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RANKING OF MOTIVATIONAL FACTORS BY EMPLOYEES AND MANAGERS: A MALAYSIAN CASE STUDY

BY

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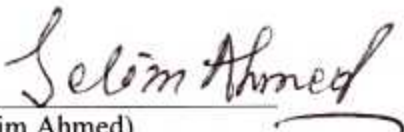
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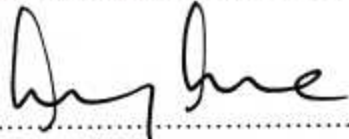
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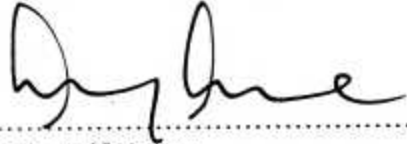
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Abstract

Employee motivation is crucial for sustainable growth of any organization. Highly motivated employees contribute significantly to an organization's bottomline and its overall productivity. What are the motivating factors? How to motivate employees? These fundamental questions are widely investigated by numerous researchers throughout the world. It is a primary task of the managers to know the motivating factors of their employees and act accordingly so that the organization can be competitive in the marketplace. Yet, many times managers make mistake in perceiving and acting on employee motivation. What they think as factors of motivation for their employees, actually many not motivate them. The reason is that the managerial perceptions on employees' motivation may not match with the employees themselves. The objective of the present research is to investigate the difference, if any, between the perceptions of managers and employees on a pre-determined set of motivating factors. As it has been shown, though overall, they are in agreement, but they do differ on certain fundamental issues in terms of ranking of the above-mentioned set of motivating factors. Impact of the respondents' demography on the findings are also highlighted. This research underscores the importance of the knowledge of employee motivating factors before developing or dealing with any motivational program in an organization.

Keywords: Motivation, Ranking of Motivating Factors, Employee Participation, Malaysia

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The word motivation comes from the Latin word "*movere*" which means to move. Actually, motivation moves us from boredom to interest (Islam and Ismail, 2008). Motivation is important in working environment because almost one-half of a person's life is spent at work. So, to increase the worker productivity or quality of the work, organization needs to provide motivation for the employees. Motivation focuses on "what people need to perform better". However, not everybody gets motivated by the same things: where one gets motivated, obtains satisfaction, and consequently performs better from getting additional responsibility assigned, another may feel much better valued and encouraged to higher productivity if he or she is merely being listened to, or given some flexibility in his or her work schedule.

Four landmark surveys were conducted in United States (US) over the last 40 years on employee motivation. First survey was conducted by Hersey and Blanchard (1969) in 1946. Second survey was done by Kovach (1980) in 1980 and again third survey conducted by Kovach (1987) in 1986. Fourth survey was conducted by Wiley (1997) in 1992. In all the surveys, the researchers asked the respondents to rank ten motivational factors based on the factors' appeal to them. They found "appreciation" as the most important motivation factor in 1946 survey and in 1980 and 1986 surveys found that "interesting work" is the most important motivational factor. However,

1992 survey found “good wages” as the most important motivational factor (Wiley, 1997). In Malaysia a similar survey was conducted by Islam and Ismail (2008) in 2004. They found “high wages (good wages)” as the most important motivational factor. These five motivational factors surveys results are shown in the Table 1.

Table 1.1: A comparison of the ranks of the motivating factors for US and Malaysian employees

Factors	1946	1880	1986	1992	2004
	(US)	(US)	(US)	(US)	(Malaysia)
High wages	5	5	5	1	1
Good working conditions	9	7	7	7	2
Promotion	7	6	6	4	3
Job security	4	4	4	3	4
Interesting work	6	1	1	5	5
Full appreciation of work done	1	2	2	2	6
Management help to solve personal problems	3	9	10	10	10

Source: Islam and Ismail (2008). Employee motivation: a Malaysian perspective. *International Journal of Commerce and Management*, 18(4), 344-362.

Evidence shows that an emphasis on seniority in the reward system is weakening. A survey by Malaysian Employers Federation (MEF, 2005) showed that 95 percent of companies practiced performance based reward systems, although seniority still minimally counts to a varying degree in pay decisions. Similarly, promotion based on seniority as a reward for loyalty is replaced with a performance and merit system. It is commonly observed that training expenses is the first company benefit that is curtailed in times of budget crunch (Chew, 2005).

1.2 Objectives of the Study

The main objective of this study is to rank a set of predetermined motivating factors from the perspective of both employees & managers. There were two types of respondents in this study, one was employees and the other was managers from the various organizations in Malaysia. There were one hundred employees and thirty managers from different organizations in Malaysia and same questionnaire was distributed to both the employees and managers to rank the 10 important motivating factors. After collecting survey data, this research has shown the conformance or difference in perceptions between employees and managers regarding motivation factors in the different organizations in Malaysia.

1.3 Significance of the Study

This study is a research inquiry to a quantitative investigation of individual perceptions of the motivation factors in the workplace. This research is designed to be relevant for the purpose of research theories, organizational practices, and administrative policy-making.

