

# Employee Motivation and Its Impact on Productivity in the Case of National Alcohol and Liquor Factory (NALF)

Gebremedhin Weldeyohannes

Adigrat University College of Business and Economics Department of Management

## Abstract

The topic of the study is entitled as “motivation of employees and its impact on productivity in case of National Alcohol and Liquor Factory (NALF) head office which is found in Lideta cub city around Mexico square.

There are two variables in the research. These are dependent variable / i.e. productivity/ and the independent variable (i.e. motivation).

The main aim of the study is to know the impacts of motivation on productivity in NALF head office and to recommend possible suggestions to the concerned body of the company. For that purpose the relevant information were collected from both primary and secondary source. In NALF there are 268 permanent employees and from this population 60 employees were participated as a sample size using simple random sampling. In order to collect relevant data from the sample population questionnaire was used. To analyze the data descriptive method such as percentage (%) was employed.

## 1. INTRODUCTION

### 1.1 Background of the Study

In 21<sup>st</sup> century dynamic and competitive global environment the survival of an organization is only possible through effective and efficient management of organization resources. Human resource is one of the most basic resources that need to be well managed. As a resource, Human resource plays a vital role in achieving both the long run and short run objectives of an organization. Managing people at work is not easy as managing other resources because of complex nature of human beings.

People in a single organization have different personality, attitudes, beliefs, and values. Hence we need different approaches to motivate them. Taking in to account people’s complicated psychological makeup; managers must use different strategies and skills in motivating employees for the survival and best performance of the organization. Executives and managers at all levels have long recognized the importance of motivation and have used a verity of means in attempts to stimulate it. More enlightened leader however, place greater value on individuals and tend to use more contractive approaches to motivate employees (Bendar,E., and White,J. 1991).

The issue of motivation has taken on added significance as explanations for poor workmanship and declining productivity have been sought. According to Alan (1988), executive vice president General Motors Corporation, we are involved in a people revaluation, “It’s a revolution in which each side recognizes that people not fixed, assets or technology, are the deciding factor in the bottom line.”

From the above quotation, organization will be more productive if the workers are motivated. Unmotivated workers are less productive, demonstrates unwanted behaviors like absenteeism, carelessness which lead to low productivity. ”the problems of motivation then become one of arriving at compensation to workers that will coax them the output that is required.” (Jovanich B.1961)

Therefore motivating of employee is crucial if the NALF wants to maximize its objective and to survive.

### 1.2 Statement of the Problem

Producing and providing products effectively and efficiently needs the effective utilization of all available resources and producing the customers need at the minimum possible cost, and selling them at reasonable price. Good motivation is the major concern of productivity. A motivated employee is expected to produce quality products and to make the organization profitable.

Therefore the problem of this study is to determine the relationship between the dependent variable (productivity) and the independent variable motivation and by designing the following basic research questions:-

1. Is there any motivation system in the National Alcohol and liquor Factory?
2. How does the organization motivate the employees?
3. What are the roles of motivated employees in increasing productivity?

### 1.3 Objective of the Study

The general objective of the study is to investigate the existing motivational strategies in National Alcohol and Liquor factory and to analyze its impact on productivity. More specifically to:-

1. Identify the quality of existing motivational system.

2. Identify the types of motivation organization uses to motivate employees.
3. Evaluation roles of motivated employees in increasing productivity.

#### 1.4 Significance of the Study

The reason for the existence of any kind of manufacturing organization in the market is to make profit. Effectively and efficiently producing of products and marketing them for customers are always prerequisites for making profit. Therefore, a case study on motivation benefits the organization to reach target profit level through employee motivation:-

1. It enables the company to focus on motivation of employees.
2. It will help NALF to identify motivational problems and to take corrective measures.
3. The study will help the researcher to acquire more experience on research.

#### 1.5 Delimitation of the study

In the issues raised by the researcher that, it may be possible to undertake a comprehensive research because productivity is influenced by various factors. However, this study is tried to investigate only the effect of motivation on it in case of National Alcohol and liquor Factory.

