

A STUDY ON MOTIVATIONAL FACTORS AMONG SMALL SCALE INDUSTRIES EMPLOYEES

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Abstract:

To address the growing labour unemployment rate in India, several hard and soft intervention policies have been put in place by the Indian government and supporting partners. Based on the assumption that unemployment, government interventions, and personal ambition can motivate individuals into entrepreneurship, this study examined the effect of employee's motivational factors on the operational performance of Small Scale Industries. Relying on a cross-sectional survey research design, random sampling technique and multiple regression analysis, the study found that facilitating and compelling motivational factors are the significant predictors of SSIs' performance, while ambitious motivational factor is negatively but significantly impactful on SSIs' performance. It, therefore, suffices to recommend that the Indian government and organized private sector should collaborate to increase the stock of hard and soft infrastructure, especially in the industrial estates and business clusters, to enhance employee's participation and inclusiveness

Keywords: Motivation, employee, industry, performance, participation etc.

1 Introduction:

The employee motivation is usually overseen by most of the managers, despite the fact that many studies have shown it as the key to having a successful and profitable enterprise. Managers need to understand that the work of employees is important in small scale industries, so that customer can receive high-quality of product and effective service. Small scale industries constitute the backbone of country's economy. They are creating new jobs and contributing positively to the economy.

The main objective of the paper is to provide a better understanding of the motivational factors in small scale industries. The aim of this article is to review and discuss the available motivation tools of motivation regard to their practical usage; to examine employee motivation and its effect on employee satisfaction. The sub-objectives was to examine the effect of salary on employee satisfaction; to identify the influence of recognition on employee satisfaction; to identify the relationship between salary and employee retention; to examine the employees' level of motivation. However, the researchers are yet to sufficiently ratify this claim which provokes this inquiry on the effect

of employee's motivation factors (e.g. ambitious, compelling, and facilitating entrepreneurial motivation) on the operational performance of small scale industries.

2 Literature Review:

Conceptual review: Concepts that are translated to research variables at the methodological stage and beyond (e.g. entrepreneurial motivation; ambitious, compelling and facilitating motivation; and performance) are reviewed under.

Entrepreneurial motivation: Generally, motivation is an inner drive and external inducement that propel individuals into action or behavior that is purposeful, goal-oriented and rewarding (Dess and Robinson, 1984; Kreitner, 1989). Specifically, employees motivation is a combination of psychological attribute of individual entrepreneurs and external or environmental factors that stimulate entrepreneurial actions in the forms of market opportunity exploration, product/innovation development, venture establishment, business management, business expansion and diversification, and business performance stress that entrepreneurial motivation is about decision to either engage in entrepreneurial behavior or not. Entrepreneurial motivation can be categorized into ambitious, compelling and facilitating motivation (Gangadhara-Rao, 1986; Kishore, Raju and Dasaraju, 2012).

Ambitious motivation: Ambitious motivation, in the entrepreneurship context, is associated with entrepreneur's aspirations and determination to achieve business related goals (Das, 2016), notably owning a business enterprise, developing innovative products, realizing profit and attaining prestigious position in the society.

Compelling motivation: Compelling motivation is a situation whereby an individual is pushed by unemployment, poverty and job dissatisfaction to choose entrepreneurship as an occupation (Rao, Venkatachalm and Joshi, 2013). That is, the Maslow's physiological factors such as lack of food, clothing and shelter (including inability to afford basic healthcare and education) are the key drivers and motivators of the compelling entrepreneurship. Here, basic human needs, necessities of life, and compulsion (family/dependent's pressure) rather than personal ambition lead people to try entrepreneurship as a self-sustenance career path and in the process discover compatibility of their personality traits with entrepreneurship traits, then later acquire and perfect new entrepreneurial skills, and finally stick to entrepreneurship as occupation.