This study has examined self – perceived reasons for motivation to work and investigate gap, if any, between employees and managers regarding mutual goal setting within the organization. The theory generated from the results of this inquiry could add to the body of existing literature of how mental representations of the future impact the way in which people pursue their tasks in workplaces.

It is expected that this study will provide a theoretical framework especially in identifying the differences in motivating factors identified by the employees and managers.

1.4 Justification of the Study

1.4.1 Why Motivation?

According to Maslow (1943), employees have five levels of needs: physiological, safety, social, ego, and self-actualizing. Maslow argued that lower level needs had to be satisfied before the next higher level need would motivate employees. Herzberg's categorized motivation into two factors: motivators and hygienes (Herzberg *et al.*, 1959). *Motivator or intrinsic factors, such as achievement and recognition, produce job satisfaction. However, absence of hygiene or extrinsic factors, such as pay and job security, produce job dissatisfaction in the workplaces.*

Vroom's theory is based on the belief that employees' effort will lead to performance and performance will lead to rewards (Vroom, 1964). Rewards may be either positive or negative. The more positive the reward, the more will be the employee motivation. Conversely, the more negative the reward, the less likely the employee will be motivated.

Adams' theory states that employees strive for equity between themselves and other workers. Equity is achieved when the ratio of employee outcomes over inputs is equal to other employee outcomes over inputs (Adams, 1963).

Skinner's theory simply states those employees' behaviors that lead to positive outcomes will be repeated and behaviors that lead to negative outcomes will not be

repeated (Skinner, 1953). Managers should positively reinforce employee behaviors that lead to positive outcomes. Managers should negatively reinforce employee behavior that leads to negative outcomes.

1.4.2 Why organizations need to motivate their employees?

The answer is survival (Smith, 1994). Motivated employees are needed to sustain and improve organization's productivity. Motivated employees help organizations to survive in the long run business. Motivated employees are more productive. To be effective, managers need to understand what motivates employees within the context of the roles they perform in the organization. For example, research suggests that as employees' income increases, money becomes less effective as a motivating factor (Kovach, 1987). Also, as employees get older, interesting work may become more effective motivating factor.

1.5 Organization of the study

The thesis is divided into 5 parts. The short overview of the thesis is as follows.

Chapter one: Introduction

This chapter presents the background information, the objectives of the study, significant of the study, and justification of the study.

Chapter two: Literature Review

This chapter presents the theoretical foundation of motivation, traditional theories of motivation, and motivation practices in the organization, motivational factors, and conceptual framework of motivating factors.

Chapter three: Research Methodology

This chapter discusses and explains research methodology responding to the research design, sampling, and measurement of research variables, which applies in this study.

Chapter four: Data Analysis and Results

The data analysis presented in this chapter, including respondents' personal data, analyzing motivational perceptions of employees and managers, and analysis based on demographic factors. .

Chapter five: Conclusions and Recommendations

This chapter covers conclusions, recommendations, limitation of the study, and the suggestions for further study which we presented in this chapter.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

A thorough review of the literature is conducted addressing theoretical foundation, traditional theories of motivation, motivation practices in the organizations, motivational factors, and conceptual framework of motivating factors.

2.2 Theoretical Foundation of Motivation

Opinions differ and disputes are waged over the significance of the level of motivation and over the measure of its influence in human life (Viliunas, 2007). Consequently, Boudrias *et al.* (2009) mentioned that motivation drives the employees to do their job efficiently and see how things could be done in more innovative way.

Moreover, motivation is construed as a dynamic system, which depends on the complex relationships between various mechanisms of self-regulation. Bedny and Karwowski (2006), found five motivational stages which are: (1) pre-conscious motivational stage; (2) goal-related motivational stage; (3) task evaluative motivational stage; (4) executive or process-related motivational stage; and (5) result-related motivational stage. These stages are organized as a loop structure and in any practical situation some of these motivational stages are more important than others. However, these five motivational stages can be in agreement or in conflict with each other. These five stages and their agreement or contradictions allow one to more

precisely describe and analyze motivation in the context of a particular work activity. This makes possible the formulation of practical recommendations, which facilitate positive motivation in the workplaces.

According to Burton *et al.* (2006), motivation is differentially related to various positive outcomes; progress toward these outcomes may be differentially related to motivation. Intrinsic motivation may be influenced by a feedback loop in the pursuit of goals, whereas identified motivation may be influenced by goal attainability or progress. They also mentioned that motivation is the continuous process which meets the individual's needs for psychological well-being, and achieving individual goals.

2.3 Traditional Theories of Motivation

As mentioned before, the word motivation is coined from the Latin word "*movere*", which means to move. Motivation is defined as an internal drive that activates behavior and gives a direction. Motivation theory is concerned with the processes that describe why and how human behavior is activated and directed. It is regarded as one of the most important areas of study in the field of Organizational Behavior. There are two different categories of motivation theories such as content theories, and process theories. Even though there are different motivation theories, none of them is universally accepted.

The content theory (also known as need theory) of motivation mainly focuses on the internal factors that energize and direct human behavior. Maslow's (1943) hierarchy of needs, Alderfer's (1972) ERG theory, Herzberg's (1959) motivator-hygiene theory

(Herzberg's dual factors theory), and McClelland's (1961) learned needs or three-needs theory are some of the major content theories.

