-financial incentives are:

a. Individual Non-Financial Incentives:

1. Status or job title:

It is the ranking of positions, rights and duties in the organization. By providing a higher status or designations the employee must be motivated. Employees prefer and proud of higher designations.

2. Appreciation and recognition:

Employees must be appreciated for their services. The praise should not come from immediate superior but also from higher authorities. When anyone employee done a great job appreciate him/ her in front of others and individual. Appreciation and recognition will work as a 'tonic' on psychology of employees.

3. Job security:

People want secure jobs. Guarantee of job security or lack of fear dismissal, etc can also be a good way to motivate the employees. Employees who are kept temporarily for a long time may be frustrated and may leave the organization.

4. Promotion:

If promotion is higher positions are given to employees on the basis of merit, skill, sincerity and ability of employees to give their best.

5. Responsibility:

The employees are feel motivated if he or she gets the responsibility of any work, they are thinking that organization are trusting them and they have to give returns to the organization.

6. Working conditions:

Provision for better working conditions such as air-conditioned rooms, proper plant layout, proper sanitation, equipment, machines etc, motivates the employees.

b. Collective Non-Financial Incentives:

1. Social Importance of Work:

Most of the people prefer job with high social status. High status jobs enhance the social status of an individual in the society so they accept such a job even in less payment.

2. Team-Spirit:

Team work is a coordinated action by a comparative small group in regular contact wherein members contribute responsibility and enthusiastically towards the team task.

3. Other factors:

There are several other factors of motivating the employees:

- a. Providing training to the employees.
- b. Proper job placements.
- c. Proper promotions and transfers.
- d. Proper performance feedback.
- e. Proper welfare facilities.
- f. Flexible working hours.

3.4 NEED AND IMPORTANCE OF MOTIVATION:

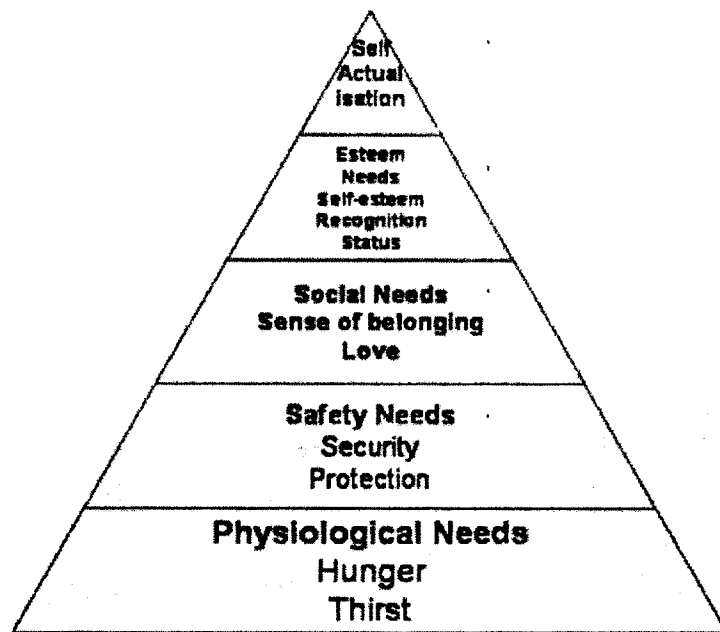
"Good Motivational measures make it possible of exploit the capability of the people to the people to the fullest extent resulting into increased productivity." Motivation offers several importance's to the organization and to the employees:

- a. Higher efficiency
- b. Reduce absenteeism.
- c. Reduces employee turnover.
- d. Improves a corporate image.
- e. Good relations.
- f. Improved morale.
- g. Reduced wastages and breakages.
- h. Reduced accidents.
- i. Facilitates initiative and innovation.
- j. Development of Employees
- k. Create Supportive work environment
- l. Set motions the action of people

3.5 THEORIES OF MOTIVATION:

3.5.1. MASLOW'S NEED HIERARCHY THEORY:

This theory was proposed by Abraham Maslow and he according to him people is motivated by a series of five universal needs. He suggested that there is fairly definite order to human need and until the more basic needs are adequately fulfilled, a person will not strive to meet, higher order needs. Maslow's hierarchy is comprised of : physiological needs; safety and security needs; belonging and love needs; self-esteem needs; and self actualization needs.

Figure 3.5.1: Maslow's Need Hierarchy Theory⁵

1. Physiological Needs:

These needs are deemed to be the lowest-level needs. These needs include the needs such as food, air, clothing, shelter and water. So long as physiological needs are unsatisfied, and they exist as a driving or motivating force in a person's life.

2. Safety Needs:

Safety needs include a desire for security, stability, dependency, protection, freedom from fear and anxiety, and a need for structure, order, and law. This is the needs to feel free from economic threat and physical harm.

3. Social Needs:

These needs are concerned with the human being social behavior. Social needs include the need for belongingness, affection, acceptance, love and friendship.

