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Management Review

# Impact of Motivational Practices on Productivity of Engineering Industry, Satara.

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## **Abstract:**

*Motivation is a means to reduce and manipulate gap between an individual's actual state and some desired state and the manager always tries to reduce this gap in context of performance of employees. If performance of employees improves then automatically productivity of organization improved. Thus implementation of motivational practices in organization is very essential. The present research tries to find out impact of motivational practices on productivity in engineering industry. Five engineering units were selected from engineering industry in Satara M.I.D.C by using purposive sampling method where motivational reforms have been introduced. The productivity parameters viz. employee efficiency rate, rate of rejection, rate of accident, attendance ratio, attrition ratio and productivity were assessed. Study finds out that implementation of motivational practices affect employee efficiency, rejection rate, accident, attrition ratio and total production. Research concludes that motivational practices play role in improving performance of employees and in turn productivity of organization but at the same time it has found that the impact of motivational practices differs organization to organization.*

## **Keywords :**

Motivation, Motivational practices, Productivity, Productivity Parameters, Performance, Satara.

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## **Introduction :**

There is an old saying that, you can take a horse to water but you cannot force it to drink; it will drink only if it's thirsty- so with people. They will do what they want to do or otherwise motivated to do. Whether it is to excel on the workshop floor or in the 'ivory tower' they must be motivated or driven to it, either by themselves or through external stimulus. Thus motivation is considered as the key for performance improvement. The continuous performance improvement is essential for any business to survive and succeed. Performance is considered to be a function of ability and motivation, thus it can be stated as,

Job performance = f(ability) (motivation)

Ability in turn depends on education, experience and training, its improvement is a slow and long process. On the other hand motivation is a quick process. There are many options to motivate employees to perform better and thus an uninitiated manager may confuse in deciding from where to start. There are broadly seven strategies of motivation viz. Positive reinforcement, high expectations, effective discipline and punishment, treating people fairly, satisfying employee's needs, setting work related goals, restructuring jobs and base rewards on job performance. The mix of these strategies in the final 'recipe' will vary from workplace situation to situation.

## **Review of Literature :**

Researcher tries to narrowing the existing research gap in case of impact of motivational practices on productivity by intensive review of literature.

From the view of workers, motivation matters a lot and should be concerned for both employers and the employees. Motivating workers sufficiently with relevance incentives is the only alternative towards workers performance to achieve goal and objectives of the organization and Workers performance of any sort is a function of incentive obtain from the organization and thereby improve

and increase productivity (Gana & Bababe, 2011). Financial incentives are effective on job performance, although companies need to consider the issue of job quantity versus quality and also be aware of the limitations of financial incentives. Most employees in the private sector view the relationship between money and employee motivation...“Show me the money, show me respect and show me attention...or show me the door” (Houran & Kefgen, 2007). A positive relationship is existed between extrinsic reward and workers performance i.e. when there is an increase in extrinsic reward like salary, allowances etc. given to workers, there is corresponding increase in workers performance. While there is no significant relationship between intrinsic rewards and workers performance i.e. the value that workers place on the intrinsic rewards like praise, recommendation that they receive from their employees is very minimal and this does not increase their performances (Ajila & Abiola, 2004). According to (Stolovitch, 2004) incentives have an impact on objective attainment; it helps to produce desired results. When incentives offered to teams, many targeted recipients unclear about individual roles or benefits. Incentives positively and strongly influence

- a. Workplace performance: quality and quantity.
- b. Value workers attribute to goal achievement.
- c. Emotional commitment to achieve goals and increase performance.
- d. Loyalty to the organization.

