

Employee Motivation in Information Technology Industry



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Executive Summary

The purpose of this report is to primarily provide information on the importance of employee motivation in an organisation and its various tools and techniques practised across the various companies, belonging to information technology industry across the globe.

Firstly, the report overviews the concept of importance of employee motivation to an organisation and studies the idea of why motivated employees are better performers than the average employees, and how the organisation in turn benefits from its employee benefit programs and facilities given to the employees to keep them motivated to work for the organisation. Secondly, the report analyses the various prominent techniques used by various companies in the industry to keep up the team spirit and motivation factor among all hierarchies across the organisation. Thirdly it studies a real life case from an IT company on how the implementation of various employee motivation activities, transformed their organisation in to a better motivated team of efficient employees with minimal employee turnover in the organisation.

The study reveals that the motivated workforce in an organisation has a high potential of giving outstanding performance in the required job roles, in comparison to the group of average workforce, thus making Motivational Strategies beneficial for overall organisational growth. According to the study conducted, providing ESOPS (Employee Stock Option Plans) to the employees came out to be the most efficient tool among many prominent techniques and strategies applied in the Information Technology (IT) Companies.

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1 Introduction

Making employees work heartily and getting the best out of the people on their jobs, is really a tough task for all the people managers and human resource (HR) coordinators of every organisation. However it depends upon the skills and behavioural understanding of these HR managers, as how they make employees like their jobs and help them perform their roles in the best manner as they ever can.

Employee Motivation techniques is the answer to keep up these employee spirits high and in turn make them achieve efficiency and effectiveness in their work to a greater extent. A group of highly motivated employees are sufficient to take the organisational goals and achievements to newer heights.

Examples and practises of such motivation techniques in context to the Information Technology Industry will be discussed and studied in this report. We will go through some of the basic drivers of motivation for the employees and some of the easy strategies that managers can use to trigger the work liking in the people. The Real Life case studies and examples are used to give a better understanding of the behavioural concepts of the employees towards the motivational techniques imbibed by the HR of the Organisation. A special effort has been taken to include only the examples and techniques that are relevant in today's Globalised World.

2 What is Motivation and why is it Essential?

“Motivation is a hidden force within us that causes us to behave in a certain way. Sometimes it is instinctive; sometimes it arises from a rational decision. More usually, it is a mixture of both.”

(Ivor K. Davies, 1989)

Motivation can be defined as the processes that account for an individual’s intensity, direction and persistence of effort toward attaining a goal. Many theories of motivation have been propounded in the past and present (Stephen P. Robbins, Timothy A Judge, 2012).

Motivation can be theoretically bifurcated in to two types, extrinsic motivation and Intrinsic Motivation. The Intrinsic Motivation is a natural tendency in an employee, derived from the strong emotional quotient in him, backed by his strong interest in his work. It comes from within in a positive spirited employee. The Extrinsic motivation is always influenced by some outside factor, which creates a desire of working harder in an employee. Eg. Working hard for achieve a reward, as promised by the management.

Our study of Motivation in this report is restricted to the extrinsic motivational techniques used by the organisations belonging to the IT Industry to extract best on the job performances from their employees.

2.1 Benefits of Motivation

Lots of research has shown the direct relationship between employee motivation and company’s success. It is always beneficial for a company, to invest in resources that make the employees of

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the company happy and motivated, which create an intrinsic desired in them to come to work and give their best. Following are some of the benefits listed, that are achieved through employee motivation.

1. Increase in Productivity

Motivated employees achieve many tasks in limited time and waste less number of hours in nonproductive activities like sitting at the cafeteria, browsing internet, etc.

2. Innovation in task assigned

Motivated employees try to bring in changes in the age old methods of performing a task, thereby helping the organization, to inculcate some of the best work practices.

3. Monetary Savings

Lot of unwanted tasks is avoided due to increased productivity which in turn saves lot of time and expenditure, which can be used for rewarding the employees itself.

4. Employee Retention

Satisfied Employees are less likely to switch over to new companies, having developed a liking for the job performed and the surrounding work place.

5. Superior Work Culture

Motivational Activities like Employee Rewarding, Recognition and appreciation for good work, helps the organization build a Superior Work Culture in the long run.

Thus, motivated employees can make a huge positive difference in making a company successful.

2.2 Motivation and Performance

Many Scholars and thinkers have different opinions on the concept of relationship between Employee performance and the motivation given to him. The managers need to motivate employees to perform well in the firm, since the organization's success is dependent upon them (Ramlall, 2008). Hackman and Oldham (1976) state that when employee satisfaction is added, a circular relationship is formed with performance, satisfaction and motivation.

