

## **EFFECTS OF JOB RELATED FACTORS AS MOTIVATORS ON PERFORMANCE AND SATISFACTION OF EMPLOYEES IN INFORMATION TECHNOLOGY FIRMS**

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### **Abstract**

Employee motivation, commitment and retention issues are emerging as critical workforce management challenges for every organization, in the present day business scenario. The purpose of this paper is to explain the relationship that non monetary job related motivators have with the employee satisfaction and employee performance. Data were collected from 120 employees working in select Information Technology (IT) firms in Kerala, which is a federal state of India. Judgment sampling method was used to identify respondents from selected firms. It was found from the study that, out of the job related factors considered, work schedule flexibility; nature of job; job security and job feedback have significant effects on employee motivation, performance and satisfaction. The findings of this study would help the IT firms to provide appropriate non monetary motivators and devise strategies to enhance the employee motivation, performance and satisfaction, which in turn would result in increased employee retention.

**Keywords:** Non Monetary Motivator, Job Related Factor, Employee Satisfaction, Employee Performance

## **1. Introduction**

Information technology (IT) is a field that is continually impacted by demand driven expectations for continuous change and adaptation (Benamati & Lederer, 2001). IT industry is internationally regarded as the main impetus of global economic activity. . The importance of IT industry is increasing due to a number of reasons such as employment creation, social stability and wealth creation. Human resources are considered to be the most valuable assets in any organization. Hence to improve the success and survival rates of IT firms, it is important to focus on people assets. It is thus the employees who ultimately decide the success of an organization.(Bosch & Venter, 2006). Today, doing business is becoming more and more challenging one. Corporate performance and revenue growth are challenged by internal and external operating environment factors. To survive in profitable way in the highly challenging and competitive market economy, all the factors of production - machine, materials & men,- should be managed in an impressive way. Among the factors of production, the human resource constitutes the biggest challenge because unlike other inputs, managing employees must include accomplished handling of thoughts, feelings & emotions to produce highest productivity.

“Our greatest asset is people. Most managers know perfectly well that of all the resources people are the least utilized. The manager must treat the people with whom he works as a resource to himself. He has to look to them for guidance regarding his own job.” – Peter Drucker.

The new generation organization such as IT and ITES which are people intensive in nature, are driving the top management to look at people as a critical strategic resource that is instrumental for the performance of organization. It is well regarded in the industry now that people provide organization with a critical competitive edge. As the people factor is very crucial for organization to ensure success and growth, keeping this critical resources motivated is vital to achieve the end goal. One of the important result area for HR professionals and line managers today is the maintenance of motivation level of the employees which is instrumental for better performance, bigger commitment and lesser absenteeism. Employee motivation, commitment and retention issues are emerging as the most critical workforce, management challenges of the immediate future, driven by employee loyalty concerns, corporate restructuring efforts and tight competition for key talents. For many firms surprise employee departure can have a significant effect on the execution of business plans and may eventually cause a parallel decline in productivity. Therefore no matter the economic environment, the goal is to create a workplace that is engaging and motivating, where employees want to stay, grow and contribute their knowledge, experience and expertise. According to Pinder (1998)work motivation has been described as a set of forces that initiate work related behavior and determine its form, direction, intensity and direction. Motivation is a stimulating force that makes an individual to take action that will accomplish a desired goal. Workplace motivators include monetary motivators and non-monetary motivators. Monetary motivators are financial reward that organizations pay to their employees for service delivered by them and non-monetary motivators are reward associated for excellent job performance through opportunities or not related directly through money. Employee performance is an individual’s output in terms of quality and quantity expected from every employee in a particular job. (Lynn, Herry, 1989). Employee satisfaction refers to an organization’s ability to fulfill the physical, emotional and psychological needs of its employees (Hoppock, 1985)

## **2. Literature Review**

According to Smith (1994), managers need to motivate employees because of the survival of the company. It is important that managers and organizational leaders learn to understand and deal effectively with their employee’s motivation; since motivated employees are necessary to let the organization being successful in the next century (Amabile, 1993). Amabile also argues that unmotivated employees are likely to expend

little effort in their jobs, avoid the workplace as much as possible, exit the organization and produce low quality of work. In the case the employees are motivated; they help organizations survive in rapidly changing workplaces (Lindner, 1998). The most complex function of managers is to motivate employees; because what motivates employees changes constantly (Bowen & Radhakrishnan, 1991). Deci (2008) in his study claims that in some situation monetary motivators can decrease intrinsic motivation. He argues that if money is administered contingently, it decrease intrinsic motivation. Amabile (1993) reacts to this discussion by stating that although monetary motivators can decrease intrinsic motivation it can also have a reinforcing effect: once the scaffolding of monetary motivators is taken care of, intrinsic motivation can lead to high levels of satisfaction and performance. She also states in her research that both monetary and non-monetary motivators can motivate employees to do their work; however the effect of motivation on each employee will vary from individual to individual.

