



EFFECT OF EMPLOYEES MOTIVATION ON PRODUCTIVITY IN SMALL AND MEDIUM ENTERPRISES IN KADUNA STATE

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Abstract

Employee motivation is the backbone for organizational success, it propels employee to put the best of their effort towards the accomplishment of organizational goal and achieve higher productivity. This study examines the effect of motivation on productivity in small and medium enterprises in Kaduna state. The scope of this study is to identify and make recommendation on motivation as a factor to enhance productivity in Small and Medium Enterprises in Kaduna State. The study is meant for workers and staff of Small and Medium Enterprises in order to enhance productivity. The study used cross sectional in nature, adopting survey research design using questionnaire as the main instrument for data collection. The study covers 100 respondents, using convenient random sampling technique 98 questionnaires were properly filled and returned. The finding from the study shows that motivation affects the productivity of an organization. The study recommends that top management should provide different motivational tools to employees in order to optimize their productivity.

Keywords: Employees, Motivation, Productivity, SMEs, Kaduna

Introduction

The formula for good management of Small and Medium Scale Enterprises (SMEs) is to develop a sound plan, design appropriate organizational structure, to implement the plans and monitoring the performance of the business (Joseph, 2013). All organization encounters the matter of motivation whether they are in the public or private sector (Chintallo & Mahadeo, 2013). Motivation is derived from the word "Motive". The meaning of "motive" is needs, wants, and the desire of the persons (Chaudhary & Sharma (2012). Employees' motivation means the process in which organization inspires their employee with the shape of rewards and bonus for achieving the organizational goals.

There is probably no concept more important than motivation, in the study of Small and Medium Scale Enterprises (SMEs), today organization can easily change their material, needs, goods and services to other organization, or to other countries, but the only one resource which is not easily exchangeable is human resources (Joseph, 2013). Therefore, human resources is the very crucial and most competitive assets of today's organization which cannot be replaced. Human resources are the workers or the employee of organizations. Importantly, motivation has been found to greatly

affect human resources in organizations (Odiorne, 2014). The task for organizations should be geared toward motivating employees for the optimal performance to accomplish the organizational objective. In fact, motivation is the best tool for best performance (Aluko, 2013). Today there are many discussions about motivation and the relationship of employee's efficiency and the organizational productivity. Motivation will lead to the fact that workers or employees of the organization will seriously do his or her duties and responsibilities (Azar and Shafighi, 2014).

Motivation may be considered as an inducement (financial or otherwise) given to the employees to ginger them to work more. This kind of inducement greatly aid organizations to accomplish their goals and objectives. On the other hand, employees usually associate motivation with some monetary values (Freeman and Gilbert 2009). Employee motivation is one of the policies of managers to increase effectual job management amongst employees in organization (Shadier and Mukhtar, 2009). A motivated employee is responsive of the definite goals and objectives he or she must achieve.

In recent times, managers and management researchers have long believed that organizational goals are unattainable without the enduring commitment of members of the organization

(Odiorne, 2014). Emphasis has been placed on workforce to remain the most critical and productive asset of any Organizations. It is the human element that gives direction and dynamism to the organization. In fact, any organization can only grow to the extent made possible by the voluntary and creative application of the skills and expertise of its workforce. Base on this, it is expedient for organizations to search for ways and mechanism of motivating workforce for optimal organizational performance. This task has become remained a cardinal concern of management since the birth of industrial civilization (Aluko, 2013).

Entrepreneurship behavior is dependent on personnel motivations, which in turn depends on environmental characteristics (McClelland, 1998). An entrepreneur performs three vital functions that are important for success in any enterprise. These functions are capital/financial, managerial and booster functions (Guzman and Santos, 2011). The growth and development of any economy cannot be meaningful and complete if the Small and Medium Scale Enterprises (SMEs) are not well footed in terms of productivity, growth and profitability.

The findings from this study is significant because it help to create ways by which small and medium scale enterprises reappraise their present motivation package with the aims of improving employee's performance and increase productivity. The results of this study would also be beneficial to both the Management and the labor union to better understand how entrepreneurship could be harnessed to inspire youths and the public to increase and sustain productivity.