There is one more theory on satisfaction by Herzberg (1959); he argues that when intrinsic factors (motivators) are present at the job, satisfaction is likely to occur as well as an increase in employee motivation. Amabile (1993) states that work performances are dependent upon the individual's level of motivation; the individual's level of motivation can be intrinsically and/or extrinsically based. It is also argued that certain job characteristics are necessary in establishing the relationship between employee motivation and performance (Brass, 1981; Hackman & Oldham, 1976)

Moving on to the recent examples from the industry, let us analyse how the Job Design program, under their motivational approach by Tata Consultancy Services, motivated their employees and increased job satisfaction among them. Dedicated efforts were put by the higher management

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team to study and analyse the set of activities that an employee performs during a week and alterations in the same were proposed to the employees with the intension of improving the quality of employee job experience and the employee's comfort level with his job. This act of concern by the higher management was highly appreciated by the TCS employees, resulting in higher on-the-job productivity by them.

3 How to Motivate Workforce

According to Peter Drucker, (1974), 'There is not one shred of evidence for the alleged turning away from material rewards... Anti-materialism is a myth, no matter how much it is extolled. Economic incentives are becoming rights rather than rewards.' Today's World is money-motivated, and so much ever an employee disagrees, higher the monetary incentives, higher the motivation level of the employees, thus monetary incentives and rewards is one way in which employees remain motivated towards their work.

Apart from that, creating a positive work environment and interesting work places also helps in keeping up the work spirit among the employees. A Happy employee is easy to motivate, so the companies should focus on creating a work culture which keeps their employees happy at work. This Strategy often works out better than offering lavish monetary incentives to the employees

Example: Zappos has incorporated innovative techniques to keep its employees motivated.

'Zappos might not offer the most lavish perks for employees, but is focused on creating a corporate culture that makes employees happy and builds loyalty. Motivating employees is good, but keeping them happy is the real secret', (Tony Hsieh, CEO, 2013)

Thus, the right combination of incentives and a positive work culture is secret behind a successful motivated staff of a company.

3.1 Prominent Techniques practised in IT Industry

Employee Motivation is very important, especially in information technology industry, to keep the employees always happy and satisfied, so that they can think and practise innovative ideas

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and methods to lead the technology era further and help the company in develop and maintain some of the latest and best technological products and services.

Following are some of the prominent Techniques, currently used in the IT Industry to keep their Employees motivated

Employee Recognition Activities

Sending an all-staff email from the company head, expressing gratitude for the hard work of an employee and thanking an employee is the most common inexpensive technique practiced.

Creating Interesting Work places

Employee usually spend long hours in their Work place. So Adding comfort, friendliness and vibrancy to the work place will make the work place interesting for the employee, making him feel more associated there.

Employee Friendly work Culture / Team building exercises

Free work culture and having open door policies in an organization helps build a good friendly rapport along the colleagues and the superiors of the organization, which benefits the company in functioning as one team. More often special Team Building exercises are conducted by the companies to enhance interactions between the colleagues.

Monetary Support for Education

Helping the employee monetarily to take further education, benefits the organization in the long run as the employee desires to acquire larger roles in the same supporting company itself.

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Other Perks and Benefits

Employees are regarded as important Assets and many of these IT companies leave no stone unturned to motivate these employees and keep them happy. Other prominent perks and benefits include the following which are commonly offered to an IT employee in today's world.

- Attractive Annual Bonuses
- Medical and Life Insurance benefits
- Maternity and Paternity leaves
- Free health Check ups
- Fitness counseling and on campus Gyms & Sport Facilities,
- Telephone Bill Reimbursements,
- Family day celebrations,
- Free Lunch Facility
- Car Leasing Facility
- Transport and conveyance Allowances

4 Motivated Employees at Google Incorporation

Truck Pit Cafeteria at Google's East Coast Head Quarter



Source: The New York Times, published March 15, 2013

“Google” one of the rapidly grown Information Technology company in the world which is valued at close to 300 bn\$ today offers a very good case for this study. One of the reasons for such rapid and sustained growth of this company had been the highly motivated engineers working at the company. A peek into “Googleplex”, google’s headquarters at Mountain View California reveals the reason for motivated workforce. It looks more like a university than a corporate headquarters. Employees have lot of fun and are always energized. There are swimming pools, mini kitchens, dry cleaning facility, play zones, volley ball, basket ball courts and much more. It provides employees all the facilities to allow them to work long hours at workplace. The food offered to employees is free of cost at all the times and special chefs are

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hired to prepare delicacies. Other benefits are like – free conveyance to office, free wi-fi on buses, getting pets to office, providing massage at work, gym, fitness classes.