Petty et al (1984) in his study states that the relationship between employee motivation and performance seems to be circular. Starting by a high performance causing satisfaction, this increases the employee's motivation to try to perform well in the future. Paul A K and R M Anantharaman (2003) in their study states that HRM practices such as training, job design, compensation, work environment and work life balance affects the organizational performance parameters such as employee productivity, retention and morale. Devadass.R (2011) in his study claims that an organization will be able to attain high productivity and employee morale by focusing on the psychological aspects of an employee. On his study he focuses on the factors such as fair treatment, self satisfaction, work relationship and recognition. Amabile (1993) in her study argues that employees can be motivated either by monetary motivators or by non-monetary motivators or even by both. Hackman & Oldham (1976)[] states that people have individual differences in response to the same work; they differentiate between employees high and low in growth need strength. People high in growth need strength are most likely to be motivated by jobs with high skill variety, task identity, task significance, autonomy and feedback. And people lows in strength are relatively insensitive for these factors. Newstorm John (1984)[] in his study comments that satisfaction refers to a collection of the workers attitudes towards their work, showing two related concepts: 'satisfaction facets' - the tendency of an employee to be more or less satisfied with various facets of his work( like salary, recognition, working condition etc) and 'overall satisfaction'- an average or a total attitudes that individuals have towards different facets of their work.

### **3. Significance of the Study**

Managers today realize the fact that high staff turnover decreases the organizational effectiveness and increases the cost of the organization. This situation can be overcome with the use of appropriate motivators which limit employee turnover, improve employee satisfaction and enhance employee performance. From the literature review, it is seen that many of the earlier studies focus on motivational theories without giving thrust for strategies that could be used by organizations to motivate employees. This study is an attempt to access the patterns of workplace motivation in IT firms and to analyze the effect of non monetary motivators such as job related factors on performance and satisfaction of employees of IT firms. The end result of this study will make it easier for managers to identify what motivates the employees and how the implementation of such motivational factors can lead to higher levels of satisfaction and performance among employees in IT firms. There lies the significance of the study.

## **4. Research Methodology**

### **4.1 Objective of Study**

The primary objective of this study was to understand whether non monetary motivators such as Job related factors have any relationship with employee performance and employee satisfaction. The non-monetary job related factors considered for the study include Job title, Work schedule flexibility, Nature of job, Leadership role/innovation, Job security, Job enrichment, Importance of job, Present workload and Job feedback. Other objectives are to establish the effect of demographic variables on employee motivation, to understand the level of motivation and satisfaction of employees in IT firms, to analyze the relationship of non-monetary motivators on employee performance and to understand the relationship of non monetary motivators on employee satisfaction. From the review of literature the following variables were identified for the study.

- The non-monetary job related factors such as Job title, Work schedule flexibility, Nature of job, Leadership role/innovation, Job security, Job enrichment, Importance of job, Present workload and Job feedback.
- Employee Performance and
- Employee Satisfaction

### **4.2 Hypothesis**

Following hypotheses were formulated for the study.

H1: There is no significant relationship between gender and Work Schedule Flexibility on employee motivation.

H2: There is no significant relationship between gender and job security on employee motivation.

H3: There is no significant relationship between gender and Importance of job on employee motivation.

H4: There is no significant relationship between gender and job feedback on employee motivation

H5: There is no significant relationship between marital status and Work Schedule Flexibility on employee motivation.

H6: There is no significant relationship between marital status and job security on employee motivation.

H7: There is no significant relationship between marital status and Importance of job on employee motivation.

H8: There is no significant relationship between marital status and job feedback on employee motivation

H9: There is no significant relationship between work schedule flexibility and employee performance.

H10: There is no significant relationship between importance of job and employee performance.

H11: There is no significant relationship between job security and employee performance.

