

PAPER ON “MANAGING HUMAN CAPITAL FOR RETENTION, THROUGH MOTIVATION”

(WITH CASE EXAMPLES)

INTRODUCTION

In today's fast paced and competitive workplace environment, motivating employees for better job performance can be a difficult task. Understanding the vast range of motivational components and the different thought processes that bring about motivation can often be the most difficult part of encouraging employees to reach their peak performances. Additionally, sorting through the many myths about motivation, and determining the best approach for any given environment can add to the stress of motivating employees. This paper discusses the various theories of employee motivation, options used to motivate employees and the pros and cons of those options. Additionally, the paper outlines a plan of action designed to achieve a high level of employee motivation.

Managers and HR professionals for decades have been thinking of what kind of motivation works in a company in order to retain its best employees. Some say money is the answer—"Pay 'them more and they'll be motivated." Others say recognition is the key—"Give 'them pats on the back, awards and gifts when they achieve business objectives, and they'll be motivated." Those with a more tricky view of human nature believe that people are motivated not so much by material rewards but by a desire to increase their power and prestige in the corporate hierarchy. Still others say that the work environment is critical—that providing employees with interesting work and treating them with respect will motivate them.

MOTIVATION DEFINED

Many contemporary authors have also defined the concept of motivation. Motivation has been defined as: the psychological process that gives behavior purpose and direction (Kreitner, 1995); a predisposition to behave in a purposive manner to achieve specific, unmet needs (Buford, Bedeian, & Lindner, 1995); an internal drive to satisfy an unsatisfied need (Higgins, 1994); and the will to achieve (Bedeian, 1993). **For this paper, motivation is operationally defined as the inner and external force that drives individuals to accomplish personal and organizational goals.**

RETENTION DEFINED

“Successful strategies for keeping your most valued employees in the company”. And in this paper we are concentrating on how best motivation can be used in order to retain its best employees and what recent leading companies are following.

THE ROLE OF MOTIVATION AND RETENTION

Motivated employees are needed in our rapidly changing workplaces. Motivated employees help organizations survive. Motivated employees are more productive. To be effective, managers need to understand what motivates employees within the context of the roles they perform. Of all the functions a manager performs, motivating employees is arguably the most complex. This is due, in part, to the fact that what motivates employee's changes constantly (Bowen & Radhakrishna, 1991). For example, research suggests that as employees' income increases, money becomes less of a motivator (Kovach, 1987). Also, as employees get older, interesting work becomes more of a motivator. Hence giving what the employee require becomes more important and today with external motivation like money, perks, rewards employees are interested in internal motivation too which include stress management (meditation, yoga, physical exercise) which is helpful in retaining and reducing the employee turnover cost.

PURPOSE

In this **REAL WORLD**

Given the limits of the various theories of human motivation, it is useful to turn our attention to the real world and some examples of what is working in India as well as in abroad which include various leading companies like Maruti, Eicher Consultancy, Pepsi and Mahindra & Mahindra and others in India. In international companies like Southwest Airlines Co., AptarGroup Inc. and Chick-fil-A Inc. are three companies known to have highly motivated workforces, evidenced by their low turnover rates, high employee productivity and consistent profitability. Each, it should be noted, puts a high priority on selecting motivated people to begin with.

DISCUSSION

Does more pay really increase productivity over the long term?

Money is important, but it's generally not a sufficient tool to motivate people. Compensation is the price that it takes to play the game, and salaries should be competitive. However, leadership,

career development, and flexibility are what are critical for motivating and maintaining a productive workforce.

There are many reasons why productivity may drop within an organization. Offering monetary rewards will not solve the problem. It will only perpetuate it. If employees see that a drop in productivity results in monetary incentives for a return to normal productivity levels, that doesn't send a very good message. Instead, organizations should evaluate what motivates employees today, and look to increase productivity by appealing to those needs.

By putting less emphasis on monetary rewards as incentives to motivate employees, companies can appeal to the personal value and lifestyle choices of today's employees

Workers today are willing to sacrifice more money in order to achieve a greater work/life balance. A recent global poll of Drake Beam Morin consultants revealed that less complexity in life and a better work-life balance is a key desire of many people in career transition. They are looking to downshift their careers and get more balance back into their lives.

This does not mean, however, that they are taking their careers less seriously. Employees today place a high level of importance on professional development as a motivational tactic. Whereas handing an employee a check might be a short-term way to recognize their value to the organization, fostering the growth and development of your employees is a great way to tell them that that you are willing to invest in them for the future.

Another key factor in motivating employees is creating a sense affiliation within the organization. A recent study DBM conducted of more than 400 U.S. companies revealed that creating an inspiring vision — motivating employees to feel a strong sense of purpose in their organization — is critical to building a sense of affiliation for employees with their organizations. Stronger affiliation leads to higher levels of productivity (**and incidentally a higher retention rate**) Practical examples of companies working on motivating their employees in India

Amul Behl, CEO of Logic Control, who follows Swami Parthasarathi in using Vedanta in management generously shares his farm with his employees, which is the venue for regular retreats and workshops, open even to people from other companies such as Vam Organics

Managing Director of Eicher Consultancy Mr. Anil Sachdev:

He believes that if the leadership of any company is willing to walk the talk, it inspires everyone concerned. Personal growth, communication workshops, yoga, group activity and meditation are very much in place in ECS but Ethics remains paramount.

Polyhedron Belgaum based company follows a regular morning meetings, the supervisor or group leader also leads the group for a few minutes of exercise. External faculty is regularly called in to conduct stress management programs. On the first Wednesday of every month, the plant is stopped for one hour in every shift for small group activity. A total of 600 groups activity meets to discuss about changes, improvements and solutions, in their area of work.