### 2. REVIEW OF RELATED LITERATURE

Motivation is an inspirational process which implies the member of the team, to pull their weight effectively to give their loyalty to the group, to carry out properly the tasks that they have accepted and generally to plan an effective part in the job that the group has undertaken (Kast, F., and Rosenzweig, J. 1979). It has also been defined as those psychological processes that cause the arousal, direction, and persistence of voluntary action that is goals directed (Terence, R. 1982). Thus from the above definition we understand that motivation is creating a force in an individual that can move him/her towards a desire action.

Organization to be effective it must come to grips with the motivation problems of stimulating by the decision to participate and the decision to produce at work (Andnet, 2003).

Many organizations are now beginning to pay increasing attention to develop their employees as future resources up on which they can draw as they grow more concern is being directed in addition toward stimulating employees to enlarge their job skills. Different theories of motivation have been forwarded in explaining human behavior at work place in different situations. Process theory of motivation provides a descriptions and analysis of how behavior is energized, directed, sustained and stopped (Ivancevich, J., and Richard, D., 1994). These theories are concerned with the means by which individuals gather and analyze information and the process by which effort related decisions is made. There are four process theories (i.e. Expectancy, Goal setting, Equality and Reinforcing theory). Content theory of motivation suggests motivation is intrinsic (initiated within the individual) and focus on what stimulated or arouses individual behavior, one view suggest that motivation is lined to need satisfaction. This theory of motivation we individual needs to explain the behavior and attitudes of people at work. These theories are usually concerned with individual needs or the arrangement of this need in some hierarchy or order of importance (Bednar, E., and White, J., 1991). Content theory of motivation includes Maslow's hierarchy of needs and Fredrick Hertzberg two factors theory. This research has importance for the employees and the organization because this research will provide find the impact employee's motivation on productivity.

### 3. METHODOLOGY OF THE STUDY

#### 3.1 Design of the study

This study is descriptive survey. The data gathered through questionnaires was analyzed through quantitative and qualitative ways.

#### 3.2 Sampling Technique

The participants of this study are permanent employees of NALF. The researcher was employed the simple random sampling to select the respondents. The total population of this research is 268. The researcher was used the following sample size determination formula for calculating the number of sample size required.

$$n = \frac{\left( \frac{P[1-P]}{A^2} + \frac{P[1-P]}{N} \right)}{R}$$

Where:

n: sample size required

N: number of people on the population (268)

P: estimated variance in population (50%)

A: precision desired (5%)

Z: Based on confidence level (1.96)

R: Estimated response rate (98%)

Based on the above process the sample size of the study is 157. This sample size determination formula was developed at University Park by Jeff Watson (2001).

### 3.3 Instruments

Based on review of literature, the tool that researchers used for gathering information was questionnaire. The questions were open-ended and closed-ended to get relevant information. Before the administration of the questionnaire, comments on the questionnaire were obtained from professionals in order to establish its content validity. Some of the items were reinstated using the comments obtained. The researcher was used a secondary source that includes books, Journals, magazines and other necessary documents to enrich the paper with tangible facts.

### 3.4 Variable used

The study is focused on the main variable factors that motivate employees in NALF. In this case the factors may be financial and Non-financial means of motivation. These factors was take as an independent variable because the reason was for the improvement of productivity in the NALF and the dependent variable is productivity's since the researcher assume it may be affected by the independent variable.

### 3.5 Methods of data analysis

The data was obtained through the above aforementioned methods and the sources from the close-ended questions were analyzed by using descriptive methods such as frequency distribution and figures in terms of percentage. That is the analysis was found by relating the percentage of the respondents giving the same answer and not giving the same answer. Open ended questions were summarized and finally generalization was made based on the result of the study.

## 4. DATA PRESENTATION, ANALYSIS AND INTERPRETATION

The focus of this chapter is to analyze and interpret the data collected through primary sources such as questionnaire, interview and also from secondary sources like documents.