Result from this study would aid to find the possible source of frustration to employees and how motivation can be used to reduce or eliminate them amongst staff in organization. Managers of small and medium enterprises in Nigeria are also among the main beneficiaries of the finding of this research. This is because managers are usually interested in understanding the effects of their performance on the productivity and business value. Hence, this study is an attempt towards such direction. Importantly, business owner will greatly benefit from this work to be able attain higher productivity through employee motivation.

Literature Review

The Concept of Motivation

Numerous scholars in the field of management have given various definitions and conceptualization of motivation. According to Middle and Hit (1981), motivation is the willful desire to direct one's behavior towards goals. The three key elements in this definition are willful desire, (person's choice) behavior and goal -

directed purpose of behavior. Lakin (2010) view motivation as term used generally when somebody is stimulated, the interest of a worker is satisfied and this could enable the employee work and bring or breeds efficiency in his work. Robbins (2011) defines motivation as the forces that energizes, direct and sustains a person's effort. Joena (2013) says motivation is an important determination of human behavior, it moves one towards a goal, thus, motivation begat performance. Luthans (2008) opines that motivation is a process which starts with a physiological or psychological need that activates behavior and drive individual to action in order to achieve goal.

The Concept of Productivity

Productivity is an important term to individuals, groups, organizations and nations. Despite its importance, there is lack of universal definition of productivity. Comparative analysis of productivity is sometimes difficult (Ubeku, 2014). For example, comparing productivity of a work using manual system of operation with another using automatic system of operation may be difficult. However, Bedeian (2007) has defined productivity as the unit of output produced divided by the number of units of resources applied. A productive organization will produce more units of outputs with given units of input. When economists refer to productivity, at the broadest level they are referring to an economy's ability to convert inputs into outputs (Wilson, 2010). Productivity is a relative concept and could be understood through comparisons either across time or between different productions units produced.

The Concept of Small and Medium Enterprises

There are various definitions of small and medium enterprises (SMEs) which differ from country to country, region to region and from agencies to agencies throughout the globe. The Nigerian view of the concepts of SMEs is a little bit divergent. However, Central Bank of Nigeria agrees with the Small and Medium Industries and Equity Investment Scheme (SMIEIS) in their definition of SME as any enterprise with a maximum asset base less than N200 million (equivalent of about \$1.43 million) excluding land and working capital, and with the number of staff employed not less than 10 (otherwise will be a cottage or microenterprise) and not more than 300 (Sanusi 2013). Moreover, this definition for SMEs was based on the revised definition by the National Council on Industry in 2011. The nation needs the Small and Medium Enterprises (SMEs) because they contribute meaningfully to economic development. They are in the forefront of output expansion, employment generation, income redistribution, promotion of indigenous entrepreneurship and production of primary goods to strengthen industrial linkages

(Nwachukwu, 2007). This important sector, account for about 70% of the total industrial employment Nigeria. This sector also account for 10-15 percent of the total manufacturing output in Nigeria.

The agricultural sector which is part of SMEs have also enhanced developing and utilization of indigenous technology and increased utilization of local raw materials. They are the strongest promise we have for industrial growth (Mullins, 2007). Many observers from different traditions and political orientations embrace the idea that small enterprises should be seen as the secret toward attainment of national economic development and a panacea to renewed growth and employment. SMEs played an important role in the development and sustainability of a national economy in the developed economies: Europe, Asia and North America (Loveman and Sengenberger 2009).

Importance of Small and Medium Enterprises

Joseph (2012) posits that the importance of the SMEs sub-sector of the economy of the states cannot be overemphasized. Small scale enterprises metamorphosis into large scale businesses grow out from. The experience of countries in North America and Western Europe is a good example that should challenge us today, particularly in Nigeria. The success story of industrialization process in the United States, Netherlands, Germany, and Japan is a testimony of the outstanding performance and contribution of the SBEs to those economies (Joseph, 2012).

According to CBN (2014) the contribution and importance of the Small and Medium Enterprises (SMEs) sector to an economy thus include: Employment generation: The Small and Medium Enterprises (SMEs) sub-sector in Nigeria provided employment to 70% of industrial labor force. In the same vein, the agricultural sector which is predominantly small scale farmer, account for over 60% of the nation's work-force. Utilization of local resources: Small and Medium Enterprises (SMEs) have demonstrates creativity in utilization of local raw materials as they do not require high level of technology to produce.