Companies such as NTPC and ABB follow **Asanas, Pranayama** and **Meditation** and Swami Premananda recommends yoga as the more holistic approach for, as he says. Allopathic medicine will cure the headache, but not the stiff neck, not the root cause

Companies such as **NIIT** and **Cynamid** have set up fully equipped gymnasiums at their corporate offices and the facilities are available before and after office hours without any membership charges.

A&M Magazine and the Industrial Credit and Investment Corporation of India were quite open to the idea when employees asked if they could run aerobics classes within office hours. A happy median was reached when the space was made available

NIIT Company has tried to impact the life of the employee's way beyond the work area. The company has evolved a personal effectiveness program that allows each individual to prioritize and work on targets in all areas of life.

Vice President of corporate communications Mr. Sanjiv Kataria, has evolved such schemes as the Granny Gratitude Day (because values are learnt from parents and grandparents), since the stability of the individual at home is important to functioning well in office

NIIT Company encourages employees to find a marriage partner within the organization (We attract the best people, and they should make the best partners too) and offers the couple two months basic salary as gift apart from interest-free loans.

Practical examples of companies working on motivating their employees in international study

CHICK-FIL-A

In an industry where turnover rates of 300 percent are the norm-the fast food industry-Chick-fil-A Inc., the Atlanta-based chicken chain, enjoys a turnover rate of 40 percent. Why so low? According to Huie Woods, vice president for human resources, the following factors make Chick-fil-A a very pleasant place to work.

Strong corporate culture. Chick-fil-A's corporate culture is rooted in the biblical principles of its founder. "That doesn't mean we cater to any one class of people or denomination," says Woods. "We just emphasize certain general business practices-fair play, pleasing the customer, a willingness to go the extra mile, hard work... Things you would find in a lot of different places." Trust is a critical part of the culture. Employees and store operators are not closely supervised at Chick-fil-A. "As long as you do your job, they're going to leave you alone," says Woods. This lack of "bossy bosses," as Woods calls them, motivates people.

Stable work environment. Chick-fil-A has never laid anyone off. It has been able to avoid furloughs because it has successfully pursued a strategy of gradual growth. "We don't grow that fast," says Woods. "We don't add a bunch of employees and then cut back a bunch." Providing a stable work environment has helped Chick-fil-A rid its workplace of one of the worst demotivators: employment insecurity.

Good pay. Employees at the home office of Chick-fil-A earn competitive salaries and enjoy company paid benefits, a pension plan and profit sharing. Notable but unremarkable. The most interesting aspect of the compensation system-in terms of motivation-is the arrangement with operators. Under the arrangement, the company builds the store for the operator, leases it to her and then splits the profits with her. All that is required financially of the operator is \$5,000 in startup capital. "The \$5,000 is a token amount," says Woods. "We'll put them in business and split the profits with them. What a tremendous incentive that is!" This pay structure has allowed Chick-fil-A operators to earn twice as much income as operators at some other fast-food establishments.

Good perks. As a private company, Chick-fil-A can offer some perquisites to its employees that would be difficult for a public company to offer. Every year, for instance, the company takes its entire 225-person home office staff plus their spouses-to the company convention, free of charge. Last year the event was in Bermuda. Next year it will be in Orlando, Fla. Chick-fil-A also gives away cars to store operators who increase sales by 20

someone who understands what business needs in the competitive world of today. To be a blue blood consultant and provide the client value for money, that can be the only way to be a serious player in the long term.

So what can one do to gain all the goodies that the IT industry can offer but at the same time not compromise on long term expertise? Is it worthwhile to even venture into this industry considering the deep knowledge you have gained in your professional course?

My suggestion to young MBAs is

1. Work in business operations of an old age, brick and motor industry and understand how it operates thoroughly for at least 5-7 years. Pay extra attention to the factors that affect the growth and profitability of its operations.
2. What are the internal and external factors having a bearing in its operations. Remember no IT system works for itself. It is a mere tool of a business.
3. Understand the source and role of information and data; What information/data is needed for decision making; What gives a business the competitive edge;
4. Preferably work in consulting later to hone your capabilities of quickly understanding key success elements of the client and finding a workable, efficient and effective solution which is also cost effective and has a long shelf life.
5. If after all these years you still feel you are inclined towards IT, insist on working on some critical development projects and their implementations as a Business Analyst, Subject Matter Expert or Implementation Manager.
6. Wriggle your way into creating prototypes for a particular business process. This is easier said than done at present where companies are happy mastering technical tools without understanding what value it adds to a client's business and where exactly it can be used.
7. Remember the people putting money on the table to develop IT systems are from business operations, never a technocrat, and they are keen to know what benefits the solution will have in their daily operations.
8. Develop critical thinking and do not be afraid to suggest a better solution than what the client wants. Most client feedbacks show that they are not happy with the habit of

Indian technocrats just accepting what they saying without bringing forward the drawbacks of such a solution. If a client wants a table with three legs in three corners of a square top don't hesitate to resist this saying there is no stability in this solution!!

Believe me; the above will enable all you MBAs in making a mark in not just the company you are working in but in the industry too. You will be sort after anywhere in the world and will find interesting and lucrative jobs/assignments right till the sun sets on your working life; all this at your own terms and giving you immense satisfaction. Is there anyone who does not desire such a future?

About the author

Lalitha Ravindran is a Subject Matter Expert in one of the leading IT companies. Most of her career spanning 22 years was in the insurance industry where she worked in areas covering almost the entire value chain. She is an alumnus of Kousali Institute of Management Studies, KUD, of the 1983 batch. She can be reached at lalitha.ravindran@gmail.com