On the contrary (Nelson, 1996) found that, money was not a top motivator, recognition was one of the most powerful tools of motivation. If the employee is not financially burdened, recognition of quality work may have more significant value than monetary rewards. Recognition is not just for the employee who did well. It also sends a message to other employees about the type of performance noticed in a company. The tangible noncash incentives led to better performance than the cash value of that reward even when participants stated a preference for cash. Firms must be careful in asking employees what incentives they prefer, because the preferred incentive may not be the one that leads to the best performance (Jeffrey, 2009). As far as consider recognition, it is a strong motivator, and is

actually the rewards linked to achievement. The rewards must be tied to performance and viewed as appropriate by team members (Asproni, 2004). Employees were highly motivated due to good working environment and highly supported by supervisors to perform the task. Underperformers and non performers should be given more responsibility and different roles and responsibility should be given to them to make them perform well, and the consequence of non performance should be highlighted. All this help to improving performance eventually lead to high productivity (Kalburgi & Dinesh., 2010). Similarly (Doloi, 2007) also opined that, the conducive work environment and incentivized employment contracts in the construction industry will increase employee output.

The psychological states like enhancing HR practices, work attitudes, and turnover are theorized to impact both attitudes (motivation, satisfaction, and organizational commitment) as well as behaviors (performance, absenteeism, and turnover) (Gardner, Moynihan, Jeong, Patrick, & Wright, 2001). There are large differences on the impact of human resource practices on labor productivity across levels of technological investment. Firms with high levels of R & D investment and HRM systems with multiple ports of entry, performance incentives, and lower turnover have higher worker productivity than comparable high R & D firms without these HRM practices. Similarly, firms with low R & D that implement HRM systems with performance incentives have higher productivity than low R & D firms without performance incentives (Andersson, Brown, Campbell, Chiang, & Park, 2005). The interrelationship of sound employee involvement practices with employee ownership has a positive effect on motivation and performance, in the context in which tax incentives were introduced for employee shareholding. It recognizes that productivity gains are more likely when share schemes ‘are combined with modern management practices which promote active employee participation’. There is positive relationship between Employee involvement, ownership, motivation and productivity (Michie, Oughton, &

Bennion, 2002).

Management should play an active and continuous role in managing on site motivational processes; employee's desired outcomes should be tied to performance and management should focus on eliminating performance obstacles (Thwala & Monese, 2008). Proper motivation of employees is directly associated with productivity and with maintenance factors. Workers who are content with their jobs, who feel challenged, who have the opportunity to fulfill their goals will exhibit less destructive behavior on the job. They will be absent less frequently, they will be less inclined to change jobs, and, most importantly, they will produce at a higher level (Valencia, 1998). Thus the use of positive motivational techniques must be consistent and timely in order to be effective. Proper use of positive motivation is critical for managers in constantly changing business environment. How well managers use these techniques to motivate employees directly affects the productivity and efficiency that employees need to compete in business today (Kamery, 2004).

The motivational practices and techniques are changes as per industry type, nature, culture, scope, work type and also personnel. Some results states that monetary motivation i.e. money are more important than non-monetary motivation and vice-versa. The productivity measures on the basis of total production, efficiency, employee retention rate, absenteeism and performance etc. It is also found that impact of motivational reforms on performance is varies.

#### **Research Methodology:**

Present research used descriptive research design and aimed to study the existing motivational practices and to evaluate the impact of motivational practices on employee productivity. The study is undertaken to test the hypothesis:

H<sub>0</sub> – Motivational practices does not lead to productivity.

For hypothesis testing, data was collected regarding different applied motivational practices, techniques of motivation, pre-motivational and

post motivational data of production, percentage of rejection, rate of absenteeism, retention rate, rate of accidents etc. Secondary data was used for analysis. Five engineering units where motivational reforms are implemented were selected as sample units using purposive sampling method from engineering industry in Satara. Analysis is done using mean and hypothesis is tested using paired sample t-test.

Researcher assumes that other environmental things are constant while calculating pre and post effect of motivational parameters on organizational output.

#### **Data Analysis and Discussion:**

Motivational reforms implemented in sample units are different for each company. The company wise analysis and hypothesis testing is given below:

##### **A Pvt. Ltd., Satara.**

In A Pvt. Ltd., Satara motivational reforms are implemented from December-2010 and after implementation the impact of such practices on Employee productivity has assessed. Following motivational reforms has found to be implemented: Incentives scheme - If worker Produces more than one day the targeted production quantity, then per day Efficiency (Extra production without defect and rejection) incentives are to be paid.

For minimization of Job rejection – If any worker done more than 0.5% rejections in a month, then 1.5% salary should be deducted as penalty.