Output expansion: SMEs contribute about 10 – 15% of the Gross domestic Product (GDP) - most of the foods produced are from the small scale farmers Transformation of traditional / local technology: The modern sectors grow through a process of structural transformation and modernization out of the traditional sector. The transformation process includes upgrading in skills, machinery, and equipment and management practices.

Production of intermediate goods: The SMEs sub-sector provides backward and forward linkages needed by larger firms – example raw materials, machinery and equipment, spare parts and household goods. Promote even development and reduce income disparities: SMEs need small capital to start operations. Their production process and management style are simple.

Increase in Government revenue base: This is through taxes – personal and company income taxes.

Review of Empirical Studies

Kulkarni (2014) compared the relative importance of two factors such as pay, security which are extrinsic to the job, and other intrinsic factors like recognition, self-esteem, and responsibility among 80 white collar employees. Hypothesis developed show that higher value will be on intrinsic and not extrinsic job factors. Data were collected through personal interview in which individuals were asked to rank each factor according to its importance. The result did not uphold the hypothesis and it shows two extrinsic factors: adequate earnings and job security as the most important factor. Also, it was found that there was no consistent trend between the findings of this study and similar studies using blue-collar workers, except in ranking of adequate earnings and job security. However, it is important to ask “what magnitude of performance variation can rewards both extrinsic and intrinsic induce taking into consideration the argument and counter argument on the consequences of tying reward to performance.

In another study carried out by Bugental (2013), he also based his research on Herzberg's (2006) two-factor theory of motivation, which separated job variables into two groups: hygiene factors and motivators. He made use of a sample of 692 subjects to test the validity of the twofactor theory. And it was discovered that at higher occupational level, “motivators” or intrinsic job factors were more valued, while at lower occupational levels “hygiene factors” or extrinsic job factors were more valued. This work gave the basis for concluding that an organization that satisfies both intrinsic and extrinsic factors of workers get the best out of them.

A study by Salman (2010) was conducted in Pakistan to examine the job satisfaction among bank employees in Punjab. A structured questionnaires survey was used and data were collected from four employees of a bank, a correlation coefficient for recognition was 0.251 denoting that its relationship with job satisfaction is positive. Job satisfaction is directly associated with internal work motivation of employees that enhances as the satisfaction of employees increases.

Theoretical Framework

Scholars in the field of management argued that job performance is a function of ability; motivation and opportunity (Chandler & Hanks, 1994; Cooper & Gascon, 1992). They opine ability to identify business opportunity (entrepreneurial competence) and gathering of resources (managerial competence) are directly related to performance. Employee's ability to take and manage risks, motivation and planning are important determinants of performance. By studying level of entrepreneurial motivation the researcher will be enriching entrepreneurial competence which is a positive contributor of performance (Chandler & Hanks, 1994; Cooper & Gascon, 1992). In order to comprehend the subject matter under consideration well, the eclectic approach will be adopted and three theories which include the democratic, the system, and the need theory of individuals will be used. The reason for this is that each theory reinforces the other.

Two Factor Theories

Frederick Herzberg's two – factor theory is a framework for understanding the motivational implications of work environment. Herzberg extended the work of Maslow and developed a specific content theory of work motivation. In 1959, Herzberg and his associates published a research report concerning the attitudes of people to work. Herzberg (2006), concluded his research by noting that job satisfiers were related to job content, and job dissatisfiers were allied to job content. The satisfiers were labeled motivators and dissatisfiers were called hygiene factors. The studies were first carried out on engineers and accountant employed in nine different companies and later on employees at all level totaling about 1,685. These studies led Herzberg to divide the factors, which motivate workers into the two main categories earlier mentioned.

The "Hygiene" Factor, which ranges from the state of dissatisfaction to one of satisfaction and can be interpreted to mean that hygiene (in the sanitary process) cannot take people healthier but can prevent illness, i.e. can prevent people from being unhealthy, when applied to workplace these factors make workers happy and satisfied in the workplace but their absence or deficiency, can create unhappiness and dissatisfaction.

The motivator is roughly equivalent to Maslow's high level of needs. The Herzberg theory, an individual must have a job with a challenging content in order to be truly motivated. Unlike the hygiene factors, the motivator's provide a positive and long lasting effect on worker's performance as they are related to work it. For a worker to be happy and satisfied the job itself must embed

motivation, such factors include recognition, growth, autonomy and advancement (Hawley, 2010).