H12: There is no significant relationship between job feedback and employee performance.

H13: There is no significant relationship between work schedule flexibility and employee satisfaction

H14: There is no significant relationship between importance of job and employee satisfaction

H15: There is no significant relationship between job security and employee satisfaction

H16: There is no significant relationship between job feedback and employee satisfaction.

### **4.3 Data used for the study**

A descriptive research approach was adopted for this study. Primary and secondary data were used for this study. In order to obtain the primary data, a structured questionnaire was administered among the employees of selected IT firms.

#### 4.4 Sampling

**Table 1. Sample Selection**

Region	Employee Criteria	No: of firms	IT firms selected	No: of employees selected	Total sample
South	51-100	17	2	10	40
	101-500	17	2	10	
	501-1000	5	2	10	
	>1000	6	2	10	
Central	51-100	22	2	10	40
	101-500	20	2	10	
	501-1000	4	2	10	
	>1000	6	2	10	
North	51-100	7	2	20	40
	101-500	12	2	20	
	501-1000	0	0	0	
	>1000	0	0	0	
Total					120

Source: Survey data

The target population for this investigation included respondents from Information Technology firms in Kerala. Data were collected from 120 employees working in Information Technology firms located in different regions of Kerala, which is a federal state of India. For the purpose of the study, the state of Kerala was divided into three regions – North, Central and South. IT firms located in the IT parks in Kerala were selected for the study. Number of employees was the criteria used for the selection of firms and accordingly firms were categorized into three groups - small, medium and large. Judgment sampling method was used to identify respondents from selected firms. A well structured questionnaire was administered among the employees in IT firms selected for the study. The following table summarizes the selection of sample for the study.

#### 4.5 Questionnaire

The questionnaire used for this study consists of four sections. Section A include the questions for collecting demographic data of the respondents. Section B consists of statements to identify the non monetary job related factors of motivation. Section C and D consist of statements related to each of the factors that might have an effect on employee performance and satisfaction. A five point Likert scale was used to record the response. The items in the questionnaire were tested for its reliability. The value of Cronbach alpha was found to be 0.86, 0.802 and 0.89 respectively for Job related factors, Employee Performance and Employee Satisfaction which indicates that the items included in the study have a higher reliability value.

## 5. Analysis

Descriptive statistics were calculated. Burns and Burns (2008) and Lind, Marchal and Wathen (2008) have described descriptive statistics as the transformation of raw data into a form that will make it easily understandable, in an organized presentable and analyzed format. Specifically descriptive statistics such as frequency distribution were calculated to summarize the sample data distribution. The demographic data of the respondents are shown through frequency distribution. Chi Square test was conducted to explore the effect of demographic variables such as gender and marital status on employee motivation and Pearson Correlation was used to establish the relationship of non monetary motivators with employee performance and employee satisfaction.

### 5.1 Demographic features of respondents

The majority of respondents were male (78) in the age group (26-35) years as can be seen in the table. Majority of respondents are from graduation I Engineering background and the work experience is less than 15 years for all respondents.

**Table 2. Demographic features of respondents**

Item	Frequency	Percentage
Gender		
Male	78	65
Female	42	35
Age Group		
18-25	43	35.8
26-35	72	60
36-45	5	4.2
46 and Above	0	0
Qualification		
Graduation/Engg	56	46.7
MCA/MSc	25	20.8
MBA/MTech	36	30
PhD	3	2.5
Others	0	0
Marital Status		
Single	64	53.3
Married	56	46.7
Experience		
0-2	23	19.2
2-5	65	54.2
5-10	28	23.3
10-15	4	3.3
15 and above	0	0

Source: Survey data

## 5.2 Weighted average for employee motivation and satisfaction

In Table 3 and 4 weighted averages for non-monetary job related factors and employee satisfaction are shown.

**Table 3 : Weighted average for non-monetary job related factors**

Factors	Weighted Average	Rank
Work schedule flexibility	4.35	1
importance of job	4.11	2
job security	4.02	3
job feedback	3.97	4
nature of job	3.84	5
present workload	3.82	6
job title	3.81	7
leadership role	3.79	8
job enrichment	3.75	9

Source: Survey data

It is evident from Table 3 that Work schedule flexibility, Importance of job, Job security, and Job feedback are the most prominent non-monetary job related factors that highly influence the motivational level of employees in IT firms. Present workload, and Nature of job moderately influence the motivational level of employees and Job title, Leadership role/Innovation and Job enrichment are the factors least influencing the motivational level of employees. The highest weighted average score was 4.35 for Work schedule flexibility and the lowest score was 3.75 for Job enrichment.