⁵ Rao P.Subba (2008), "Essentials of Human resource Management and Industrial Relations", Himalaya Publishing House, 3rd Revised and Enlarged Edition., Page no. 376.

Human being wants to be part of group. He finds a satisfaction in association with others and feels a real deprivation when it is not possible.

4. Esteem Needs:

Esteem needs include the desire for self-respect, self-esteem, and the esteem of others. When focused externally, these needs also include the desire for reputation, prestige, status, fame, glory, dominance, recognition, attention, importance, and appreciation.

5. Self Actualization Needs:

The highest need in Maslow's hierarchy is that of **self-actualization**; the need for self-realization, continuous self-development, and the process of becoming all that a person is capable of becoming. For some individuals, producing work of high quality may be a means for self-actualization, while for others, developing useful ideas serves the same need.

According to Maslow people attempt to satisfy their physiological need first, and as like this after the fulfillment of one level needs automatically results in a move to next higher level need. This process continues up the need hierarchy.

3.5.2. HERZBERG'S TWO FACTOR THEORY:

It is also called the dual Factor Theory and the motivation Hygiene theory of Motivation. The theory originally was derived by analyzing "critical incidents" written by 200 engineers and accountants in nine different companies in Pittsburgh area, USA. Herzberg and his associates conducted extensive interviews with the professional subjects in the study and asked them what they liked or disliked about their work. The research approach was simplistic and built around the question- "think of a time when you felt exceptionally good or exceptionally bad about your job, either your present job or other you have had." The result indicates that when people talked about feeling good or satisfied they mentioned

features intrinsic to the job and when people talked about feeling dissatisfied with the job they talked, about factors extrinsic to the job. Herzberg called these 'Motivation' and 'Maintenance' factors respectively.

1. Hygiene Factors (Maintenance factors):

Hygiene factor represent the need to avoid pain in the environment. They are not an intrinsic part of a job but they are related to the conditions under which a job is performed. They are associated with negative feelings. They are environmental related factors, hygiene's. They must be viewed as preventive measures that remove source of dissatisfaction from the environment. The determinants of job dissatisfaction were found to be:

- a. company policy
- b. administrative policies
- c. relation with supervisor
- d. salary
- e. interpersonal relations
- f. working conditions
- g. relationship with peers
- h. personal life
- i. status
- j. security

2. Motivators:

Motivation is associated with positive feelings of employees about the job. They are related to the content of the job. They make people satisfied with their job. If managers wish to increase motivation and performance above the average level, they must enrich the work and increase a persons' freedom on the job. Following factors stood out as strong determiners of job satisfaction:

- a. achievement
- b. recognition

- c. work itself
- d. responsibility
- e. advancement
- f. Growth

3.5.3 McGREGOR'S THEORY X AND Y:

Douglas McGregor observed two diametrically opposing viewpoints of managers about their employees, one is negative called "Theory of X" and one is positive called "Theory of Y"

a) Theory of X :

Following are the assumptions of managers who believe in the "Theory of X" in regard to their employees.

- a. Employees dislike work; if possible avoid the same
- b. Employees must be coerced, controlled or threatened to do the work
- c. Employees avoid responsibilities and seek formal direction
- d. Most employees consider security of job, most important of all other factors in the job and have very little ambition

b) Theory of Y:

Following are the assumptions of managers who believe in the "Theory of Y" in regard to their employees.

- a. Employees love work as play or rest
- b. Employees are self directed and self controlled and committed to the organizational objectives
- c. Employees accept and seek responsibilities
- d. Innovative spirit is not confined to managers alone, some employees also possess it.

Theory of X assumes Maslow's lower level needs dominate in employees. Whereas Theory of Y, assumes Maslow's higher level needs dominate in employees.

3.5.4. THEORY Z:

Theory Z is propounded by a management expert named Mr. William Ouchi. It is an integrative model, containing the best of both worlds that is strength of Japanese management (social cohesion, job security, concern of employees) as well as American management (speedy decision making, risk taking skills, individual autonomy, innovation and creativity) and proposes a “mixed US-Japanese management system” for modern organization. The mixed/hybrid system has the following characteristics:

1. Trust:

There should be an atmosphere of trust among the different stakeholders in the organization such as management, employees, work groups, government, trade unions etc. Such a trust increases the productivity and distrust paralyses the working of enterprise.

2. Organization-employee relationship:

Ouchi suggests a strong bond between organization and its employees. This can be achieved through life time employment, conducive work environment, challenges in work, participatory decision making. It argues for lifetime employment for people in the organization. To ensure stability of employment, managers must make certain conscious decisions.

3. Employee Participation:

Employees should be totally involved in the institutional working through meaningful participation. The decision making should be typically a consensual and participative one. However, it does not mean that every decision to be taken in consultation with employees.

4. Structure less organization:

Ouchi proposed a structure less organization-run, not on the basis of formal relationship, specialization of positions and tasks but on the basis of teamwork and understanding.