For minimization of accident rate safety instruction, training programs and equipments are provided. When month is going without accident, company celebrates at the end of month by giving small refreshment to Employees.

Impact of motivational practices on productivity is measured on parameters viz. Employee Efficiency, Rate of Rejection, accident rate, attendance ratio and attrition ratio. The performance before and after implementation of such reforms on productivity parameters is measured. Hypothesis is tested using Paired Sample t-Test as follows.

Table : 1

Sr. No.	Productivity parameter	Mean Before Motivational Practices	Mean After Motivational Practices	Variance Before Motivational Practices	Variance After Motivational Practices	t	df	t-Test result ('P' value at 0.05 significant level)	Hypothesis Result
1.	Employee Efficiency	1.59	2.07	2.07	0.22	-2.93	8	0.02	Hypothesis is rejected
2.	Rate of Rejection	0.00	0.00	0.00	0.00	0.56	8	0.59	Hypothesis is accepted
3.	Rate of accidents	0.56	0.22	0.22	0.19	1.00	8	0.35	Hypothesis is accepted
4.	Attendance ratio	23.89	24.85	24.85	1.50	-1.26	8	0.24	Hypothesis is accepted
5.	Attrition ratio	17.15	1.70	1.70	1.70	1.49	8	0.17	Hypothesis is accepted

(Source: Compiled by Researcher)

Above Table indicates that there is no significant differences into Rate of Rejection, Attendance ratio, Attrition rate, accident rate as far as consider the pre and post implementation of motivational practices in case of A Pvt. Ltd. But there is significant difference into Employee Efficiency of pre and post motivational implementation practices. Hence, null hypothesis is rejected in the case of Employee Efficiency.

### B Pvt. Ltd., Satara.

The motivational reforms towards production are take place from 2010. The Attendance Bonus schemes have been started from March-2011 with revised scheme of production incentives. Organization has taken 4 month period to finish all implementation and sufficient time for assessment of these practices as to what impact this reforms has on Employee productivity.

#### 1. Production Incentives scheme- Every Production

line has its own target of production and incentives and it changes as per change in production line and shift. If workers are achieve specified target then incentives are given.

2. For minimization of Absenteeism – Attendance bonus scheme are introduce to avoid or minimize absenteeism. For full calendar days attendance, Rs.400/- are given as attendance bonus. For one day absentee Attendance bonus of Rs. 350/- are given. For new comers it is Rs. 200 & Rs.150/- respectively.

3. Yearly Medical test are arranged by organization. Safety training and equipments are provided to the workers.

Following table shows hypothesis testing and impact of motivational practices on productivity. The productivity viz. total production, Absenteeism rate, Attrition rate and rate of accidents are taken into consideration.

Table : 2

Sr. No.	Productivity parameter	Mean Before Motivational Practices	Mean After Motivational Practices	Variance Before Motivational Practices	Variance After Motivational Practices	t	df	t-Test result ('P' value at 0.05 significant level)	Hypothesis Result
1.	Total Production	1337.56	1560.00	6440.78	8281.00	-5.21	8	0.00	Hypothesis is rejected
2.	Rate of Absenteeism	30.22	26.56	4.69	43.78	1.43	8	0.19	Hypothesis is accepted
3.	Attrition rate	14.74	8.41	92.47	52.46	1.41	8	0.20	Hypothesis is accepted
4.	Rate of Accidents	0.78	0.56	0.69	0.53	0.51	8	0.62	Hypothesis is accepted

(Source: Compiled by Researcher)

Above table shows that there is no significant difference in rate of absenteeism, attrition rate and accident rate during pre and post implementation of motivation practices in B Pvt. Ltd., Satara at the same time there found a significant difference in total Production.

### C Pvt. Ltd., Satara.

C Pvt. Ltd. takes 3 months period for implementation of motivational practices. The

Attendance Allowance schemes and Personal Out pass scheme is in force started from March-2011.

Attendance Allowance - For minimization of late coming and absenteeism the attendance allowance has been introduced. For full calendar day presence without late coming and leaves attendance allowance is applicable.