2.3.1 Abraham Maslow's Hierarchy of Needs

Of the different types of content theories, perhaps the most famous is Maslow's (1943) hierarchy of needs. Maslow introduced five levels of basic needs through his theory. Basic needs are categorized as physiological needs, safety and security needs, social needs, needs for self esteem and needs for self-actualization. Examples of five basic needs are as follows:

- Physiological needs: need for food, sleep, etc;
- Safety needs: need for stable environment;
- Social needs: need for involvement and related to affectionate relations with others and status within a society or group;
- Esteem needs: need for self-respect, self-esteem and the esteem of others; and
- Self actualization needs: the need for self-fulfillment.

As one of these five needs is substantially satisfied, the next higher level need becomes dominant. If managers want to motivate their employees, then they need to understand what level of the hierarchy their employees are in. Abraham Maslow saw human needs in the form of a hierarchy, ascending from the lowest to the highest, and he concluded when one set of needs is satisfied, this kind of need ceases to be a motivator.

2.3.2 Herzberg Two Factor Theory

Herzberg *et al.* (1959) two-factor theory is based on need fulfillment because of their interest in how best to satisfy workers. They carried out several studies to explore the factors that cause workers in white-collar jobs to be satisfied and also dissatisfied. The outcome of their study showed that the factors that lead to job satisfaction when present are not the same as those lead to dissatisfaction when absent. Thus, they saw job satisfaction and dissatisfaction as independent. They referred to those environmental factors whose absence cause workers dissatisfaction as *Hygiene factors*. The presence of these factors according to Herzberg *et al.* does not guarantee worker motivation.

Herzberg *et al.* (1959) indicated that the above factors are perceived as necessary but not sufficient for the satisfaction of workers. They further identified motivating factors as those factors that make workers work harder. They posited that these factors are associated with job context or what people actually do in their work and classified them as follows: achievement, recognition, work itself, responsibility and advancement. Achievement is represented by the drive to excel, accomplish challenging tasks and achieve a standard of excellence. The individuals' need for advancement, growth, increased responsibility and work itself are said to be the motivating factors. Examples of hygiene factors are:

- Security
- Status
- Relationship with subordinates

- Personal life
- Salary work conditions
- Relationship with supervisor, and
- Company policy and administration.

Examples of motivational factors are:

- Growth prospectus
- Job advancement
- Responsibility
- Challenges
- Recognition, and
- Achievements.

2.3.3 Vroom's Expectancy Theory

A widely accepted theory of motivation has been proposed by Victor Vroom (1964). His theory is commonly known as expectancy theory. The theory argues that the strength of a tendency to act in a specific way depends on the strength of an expectation that the act will be followed by a given outcome. Expectancy theory says that an employee can be motivated to perform better when there is a belief that the better performance will lead to good performance appraisal and that this shall result into realization of personal goal in the form of some reward. Basically, this theory focuses on three things:

- Efforts and performance relationship
- Performance and reward relationship

- Rewards and personal goal relationship

2.3.4 Clayton Alderfer's ERG Theory:

Alderfer (1972) has rebuilt the hierarchy of needs of Maslow into another model named ERG, i.e., Existence – Relatedness – Growth. According to him, there are three groups of core needs. The existence group is concerned mainly with providing basic material existence. The second group is that the individuals need to maintain interpersonal relationship with other members in the group. The final group is the intrinsic desire to grow and develop personally. The major conclusions of this theory are:

1. In an individual, more than one need may be operative at the same time.
2. If a higher need goes unsatisfied then the desire to satisfy a lower need intensifies.
3. It also contains the frustration-regression dimension.

2.3.5 Self-determination theory (SDT)

Self-determination theory, developed by Deci and Ryan (1985), focuses on the importance of intrinsic motivation in driving human behavior. Like Maslow's hierarchical theory and others that built on it, SDT posits a natural tendency toward growth and development. Unlike the other theories, however, SDT does not include any sort of "autopilot" for achievement, but instead requires active encouragement from the environment. The primary factors that encourage motivation and development are autonomy, feedback, and relatedness.

2.3.6 McClelland's Theory of Needs

David McClelland (1961) developed a theory on three types of motivating needs:

1. Need for Power
2. Need for Affiliation
3. Need for Achievement

Basically people for high need for power are inclined towards influence and control. They like to be at the center and are good orators. They are demanding in nature, forceful in manners and ambitious in life. They can be motivated to perform if they are given key positions that have power.

The people in the second category are social in nature. They try to affiliate themselves with individuals and groups. They are driven by love and faith. They like to build a friendly environment around themselves. Social recognition and affiliation with others provides them motivation.

People in the third area are driven by the challenges for success and the fear of failure. Their need for achievement is moderate and they set for themselves moderately difficult tasks. They are analytical in nature and take calculated risks. Such people are motivated to perform when they see at least some chances of success.

McClelland observed that with the advancement in hierarchy, the need for power and achievement increased rather than affiliation. He also observed that people who were at the top, later ceased to be motivated by these drives.