Employees are encouraged to dress up in casual wears or the clothes that they prefer, respecting their comfort zone. There are no Dressing restrictions at the company, resulting in to a feeling of freedom and a home like feel during work hours at the company.

The Company tries to make the surroundings inside the company as employee friendly as possible by keeping relaxing beanbags inside the meeting rooms, instead of the age old practices of keeping hard office chairs. We can see their office space innovated with various interesting themes around the work place; these can be fixing some table-tennis tables and play stations in between some work desks, so that the employees can relax and refresh their minds in between the continuous long work schedule.

Google incorporation provides monetary motivation to its employees by providing an annual reimbursement of up to \$ 6000 to employees on their educational expenses. This generous gesture of the company helps improve the quality of the employees in the organization. The company also has a generous annual bonus policy. It distributed three and a half thousand bonuses in the year 2007.

Another important thing the Google Inc. offers its employees is employee stock options. Google hired lot of engineers in from 2001 to 2004 giving them lot of stock options. When the company went public on 19th August 2004 those employees were millionaires.

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Another reason for highly motivated employees at Google Inc. is people are always surrounded by great thinkers. Google hires PhD's from different fields. The employees are encouraged to dedicate 20 percent of time for passion projects that they believe will help the company.

Thus, Google's is undoubtedly successful due to its effective motivational policies designed to develop a dedicated team of employees. The Work culture at Google is concentrated on information sharing and collaboration among the employees. Google has been consistently considered as one of the best employers in the world, across the Information Technology industry since past few years.

5 Recommendations

Every Company desiring a prominent growth and progress in this competitive world should take care of all its stakeholder interest, as the company is highly dependent on them for its successful functioning. Employees of the company are very important part of the company as they execute the successful execution of the company policies and are the major driving force behind the progress of the company.

Thus, an effective motivational and rewards management system should necessarily be a part of every company's policies, to keep these employee always motivated. Motivated Employee tend to be more creative, which helps bring innovation in the organization.

A Balanced Employee motivation policy has both hygiene factors as well as motivational factors. The hygiene factors help in keeping the employees satisfied and the motivational factors help in motivating them. Motivating employees through rewards, appraisals and monetary benefits has the most prominent positive impact on the employee performance, which reflects on the long term impact on the performance of the company.

Apart from the monetary rewards for good performance, some employees also respond very well to the employee recognition activities like awards and affiliations. Many of the employees remain motivated as a result of comfortable and friendly work spaces designed for them, and their great rapport with their team and their seniors. This comfort zone can be achieved through proper team building activities conducted by the companies for bringing their workforce together and increasing friendly interactions among their team members.

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With context to the Information Technology Industry, **giving Employee stock options to the employees and creating interesting theme based comfortable work spaces, were found out to be the best effective and applicable options in today's scenario.** The Stock prices of the IT industry are directly related to increasing demand for the innovative applications developed by these software developers, thus having a lesser impact on other external environmental factors, unlike other industries like Airlines, FMCG, etc. Thus, share prices of the majority of the IT companies are always on a positive trend, thus highly benefiting the employees, holding Employee Stock options.

6 Conclusion

A company can succeed in motivating its employees only if it really has stakeholder value maximization at the core of its operations. Employees are the most important of all the stakeholders of the organization (Carlson, N.R. & Heth, C.D.,2009).

According the study, Employees working in the Information Technology field, prefer to have better working culture and work environment at their work places as they spend large number of hours at their work desk or cubicles. Thus having employee friendly and comfortable work spaces has been the key motivational factor for these employees. Apart from it Competitive salary structure and financial perks, such as giving Employee Stock options to the employees has become a key motivational factor for these IT people.

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Keeping the employee Spirits motivated definitely helps the company's performance positively in the long run, as the company is able to retain best of its experienced talent, which are capable of making the company fundamentally strong and competitive in the long run.

Google Inc. is one such Product Company in the Information Technology arena, who strives hard to keep its employees energised and motivated, by offering comfortable work spaces and friendly work culture, thereby having one of the lowest attrition rates and giving excellent financial performance year after year, through its dedicated and skilled team of motivated employees.

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