5. Holistic concern for Employees:

To obtain commitment from employees, leaders must be prepared to invest their time and energies in developing employees skills, in sharing their ideas openly and frankly, in breaking the class barriers, in creating opportunities for employees to realize their potential. The basic objective must be to work cooperatively, willingly and enthusiastically.

3.5.5. McCLELLAND'S THEORY OF NEEDS:

David C McClelland studies this phenomenon for over twenty years at Hareard University and proposed the achievement Motivation Theory (also called Three-need Theory). According to David McClelland, regardless of culture or gender, people are driven by three motives:

1. Achievement :

The need for achievement is characterized by the wish to take responsibility for finding solutions to problems, master complex tasks, set goals, get feedback on level of success.

2. Affiliation :

The need for affiliation is characterized by a desire to belong, an enjoyment of teamwork, a concern about interpersonal relationships, and a need to reduce uncertainty.

3. Power :

The need for power is characterized by a drive to control and influence others, a need to win arguments, a need to persuade and prevail

According to McClelland, the presence of these motives or drives in an individual indicates a predisposition to behave in certain ways. Therefore, from a manager's perspective, recognizing which need is dominant in any particular individual affects the way in which that person can be motivated.

3.5.6. GOAL SETTING THEORY:

Edwin Locke proposed that setting specific goals will improve motivation. Salient features of this theory are the following:

- a. Specific goal fixes the needs of resources and efforts
- b. It increases performance
- c. Difficult goals result higher performance than easy job
- d. Better feedback of results leads to better to better performance than lack of feedback.
- e. Participation of employees in goal has mixed result
- f. Participation of setting goal, however, increases acceptance of goal and involvements.
- g. Goal setting theory has identified two factors which influences the performance. These are given below;

1. Goal commitment:

Goal setting theory presupposes that the individual is committed to the goal. This commitment depends on the following:

- a. Goals are made public
- b. Individual has an internal locus of control
- c. Goals are self-set

2. Self –Efficiency :

Self Efficiency is the belief or self confidence, that he/she is capable of performing task. Persons with high self-efficiency put up extra-efforts when they face challenges. In the case of low self-efficiency level they will lessen or even abandon when meeting challenges.

3.6 PRODUCTIVITY AND PRODUCTIVITY PARAMETERS:

Productivity has been generally defined Productivity is a ratio of production output to what is required to produce it (inputs). **Productivity** is a measure of the efficiency of production. The measure of productivity is defined as a total output per one unit of a total input. Palik(1979) explains in his definitions that the inputs used in a process can be hours of labor, units of capital, and quantities of raw material compared with the consequent output. Essentially, productivity is a ratio to measure how well an organization (or individual, industry, country) converts input resources (labor, materials, machines etc.) into goods and services.

3.6.1 Productivity Parameters:

Productivity parameters are changes for Service industry, Engineering industry, IT industry, Automobile and telecommunication Industry. And into every industry again it changes as per companies policies. Following are some of the common productivity parameters.

1. Production:

The processes and methods employed to transform tangible inputs (raw materials, semi finished goods, or subassemblies) and intangible inputs ideas, information, knowledge) into goods or services. The total produces product measure as total production in terms of total Production.

2. Rejection Rate:

In manufacturing, the rejection rate is the percentage of processed parts that are rejected, for a fixed period of time

3. Efficiency:

Efficiency in general describes the extent to which time or effort is well used for the intended task or purpose. It is often used with the specific purpose of relating the capability of a specific application of effort to produce a specific outcome effectively with a minimum amount or quantity of waste, expense, or unnecessary effort. Efficiency is a measurable concept, quantitatively determined by the ratio of output to input.

4. Absenteeism:

Absenteeism is when employees fail to report to work when they are scheduled. Absenteeism can be costly and huge disruption for the employer. It is hard for any organization to achieve its objectives if the staff fails to report to work. It can result in quality of the output and in some cases it can bring a complete closure for production. The definition of absenteeism, its causes, its affects on productivity and its costs in term of finances and administrative effectiveness are quite clear, the challenge is in taking affirmative action to control it.

5. Attrition Ratio:

Attrition refers to the reductions in staff over a month, year or some other measured period. Other terms for attrition are separation, churn or turnover. In periods of economic expansion, high attrition rates can be harmful to small businesses because the firms might not be able to find qualified replacements. Management should always seek to minimize attrition because a stable workforce usually is a motivated and productive workforce.

6. Accident Rate (in numbers):

The number of accidents in a given period of time. Accidents are happens due to machine or Human fault. Machine accidents are reduces by maintenance of machines. As like this human made accidents are reduces by giving training, make them sound by satisfied with organization.

7. Cost of Poor Quality.

Cost of 'not doing it right the first time.' It includes cost of lost goodwill, and expenses incurred in refund, replacement, rework, scrapping etc.

8. Productivity- Labour Utilization:

The measure of the labor hours recorded against production activities vs. the hours available or scheduled for a given period.