The researcher administered 157 questionnaires of which only 154 collected and used for analysis purpose and the analysis will present as follows

### Employee Attitude concerning salary

Question was forwarded to respondents to assess whether they are ever felt unmotivated because of their salary. Most of them 113(73.3%) said yes, 41(26.7%) said no. This replied that most of the workers have comments about their salary, since employees are naturally too sensitive to their salaries.

### Comparison salary of employees to wards of other employees

Concerning the comparison salary of employees having equal education level and experience, out of the respondents who filled the questionnaires more than half 82 (53.25%) replied that their salaries are low compared to others, the rest 56(36.36%) and 16 (10.39%) said that their salaries are comparable (equal) and higher respectively. This figure indicates that most of the employees' salaries are low when making comparison with others within the organization or out of the organization.

### Analysis of Employees Relationship with their Workmates

Relationship between employees is the vital need to achieve that organizations objective. Respondents were asked about whether they have good relationship with their workmates all of the respondents replied that yes, we have good relationship with our workmates. Therefore, there is good relationship in the company.

### Motivation and productivity

It is evident that motivated workers are more productive that unmotivated. When workers are motivated, they can properly use company resources, use best of their knowledge and their skills, little scraps, and less absenteeism and turn over. In this part of the study, the researcher investigates whether motivation affects productivity in National Alcohol Liquor Factory.

Table 4.1 Employee Attitude towards Motivation and productivity

No	Item	No. of Respondents	Percent (%)	Percentage%
1	What mechanism does your organization use to improve employee motivation?			
	a. Bonus and Education Fee	-	-	
	b. Transportation Fee & medical insurance	-	-	
	c. house allowance	-	-	
	d. a and b	154	100	
	e. none	-	-	
	f. others	-	-	
	Total	154	100	
2	Do you Feel that motivation from your company increase productivity			
	a. Yes	109	70.78	
	b. No	-	-	
	c. Some how	45	29.22	
	d. I don't know			
	Total	154	100	

As it can be seen from the above table, all of the respondents replied that the organization is use bonus and Education Fee, Transportation Fee & medical insurance to improve employee motivation. This revealed that company uses such specific mechanisms of motivation in order to improve motivation.

According the above table item no.2, the respondents were asked to review their feelings towards whether motivation increases productivity. Amongst 109(70.78%) of the respondents responded that yes, the rest 45(29.22%) of the respondents asserted that the motivation from the organization to some extent increases the productivity of the organization. From this it is evident that motivation positively affects productivity

#### Effects of performance Evaluation on motivation

Performance evaluation is a method of evaluating workers whether they have accomplished Jobs according to the company standards. Based on this evaluation promotion, transfer, and dismissal /demotion may be taken on workers. Question was presented to respondents to know whether the leaders evaluate their employees appropriately or not. In response to this question 82 (53.25%) of respondents said that the leaders appropriately evaluate employees, 18(11.68%) of respondents replied that they use special consideration for females and the remained replied they do not evaluate. From this figure even though most of the employees said that the leaders evaluate appropriately the leaders and such workers have problems towards evaluation.

Respondents were asked about the reasons of employee's evaluation. Accordingly 31 (20.12%) of the respondents responded that the reason is for transfer, 59 (38.31) % of the respondent responded that the reason is for to establish good employee leadership, 64(41.57%) replied for promotion. From this the researcher can safely conclude that the majority of NAIF employees are optimistic towards the purpose of employee evaluation.

#### Employees' attitude towards Additional responsibility

As it is indicated in the above table respondents were asked whether they are willing to take additional responsibility or not out of all the respondents 26 (16.88%) are strongly willing, 62(40.25%) are willing and the rest 66(42.86%) are not willing. This revealed that more than half the most of respondents are willing to take additional responsibility even without salary increment means such employees are in a high need for achievement profile.

#### Absenteeism

Absenteeism arises from different reasons such as personal problem, dissatisfaction with job & with boss as well as with salary and others. And negatively affects productivity of any organization.