Expectancy is in contrast to the theories of McGregor and Herzberg, the expectancy or path-goal, model of motivation does not assume that there is one best way to motivate all persons. In fact, it makes no assumptions concerning what anyone's needs or objectives are or should be. Instead the emphasis is on how motivation takes place given an individual's needs and objectives expectancy theory, formulated by Victor Vroom (2013) position that motivation will be high when workers believe that high level of effort will lead to attainment of desired outcome. Expectancy is most popular theories of work motivation because it focuses on all three parts of the motivation equation, inputs performance, outcomes and person's level of expectancy determines whether he or she believes that high level of effort will result on their jobs only if they think their efforts will pay off in terms of high-performance. That is, if they have a high expectancy.

Members of an organization will be motivated to put forth a high level of effort only if they think that doing so will lead to high performance. Woolf (2012) asserted that in order for people's motivation to be high, expectancy must be high. Thus, in attempting to influence motivation, managers need to make sure that their subordinate's expectancy levels and motivation is by training so that people have all the experience needed for higher performance.

Expectancy captures a person's perception about the relationship between effort and performance. Instrumentality, the second major concept in expectancy theory is a person's perception about the extent to which performance at a certain level will result in the attainment of outcomes such as pay, job security, interesting job assignments bonuses, or a feeling of accomplishment. In other words, instrumentalists must be high. For motivation to be high, people must perceive that if they do perform highly, they will receive outcomes. Managers promote high levels of instrumentality when they clearly link performance to desired outcomes (Hawley, 2010).

Vroom's Expectancy Theory

Vroom proposes an expectancy theory which aims particularly at work motivation. Vroom model is based on three important variables: valence, instrumentality and expectancy (VIE theory or expectancy/valence theory). The theory is founded on the idea that people prefer certain outcomes from their behavior to others. They anticipate

feelings of satisfaction should the perceived outcome be achieved.

The feeling about specific outcomes is termed valence. This is preference for a particular outcome which the individual desires. Vroom distinguishes valence from value. A person may desire an object but then gain little satisfaction from obtaining it. Alternatively, a person may strive to avoid an object but finds, subsequently, that it provides satisfaction. Valence refer to the expected satisfaction from an outcome. This may differ substantially from value, which is the actual satisfaction provided by an outcome. The valence of outcome derives, therefore, from their instrumentality. This leads to a distinction between first-level outcomes and second-level outcomes.

The first-level outcomes are performance-related. They prefer to the quantity of output or to the comparative level of performance. Some people may seek to perform well for self-sake and without thought to expected consequences of their actions. Usually, however, performance outcomes acquire valence because of the expectation that they will lead to other outcomes as an anticipated source of satisfaction – second level outcomes.

The second-level outcomes are need-related. They are derived through achievement of first-level outcomes that is through achieving high performance. A lot of needs that relate to outcomes are function of actual performance rather than effort expended. People generally receive rewards for what they have achieved, rather than for effort alone or through trying hard. On the basis of Vroom's expectancy theory it is possible to depict a general model of behavior.

Methodology

Research Design

This study used explanatory research design. The study attempts to explain the relationship between the variables under study (motivation and productivity). This approach is suitable in diagnosing research problems, in screening alternatives and for discovering new ideas. They also used survey research design and .

Population of the Study

The population of this study is the entire staff of selected small and medium scale enterprises in Kaduna Metropolis. The population selected was designed to obtain adequate and diverse view pertaining motivation as a tool for increasing employee efficiency and productivity in selected SMEs within Kaduna Metropolis. A total of 176 make up the total number of SMEs staff under consideration

Sample and Sampling Procedure

A sample of one hundred (100) staff from the audit department, operation department, disbursement department and marketing department of selected SMEs within Kaduna Metropolis was considered appropriate in this research. Convenient random sampling technique was used in this study. One of the advantages of convenient random sample is that a researcher can reach those that are ready to cooperate with the researcher. It is easy to get a sample of subjects with specific characteristics. Additionally, it is effective when only limited numbers of people serve as primary data sources due to the nature of the research design.