Facilitating motivation: This is concerned with family encouragement (moral, financial and material support) (Lalhunthara, 2013) and government incentives (Kishore, *et al.*, 2012) that drives individual to participate in entrepreneurship and energizes them to work hard to succeed. Classified entrepreneurial facilitating factors as educational factor (existence of entrepreneurship schools/curriculum, practical courses, practical skills), financial and legal factors (access to finance and tax legislation/relief), infrastructural factor, and cultural factor.

Operational Performance: Heizer (2008) sees operational performance as the ability of a company to reduce management costs, order-time, lead-time, and improve the effectiveness

of using raw material and distribution capacity. Venkataraman (1997) defines operational performance as consisting of key parameters which may lead to an improvement in financial performance, namely market share, new product introduction, product quality, marketing effectiveness, manufacturing or value-addition, and innovation within the domain of business performance.

3 Objectives of the Study:

- To gain an understanding of the research process by means of a literature study.
- To analyze the socio-economic status of small scale industry employees
- To examine the factors influencing employees motivation among small scale industries.
- To examine the various factors responsible for the entrepreneurial success.
- To offer suggestions based on the findings of the study.

4 Scope of the Study:

This study is confined to the entrepreneurs mainly engaged small scale industry Bagalkot district, Karnataka. It provides the details of the status, motivational factors with regard to their relation to the socio-economic background of small scale industries employees. It covers the employee's motivation among small scale industries and the various problems encountered by them at various stages.

5 Research Design and Methodology:

In view of getting considerable data from survey research as well as secondary sources. Collected and presented in this research report descriptive research is considerable the most appropriate for the present study. Hence, the study has been descriptive and analytical. The research problem, Objectives and the interview schedule have been formulated accordingly. The suggestions of the study emerge from the influence drawn from the sample survey of employee's motivation among small scale industries in Bagalkot district.

Sampling Design:

This study cover both registered and unregistered unit in the study area. A sample of 100 respondents were selected and interviewed in Bagalkot district, Karnataka. Proper care was taken to see that the respondents vary with age, community, religion, educational status. Therefore the random sampling method is used.

Data collection and measurement of variables:

A structured questionnaire was used to gather primary data. The questionnaire is divided into three sections: bio-data of respondents occupies section one; motivational factors (ambitious, compelling and facilitating motivation) is situated in section two; and operational performance is placed in section three. Apart from section one that contains dichotomous and multiple-choice questions, the remaining sections contain 5-point Likert's scale statements.

Reliability test:

Table 1. Reliability Test

Variables	No of items	Average interim covariance	Scale reliability Coefficient
Ambitious mot.	5	0.077887	0.6994
Compelling mot.	6	0.4164812	0.7662
Facilitating mot.	7	0.2028604	0.6449
Performance	18	0.3109281	0.8076

Source: Field survey

Table 1 shows the results of reliability test ‘ambitious scale’ is reliable by 69.9%, ‘compelling scale’ is reliably by 76.6%, ‘facilitating scale’ is reliable by 64.4%, and ‘performance scale’ is reliable by 80.7%.

Mean, standard deviation (sd), variance, skewness, kurtosis, and correlation statistics were processed to ascertain the suitability of the research data for regression test. The research hypotheses were tested using multiple linear regression at 5% level of significance. The regression model is given below:

$$OP = \beta_0 + \beta_1AM + \beta_1CM + \beta_1FM + e$$

Normality test:

Basic descriptive statistics (mean, standard deviation, variance, skewness, and kurtosis) were computed to determine the normality of the research data prior to regression analysis.