Personal Out pass: Through Personal out pass workers can go 2-3 hours for their personal work once in a month.

Yearly Social event are arranged that is 'Janai-Malai Jatra', Blood Donation Camp.

Yearly Health Check-ups are arranged by organization. Safety training and equipments are provided to the workers and every employee has accident policy.

Celebration of Birthday of each Employee.

Following table shows hypothesis testing and impact of motivational practices on productivity. The productivity parameters viz. total production, attrition rate, absenteeism rate, Authorized leave rate and accident rate have been taken into considerations.

Table : 3

Sr. No.	Productivity parameter	Mean Before Motivational Practices	Mean After Motivational Practices	Variance Before Motivational Practices	Variance After Motivational Practices	t	df	t-Test result ('P' value at 0.05 significant level)	Hypothesis Result
1.	Total Production (Rs.)	12724249.30	18000000.00	4834240000000.00	2.51	-1.82	9	0.10	Hypothesis is accepted
2.	Attrition rate	2.47	2.19	1.93	0.92	0.46	9	0.66	Hypothesis is accepted
3.	Rate of Absenteeism	4.25	5.71	0.62	6.85	-1.93	9	0.09	Hypothesis is accepted
4.	Authorized Leave rate	4.67	4.94	2.93	1.67	-0.41	9	0.69	Hypothesis is accepted
5.	Rate of Accidents (in numbers)	1.00	0.60	1.11	0.49	0.94	9	0.37	Hypothesis is accepted

(Source: Compiled by Researcher)

Above table indicates that there is no significant difference into the total Production, Rate of Rejection, Attrition rate, Rate of Absenteeism, Authorized Leave rate and also accident rate of C Pvt. Ltd., Satara during pre and post implementation of motivational practices. A motivational reform has an impact but that is not statistically significant to consider.

**D Pvt. Ltd., Satara.**

The productions Incentives and negative motivational reforms are introduced from March-2011.

Production Incentives - Production Incentives are based on target achievement. For every department and units different targets are set, on the achieving of target percentage incentives are given in same proportionate. Incentive amount varies for skilled and semi-skilled workers, work-nature, group and designation. On the achievement of target one Silver Coin are given and a photo printed in 'D Pariwar' (In-house magazine).

For minimization of Rejection rate negative

motivational technique are applied. The possible rejection rate is decided and if rejection is more, than in the proportionate production incentives are deducted. On the unauthorized absenteeism production incentives are not applicable.

Best attendance Award: For the 6 month fulltime calendar days presence 'Best Attendance Award' is given with certificate and Rs.1500/ cash prize.

Twenty and twenty-five years Service Tenure - On the successful completion of Twenty and twenty-five years Service Tenure company extend appreciating to that employee with the Silver Coin, certificate frame, sweet box and Rs.7500/- and Gives honor in 'D Pariwar' magazine with photo, make hoardings with thankful massage for being with company.

Following Table shows hypothesis testing and impact of motivational practices on productivity. The productivity parameters viz. total production, rejection rate, cost of poor quality, productivity-labour utilization, absenteeism rate and accident rate have been taken into considerations.

Table : 4

Sr. No.	Productivity parameter	Mean Before Motivational Practices	Mean After Motivational Practices	Variance Before Motivational Practices	Variance After Motivational Practices	t	df	t-Test result ('P' value at 0.05 significant level)	Hypothesis Result
1.	Total Production	85.22	96.89	70.44	10.11	-3.88	8	0.00	Hypothesis is rejected
2.	Rate of Rejection	5713.11	4090.00	8983096.00	838375.00	1.39	8	0.20	Hypothesis is accepted
3.	Cost of Poor Quality	183727.20	146714.30	3.67	6.26	1.55	8	0.16	Hypothesis is accepted
4.	Productivity-Labour Utilization (hrs)	73.89	96.78	318.36	163.94	-3.07	8	0.02	Hypothesis is rejected
5.	Absenteeism Rate	11.05	8.54	0.83	1.20	5.54	8	0.00	Hypothesis is rejected
6.	Rate of Accidents (in numbers)	0.44	0.78	0.53	0.69	-1.41	8	0.20	Hypothesis is accepted

Source: Compiled by Researcher)

Above table shows that in D Pvt. Ltd., Satara., there is no significant difference found in the rate of rejection, cost of poor quality, and rate of accidents (in numbers) during pre and post implementation of motivational practices. But there found significant difference in total production, productivity-labour utilization (hrs) and absenteeism rate before and after implementation of motivational practices.