Employees gave answer to the question presented to them regarding absenteeism of all these respondents, 61(39.61 %) said that they are sometimes late (absent), 93(60.39%) asserted that they are never late or absent at all. This indicates that, absenteeism/lateness are minimum in the company. The respondents were responded to the question that the researcher asks about the reason for their lateness or absence out of these 12(19.67 %) indicates the reason dissatisfaction with the job, and 13(21.31%) indicates the reason dissatisfaction with the boss and the rest 36(59.01%) indicates the reason was personal problem.

## CONCLUSIONS AND RECOMMENDATIONS

### Conclusion

Since the focus of this study was to assess the relationship between motivation and productivity in the NALF head office and to give possible solutions for the identified problems, if any, therefore, based on the findings presented the analysis come up with the following conclusions.

In additional to salary of the employee, NALF motivates its employees using some motivational mechanism such as educational fee when the employees learn in governmental institutions, bonus/ i.e. if the company gain more than /Five Million profit at the of the budget year/, insurance, transportation fee are the major and these mechanisms of motivation are the base for the increments of the productivity.

There is good interpersonal relationship with their work mates, but since workers are sensitive towards salary they feel unmotivated due to their low salaries. Such employees are dissatisfied with their boss and their jobs.

Generally, even though there is a good motivational mechanism to increase productivity in NALF still it needs improvement.

### Recommendation

The following points are recommended for National Alcohol and Liquor Factory to increase productivity through motivation and to tackle the problems.

- ❖ To motivate employees for better productivity, NALF needs to improve the salaries of its workers, and the company should diversify its motivational mechanisms like educational fee for its employees who learn in nongovernmental institutions, providing house allowance and other fringe benefits rather than depending on specific types of motivational systems there is different individual perception in an organization.
- ❖ The company should more strengthen the interpersonal relationship between the members of the organization.
- ❖ NALF has to further improve its training method is, and the concerned body of the company should solve why the employees are dissatisfied with their boss and with their jobs by collecting feed backs from the employees and solve the problem through discussion as well as tolerating themselves.

### REFERENCE

- Alan, S. (1988). "The People Factor in Competitiveness" Address Presented at the University of Chicago.
- Andent, S. (2003). "Problems of Motivating Workers in Addis Ababa Government Aduland Inspection office" AAU FBE.
- Bednar, E. and White, J. (1991). *Understanding and Managing People at Work*
- Ivancevich, J., and Richard, D. (1994). *Management Quality and Competitiveness*.
- Jovanich, B. (1961). *Social Behavior its Elementary Forms*. New York, Harcourt G. C. Humans.
- Kast, F., and Rosenzweig, J. (1979). *Organization and Management: System and Contingency Approach* (4th ed.). McGraw-Hill
- Terence, R.. (1982). *People in Organizations*. McGraw Hill Inc.

The IISTE is a pioneer in the Open-Access hosting service and academic event management. The aim of the firm is Accelerating Global Knowledge Sharing.

More information about the firm can be found on the homepage:

<http://www.iiste.org>

### CALL FOR JOURNAL PAPERS

There are more than 30 peer-reviewed academic journals hosted under the hosting platform.

**Prospective authors of journals can find the submission instruction on the following page:** <http://www.iiste.org/journals/> All the journals articles are available online to the readers all over the world without financial, legal, or technical barriers other than those inseparable from gaining access to the internet itself. Paper version of the journals is also available upon request of readers and authors.

### MORE RESOURCES

Book publication information: <http://www.iiste.org/book/>

Academic conference: <http://www.iiste.org/conference/upcoming-conferences-call-for-paper/>

### IISTE Knowledge Sharing Partners

EBSCO, Index Copernicus, Ulrich's Periodicals Directory, JournalTOCS, PKP Open Archives Harvester, Bielefeld Academic Search Engine, Elektronische Zeitschriftenbibliothek EZB, Open J-Gate, OCLC WorldCat, Universe Digital Library, NewJour, Google Scholar