Table 2. Normality Test (Descriptive Statistics)

Variable	Mi n.	M a x.	Mean	Sd.	Se(mea n)	Varianc e	Skewne ss	kurtosi s
Operational performance	44	90	72.55193	10.51803	.5729537	110.629	-.9398846	3.470102
Ambitious motivation	13	25	22.95846	1.668527	.0908905	2.783983	-1.381751	9.037098
Compelling motivation	11	30	26.06528	4.423478	.2409622	19.56715	-1.859128	5.833647

Facilitating motivation	12	35	28.1424 3	4.2710 14	.23265 69	18.2415 6	- .589618 6	3.12492 1
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Source: Field survey

Table 2 above shows that the dataset fulfills the normality assumption of regression since the skewness values range from -1 to +1 and the kurtosis values range from 1 to 9. According to Kline (2016), if the skewness and kurtosis values are greater than 3 and 10 respectively, normality problem exists and vice versa. Consequently, the dataset of this study is normal since the Skewness and Kurtosis values are within the prescribed threshold. Furthermore, correlation and variance inflation factor (VIF) were processed and the results are presented in Tables 3 and 4 below.

Basic descriptive statistics (mean, standard deviation, variance, skewness, and kurtosis) were computed to determine the normality of the research data prior to regression analysis.

Table 3. Correlation Matrix

variables	Operational performance	Ambitious motivation	Compelling motivation	Facilitating motivation
Operational performance	1.0000			
Ambitious motivation	-0.1659 0.0022	1.0000		
Compelling motivation	0.2878* 0.0000	0.1484 *	1.0000	
Facilitating motivation	0.4890* 0.0000	0.1245* 0.0223	0.0753 0.1680	1.0000

Source: Field survey

Table 3 shows a negative correlation between ambitious factor and operational performance ($r = -0.1659$) which is significant ($p = 0.0022 < \alpha = 0.05$). However, compelling motivation and organizational performance are positively correlated ($r = 0.2878$) significantly ($p = 0.0000 < \alpha = 0.05$); similarly, facilitating factor and operational performance are significantly positively correlated ($r = 0.4890$; ($p = 0.0000 < \alpha = 0.05$)). Importantly, none of the correlation between the independent variables (ambitious versus compelling motivation = -0.1484 ; ambitious versus facilitating motivation = 0.1245 ; and facilitating versus compelling motivation = 0.0753) is high enough to introduce collinearity problem.

Table 4. Variance inflation factor

Variables	VIF	1/VIF
Ambitious motivation	1.04	0.959470
Compelling motivation	1.03	0.969042
Facilitating motivation	1.03	0.975524
Mean VIF	1.	

Source: Field survey

Table 4 shows that VIF of 1.04, 1.03 1.03 for ambitious, compelling and facilitating motivations respective; all the VIF are less than 10.00 suggesting that multicollinearity is not a problem. Hair, Black, Babin and Anderson (2010) pointed out that multicollinearity is a problem when the VIF values are above 10. This normally makes the coefficients not to be statistically significant by inflating the standard errors of the coefficients (Tabachnick & Fidell, 2007).

Test of hypotheses:

The results regarding test of research hypotheses are presented in Table 5 below:

Table 5. Hypothesis test

Number of obs.	100	Operational Performance	Coef.	Robust Std. Err.	t	p> t	[95% conf. Interval]	
F(3, 333)	42.79	Ambitious motivation	- 1.228187	.315206 4	- 3.90	0.000 0	- 1.8482 34	- .60814 03
Prob > F	0.000 0	Compelling motivation	.526629 3	.096909 2	5.43	0.000 0	.33599 79	.71726 08
R-squared	0.338 9	Facilitating motivation	1.22298	.130408 3	9.38	0.000 0	.96645 17	1.4795 07
Root MSE	8.590 3	_cons	52.6048 4	7.71571 2	6.82	0.000 0	37.427 16	67.782 53

Source: Field survey

Table 5 reveals the regression results. First, the R-squared value of 0.3389 suggests that 33.89% of the variation in the dependent variable (operational performance) is explained by the independent variable (entrepreneurial motivation). The F-cal (42.79) is significant at p-value of 0.000, which confirms the robustness of the model in explaining the effect of employee's motivation on small scale industries operational performance.