#### **E Pvt. Ltd., Satara.**

In E Pvt Ltd. Team Leader Incentives scheme and 5'S Management motivational reforms are introduced at December-2010. The details of Schemes are as follows.

**Production Incentives:** Production incentives are group incentives. As working nature are required groups, so incentives are given on the Group Performance. This incentive is given in the efficiency proportionate.

**Negative motivational scheme:** If any employee is absent for more than five days in a month, then that employee are not eligible to take benefit of

production incentives.

For Every Groups leader gives to team leader the allowance of Rs.2000/-.

**5'S Management:** 5'S' Principles in Manufacturing Management are based on the five Japanese terms namely Seiri, Seiton, Seison, Seiketsu and Shitsuke, which are the shorthand expressions for principles of maintaining an effective and efficient workplace in the manufacturing and production environment. The 5'S' also refers to a structured methodology of using these principles as the basis for continuous improvement in the workplace.

**Hospitalization Scheme:** For serious diseases viz. Heart attack, Accident, related Brain, paralysis etc. the dangerous diseases for human life, Company gives 100% financial assistance.

Following table shows Hypothesis testing and impact of motivational practices on productivity. The productivity parameters viz. total production, absenteeism rate, and accident rate are taken into considerations.

Table : 5

Sr. No.	Productivity parameter	Mean Before Motivational Practices	Mean After Motivational Practices	Variance Before Motivational Practices	Variance After Motivational Practices	t	df	t-Test result ('P' value at 0.05 significant level)	Hypothesis Result
1.	Total Production	12724249.30	18000000.00	48342400000000.00	25000000000000.00	-0.76	10	0.47	Hypothesis is accepted
2.	Rate of Absenteeism	10.53	9.40	1.71	0.66	1.96	10	0.08	Hypothesis is accepted
3.	Rate of Accidents	0.09	0.18	0.09	0.16	-0.56	10	00.59	Hypothesis is accepted

(Source: Compiled by Researcher)

Above table indicate that there is no significant difference in total production, rate of

absenteeism and rate of accidents (in numbers) during pre and post implementation of

motivational practices in E Pvt. Ltd., Satara.

**Findings:**

After analysis and hypothesis testing following findings are summarized:

There is significant difference in case of efficiency of employee of A Pvt. Ltd., Satara, total Production of B Pvt. Ltd., Satara and Total Production, Productivity-Labour Utilization and Absenteeism Rate of D Pvt. Ltd., Satara during pre and post implementation of motivational practices.

While in case of B Pvt. Ltd. and C Pvt. Ltd., there found no significant difference into Absenteeism Rate, Attrition Rate, and Accident Rate before and after implementation of motivational practices.

Like these three parameters there is no significant difference found in rejection rate, poor quality cost in D Pvt Ltd. and total production of E Pvt. Ltd. Satara.

**Suggestions :**

Suggestions are based upon Finding of data analysis. Suggestions are proposed organization-wise as follows:

To improve attendance ratio A Pvt. Ltd., Satara should frame a motivation policy with monetary reward like calendar full day attendance allowance or non-monetary reward for Attendance "Best Attendance Award" for a 3 months calendar full day presents.

C Pvt. Ltd., Satara should frame Production incentives schemes by defining level of production target and incentives on the achievement of target gives for increasing total production.

3. Management of D Pvt. Ltd., Satara should introduce attendance allowance and award scheme for the period of 3 months, so worker may

inspires to participate actively to reduce absenteeism rate.

**Conclusion:**

Present research brought afloat that implementation of motivational practices affect employee efficiency, rejection rate, accident, attrition ratio and total production. Thus it can be concluded that motivational practices plays very crucial role in improving performance of employees and in turn productivity of organization but at the same time it should be noted that the impact of motivational practices differs organization to organization.

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