**Table 4: Weighted average for employee satisfaction**

Factors	Weighted Average	Rank
leadership role	3.98	1
enrichment	3.92	2
job title	3.86	3
job feedback	3.85	4
work flexibility	3.61	5
nature of job	2.93	6
job security	2.02	7
present workload	1.83	8
importance of job	1.45	9

Source: Survey data

Table 4 represents the weighted average score for employee satisfaction on non-monetary job related factors. It is clear from table 3 that the respondents are satisfied with their present Leadership role, Job enrichment, Job title and Job feedback. The respondents are moderately satisfied with their present Work schedule flexibility and Nature of job, and it can be seen that the employees are mostly dissatisfied with the

factors such as Job security, Present workload and Importance of job. The highest weighted average score was 3.98 for leadership role and the lowest weighted average score was 1.45 for Importance of job. It can be concluded from the above tables that employees are not currently satisfied with those non-monetary job related factors such as Job security, Work schedule flexibility, and Importance of job which highly motivates them.

### 5.3 Relationship between demographic variables and employee motivation

Table 5 and 6 show the Chi Square test conducted to explore the effects of demographic variables such as gender and marital status on employee motivation.

#### 5.3.1 Relationship between Gender and Employee Motivation

**Table 5. Chi Square Table**

Variable	Calculated value	Table value	Inference
Work Schedule flexibility	0.389	9.48	H0 Accepted
Importance of Job	6.907	9.48	H0 Accepted
Job Security	7.23	9.48	H0 Accepted
Job Feedback	18.290	9.48	H0 Rejected

Source: Survey data

The table value is 9.488 with degree of freedom 4 and at 5% significance level. It is evident from the table that for the variables such as Work Schedule flexibility, Importance of job and Job security the calculated value is less than the table value and the calculated value of Job feedback is greater than the table value. Hence we can conclude that gender have no significant relationship with variables such as Work schedule flexibility, Importance of job and Job security, But there exist significant relationship between gender and Job feedback when considering the motivational level of employees.

#### 5.3.2 Relationship between Marital Status and Employee Motivation

**Table 6. Chi Square table**

Variable	Calculated value	Table value	Inference
Work Schedule flexibility	24.125	9.48	H0 Rejected
Importance of Job	13.200	9.48	H0 Rejected
Job Security	13.399	9.48	H0 Rejected
Job Feedback	26.044	9.48	H0 Rejected

Source: Survey data

It is evident from the table that the calculated value for all the variables is greater than the table value. So we can conclude that when considering the motivational level of employees marital status have significant relationship with variables such as Work schedule flexibility, Importance of job, Job security and job feedback

#### 5.4 Relationship between Motivation and employee performance

Data analysis using Pearson Correlation coefficient revealed the significant relationship existing between the independent (Motivation) and dependent (Performance) variables. The results are shown in the following table. Correlation coefficient is significant at .01 levels (2 tailed).

**Table 7. Correlation Table for Performance**

Performance		Motivation		
		Work Schedule Flexibility	Importance of Job	Job Security
	Pearson Correlation	0.532**	0.886**	0.407**
	Sig. (2-tailed)	0.000	0.000	0.000
	N	120	120	120

\*\* . Correlation is significant at the 0.01 level (2-tailed).

From the table we can see that the r value of Importance of Job is .886 and Job Feedback is 0.714,  $p < 0.01$ , hence rejecting the null hypothesis and it is evident that employee performance exhibit a significant and strong positive relationship with Importance of Job and Job Feedback. The r value of Work Schedule Flexibility is 0.532 and Job Security is 0.407,  $p < 0.01$ , hence rejecting the null hypothesis, and it can be inferred that employee performance exhibit significant and moderate positive relationship with Work Schedule Flexibility and Job Security.

#### 5.5 Relationship between Motivation and employee satisfaction

Data analysis using Pearson Correlation coefficient revealed the significant relationship existing between the independent (Motivation) and dependent (Satisfaction) variables. The results are shown in the following table. Correlation coefficient is significant at .01 levels (2 tailed).