Instrumentation

The motivational factors and work attitude Questionnaire were used for collecting responses from the subject selected for the study. The questionnaire was developed by the researcher based on ideas obtained from? The questionnaire used for the study consisted of different components. The first parts consisted of questions that make it possible for the bio-data to be collected. This part of the questionnaire was intended to elicit information about the sex, age, and working category and employment duration of the respondents. The other part of the questionnaire that contained the dependent variables was subdivided into another sections. The first section dealt with familiarity. It contains 10 questions, which were designed to elicit responses from respondents on familiarity dimension and to find out the extent to which this affects their motivation to work. The second section was made up of 6 questions all of which are of concern on driving force and approach to work

Instrument Validation

The researcher adopted a method of checking the validity of instrument and questions by including a few extra questions to those deemed essential for the study. A technique of putting in two roughly equivalent or closely related questions but well separated in the questionnaire. With this, it was possible to measure the consistency of answers. The researcher also adopted the split ballot technique by constructing two parallel forms of questionnaires used with equivalent samples of the population.

In order to ensure that the instrument measures exactly what it is intended to measure, experts in this area of study were as the pre-test jurors. Their expertise was brought to bear the questions were relevant, clear and unambiguous. Furthermore, it was to ensure that the questions had covered all the dimensions of the variables included in the study. The experts approved the questionnaire used in the study after some modification.

Reliability of the Instrument

The reliability of the instrument was determined by the responses obtained from the respondents who are staff of small and medium scale enterprises. The split-half method was employed for the reliability test and the correlation coefficient was established and dividing the questions on the questionnaire into two halves did the split-half analysis. Pre-test was carried out to see how the questionnaire would work out and whether changes were necessary before the start of the full-scale study. It afforded the researcher opportunity of foreseeing the language problem in the questionnaire for the junior grade and therefore led to the modification in language as well as the provision for interpreters to administer the questionnaires when it was finally administered.

Procedure for Data Collection

100 filled and returned questionnaires were analyzed. The questionnaires collected from the respondents were used for the analysis. Consequently, care was taken to ensure that the information collected on implication of adequate motivation and workers' productivity was relevant to the subject under consideration and that the response received to each question was the type elicited.

Herzberg and his research colleagues had put questions to their subjects that required them to state what constituted satisfying or dissatisfying events out of a list of sixteen items. In the end, Herzberg was able to present a list of satisfiers and dissatisfiers popularly known as his 2 factors Hygiene Theory. This study is closely patterned after the work of Herzberg, and his method has been closely adopted.

Vroom adopted two main models in measuring job satisfaction in his studies. These are the Multiplicative, and the Subtractive. The relationship to motivation, as an amount of an outcome provided, by a work role and the strength of a person. Vroom's model demands the subtraction of scale scored derived from an individual's reply to questions concerning conditions in his work role (such as the extent he can) from his report concerning the strength of a parallel motivation (the extent he really want to). Therefore, the study adopted some questions and methods used by Herzberg and Vroom, modified and combined them into one study with additional self-drawn questions to make for a valid and reliable instrument.

Results and Discussion

Method of Data Analysis

The researcher has employed Chi-square techniques in testing the hypothesis of the study

while descriptive statistic was also employed using Statistical Package for Social Sciences (SPSS) version 17 to achieve the objectives of the study. Descriptive technique was employed to achieve the stated objectives of the study.

Conclusion and Recommendation

This study focused on the impact of reward system, employee turnover and organizational productivity in small and medium scale enterprises. Employee turnover may be caused by lack of opportunities for career development, remuneration and working condition. Employee turnover if not taken into consideration will damage the image of the organization, where employees will lose trust in the organization management. Moreover, productivity of the organization will also decrease, while employees will be demotivated to work for a company with high employee turnover rate. Paying employees a market related salary may help management in retaining valuable employees as a reward system. The service provided by these small and medium scale enterprises will end up being compromised due to high employee turnover and this may cause customers to move to other competitors for better service. This study therefore makes recommendations arising from the empirical analysis, to reduce employee turnover and improve productivity.

Arising from the empirical analysis of results, the following recommendations are made for small and medium scale enterprises in Nigeria:

1. Top management should provide benefits that will attract the best employees to remain in the organization in order to improve service delivery. Aligning employee remuneration with employee job responsibilities will help in motivating employees to improve their performance.
2. The management should develop a performance standard for employees in order to measure employee performance. Poor service delivery results in loss/reduction of customers.
3. Top management should recruit more employees to close the gap left by previous employees in order to reduce work stress to present employees and to reduce overtime.

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