Specifically, ambitious motivation is a significant predictor of operational performance ($t=-3.90$; $p=0.000<\alpha=0.05$), though in a negative direction ($\beta_1=-1.228$); that is, an increase in ambitious motivation by 1 unit will decrease operational performance by 1.228 units. Furthermore, compelling motivation has a positive and significant effect on the SSI operational performance ($\beta_2=0.526$; $t=5.43$; $p=0.000<\alpha=0.05$) which indicates that an increase in compelling motivation by 1 unit will increase SSI operational performance by 0.526 units. Regarding the effect of facilitating factor on SSI operational performance, the outputs ($\beta_3=1.222$, $t=9.38$ and $p=0.000<\alpha=0.05$) are positively significant, which connotes that operational performance will increase by 1.222 units anytime facilitating motivation increases by 1 unit.

Findings and managerial implications:

The first finding is that employee motivation is significantly impactful on the operational performance of SSI in Bagalkot district, which is consistent with the earlier findings of related studies such as Tanveer *et al.* (2019), Gundolf *et al.* (2017) and Nasib *et al.* (2019).

Specifically, the facilitating motivation is the strongest positive predictor of SSI's performance ($\beta_3=1.222$), followed by compelling motivation ($\beta_2=0.526$). Policy-wise, Indian government has a major role to play in enhancing facilitating motivators such as public utilities, tax relief, entrepreneurial education, and increase access to credit because the gains from such entrepreneurial facilitating policies and actions outweigh their costs.

The foregoing is fundamental considering the fact the major problems (for example, inadequate electricity and water supply; bad roads; low access to business credit; illegal multiple tax operations; cumbersome business registration, property acquisition, contract enforcement and security assurance procedures) bedeviling SSI in India revolves around facilitating factors (PwC, 2020; Kale, 2019).

Managerial-wise, the facilitating motivators (e.g. funds, implements and other incentives) provided by the government should be regarded by the practicing employees as levers for business expansions and not diverted to non-business pursuits. In addition, the employees and managers have implied civic responsibility of ensuring proper usage of the public infrastructure for the attainment of their projected life-span. As these SSIs grow within their clusters and beyond, their managers should imbibe the culture of corporate social responsibility so as to facilitate rebirth and growth of new SSIs as well as future entrepreneurs.

Limitations of the study:

The scope of this study is limited to small scale industries in Bagalkot district, which

restricted the generalization of the study's findings. Therefore, further studies are encouraged on same topic but with different and wider geographical scope in any part of India. Furthermore, the research design ignored the role of moderating variables (e.g. gender and age) in re-defining the research findings; thus, future studies may examine the moderating role of gender and age in testing the effect of employee's motivational factors on performance of small scale industries.

Suggestions for employee motivation:

- **Create an individual and collective purpose**
- **Make room for everyone to express their opinions**
- **Integrate teams to motivate employees**
- **Promote training in industry**
- **Think flexible benefits towards employees**
- **Develop wellness campaigns**

Conclusion:

Many of the authors and researchers are of the view that the success of an enterprise largely depends on employees. This orientation leads to a higher level of commitment and greater degree of probability of success. Many of the Small scale units and startups found successful today are largely being promoted by employees motivation and work experience. The factors like change from present life style, childhood family environment, education, personal values, age, work history, role models and support systems, moral support network and professional support network which goes in building successful entrepreneurs. In the present study many of the SSI entrepreneurs in Bagalkot district startups found successful today are largely being promoted by focusing on employee's motivation.

The factors like change from present life style, childhood family environment, education, personal values, age, work history, role models and support systems, moral support network and professional support network which goes in building successful entrepreneurs. Ambitions alone are not sufficient for entrepreneurship to emerge. They are to be transformed into reality and entrepreneurs have to work in order to materialize these ambitions. This requires a positive outlook, encouragement, and drive apart from capital and other infrastructural prerequisites. Factors like previous experience in the same line of activity, the availability of investible surplus, encouragement from family members and friends and others, getting hold of a new idea, product of marketing possibility, government help etc., are some of the factors that influence employee motivation.

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