**Table 8. Correlation Table for Performance**

Satisfaction		Motivation		
		Work Schedule Flexibility	Importance of Job	Job Security
	Pearson Correlation	0.720**	0.508**	0.899**
	Sig. (2-tailed)	0.000	0.000	0.000
	N	120	120	120

\*\* . Correlation is significant at the 0.01 level (2-tailed).

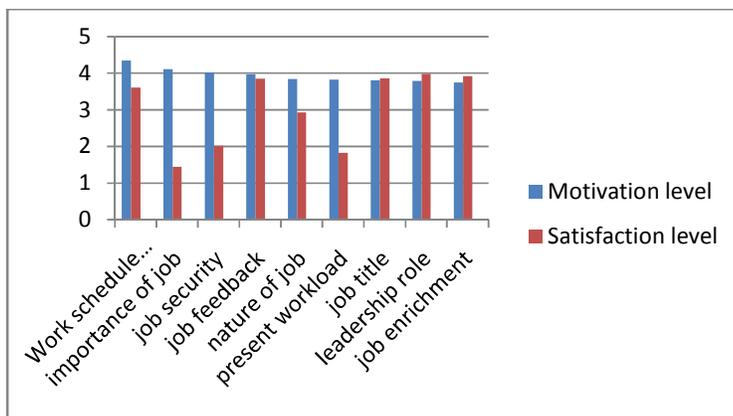
From the table we can see that the r value of Job Security is 0.899 and Work Schedule Flexibility is 0.720,  $p < 0.01$ , hence rejecting the null hypothesis and it is evident that employee satisfaction exhibits a significant and strong positive relationship with Job Security and Work schedule flexibility. The r value of Job Feedback is 0.631 and Importance of Job is 0.508,  $p < 0.01$ , hence rejecting the null hypothesis, and it can

be inferred that employee satisfaction exhibit significant and moderate positive relationship with Job feedback and Importance of Job.

## 6. Discussion

The findings of this study reveals that a correlation exist between non-monetary job related factors and employee satisfaction. But it was found that the respondents are dissatisfied with those factors which motivate them. Work Schedule flexibility, Importance of job, Job security and Job feedback are the most important job related factors which will influence the motivational level of employees in IT firms. But it is found from the study that the respondents are highly dissatisfied with those motivational factors provided by the firms. Hence we can infer that a positive correlation exists between non-monetary job related factors and employee satisfaction in IT firms in Kerala.

**Figure:1 Employee motivation and satisfaction**



Source: Survey data

The study has further analysed the effect of demographic variables such as Gender and Marital status on Employee motivation. It has been found from the study that while determining the motivational level of employees, gender has no relationship with factors such as Work schedule flexibility, Importance of job and job security but gender seems to have significant effect on Job feedback. On converse marital status has significant effect on factors such as Work schedule flexibility, Importance of job, job security and Job feedback. While analyzing the relationship between motivation and employee performance, it is evident from the study that employee performance has significant strong positive correlation with motivational factors such as Importance of job and Job feedback and a moderate positive correlation with Work schedule flexibility and job security. When considering the relationship between motivation and employee satisfaction, it can be seen that employee satisfaction has a strong positive correlation with motivational factors such as Job security and Work schedule flexibility but employee satisfaction exhibit only a moderate positive relationship with Job feedback and Importance of job.

### 6.1. Implication for further research

This study was limited to understand the relationship between non-monetary job related factors, employee performance and employee satisfaction. But there are monetary factors which would affect the employee performance and satisfaction. Hence there exists a scope for conducting research on the comparative effects

of monetary and non-monetary motivators on organizational outcomes such as employee satisfaction, performance, commitment etc.

## 6.2. Implications for Practice

IT firms in Kerala can use the insight obtained from this study to focus more on factors such as Work schedule flexibility, Importance of job, Job security, and Job feedback to motivate their employees. This in turn will have a significant effect on reducing issues like absenteeism and employee turnover.

## 7. Conclusion

This study has focused on the effect of non-monetary job related factors on employee performance and satisfaction in Information Technology firms in Kerala. From the study it is found that when considering the motivational level of employees, Work schedule flexibility, Importance of job, Job security and Job feedback are the most important job related factors. The study also revealed that these motivational factors have a significant role in increasing the performance and satisfaction level of employees in IT firms. Thus we can infer that unless these factors which motivate the respondents are given due importance, it may lead to decrease in employee satisfaction and performance and increase in the attrition rate of employees.

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