

An Empirical Analysis of Employee Motivation and the Role of Demographics: the Banking Industry of Pakistan

Abdul Qayyum¹ and Dr. Sukirno²

¹*School of Management, Asian Institute of Technology, Thailand*

²*Faculty of Economics, Yogyakarta State University, Indonesia*

Abstract

Purpose - The study aims to investigate differences in the relative importance and availability of various motivational factors to employees in the banking industry of Pakistan. Furthermore, it examines the role of some demographic variables in forming employees' behaviour in ranking the importance of certain motivational factors.

Design/methodology/approach - Data was collected through a questionnaire survey given to 165 bank employees in Pakistan. Wilcoxon rank and Mann-Whitney U tests were used to identify differences in the importance and availability of various motivational factors and examine the impact of demographics on ranking behaviour respectively.

Findings - The findings showed that out of 12 motivational factors, six show significant differences in terms of their importance and availability to employees. Among these six factors, the availability to employees of high salary, seniority-based promotion, and balanced work and family life is low compared to their importance level shown by the rank imposed upon them. However, the three remaining factors, namely personal development, a stable and secure future, and chances to benefit society, have high levels of availability compared to their importance level. Moreover, age, experience, education and gender are found to have significant influence on ranking behaviour of employees in the importance of various motivational factors.

Research limitation/implications - The study was only conducted within the banking industry of an Asian country. The choice of one industry and cultural and socio-economic diversity in Asia may limit generalization of the findings.

Practical implications - It is suggested that managers focus on financial rewards such as high salary to keep their employees motivated. Next, employees' jobs should be formulated in such a way that they are able to achieve a balanced work and family life. Furthermore, managers should formulate customized policies considering different demographics, especially experience and age.

Originality/value - Previous research on employee motivation has focused mainly on advanced countries. Thus, this study contributes to the literature by investigating this topic in an Asian context and offering implications to managers working in the banking industries of developing countries.

Keywords: Employee Motivation, Demographics, Banking Industry, Pakistan

Paper type: Research Paper

Introduction

Employee motivation is one of the most important concepts in the fields of organizational behaviour and human resource management. Employee motivation is the key to organizational effectiveness and is a predictor of performance and job satisfaction (Ghafoor, 2011; Lather and Jain, 2005). Motivated employees are the cornerstones of any organization (Anderfuhren, et al., 2010) and help organizations to survive (Smith, 1994).

Furthermore, motivated employees possess an awareness of specific goals that must be achieved in particular ways, and they therefore direct their efforts towards achieving such goals (Nel et al., 2001). Oluseyi and Ayo (2009) assert that levels of employee performance rely not only on the employees' actual skills, but also on the level of motivation they exhibit. Therefore, productivity and retention of employees are considered as functions of employee motivation (Lord, 2002). Motivation sources also exert influence on factors such as employee turnover, as well as job satisfaction and organizational commitment (Mitchell et al., 2001).

Employee motivation is a major issue for any organization. Managers have always tried to motivate their staff to perform tasks and duties to a high standard (Al-Alawi, 2005). All employers want their people to perform to the best of their abilities and so take great pains in ensuring that they provide all the necessary resources and a good working environment to keep their employees motivated. Yet motivation remains a difficult factor to manage because employees' aspirations and targets do not always match what their employers can provide (Lather and Jain, 2005). According to MacMillan (2007, p. 207), "What motivates an individual is complex, and the biggest mistake we can make is underestimating the magnitude of the human mind".

An understanding of employee motivation has become even more critical due to the rapidly changing nature of organizations. Organizations are becoming global and are shifting from traditional hierarchical structures to decentralized structures, and adopting the concept of teams (Erez and Den, 2001). These changes, along with the trend of downsizing and a shift away from lifetime employment, have resulted in employees harbouring higher levels of anxiety (Reynolds, 1992). This has a great impact on a workplace and highlights the importance of understanding employee motivation at work today more than ever, particularly because motivation affects almost all major aspects of the organization, including satisfaction, organizational commitment, job design, benefit programmes and job involvement (Vroom and Deci, 1970).

A major function of management is to influence employees to work towards the accomplishment of organizational objectives, and motivation is an important and complex aspect of that function (Islam and Ismail, 2008). This is due, in part, to the fact that what motivates employees changes constantly (Bowen and Radhakrishna, 1991). A manager's ability to understand what motivates employees may help them to identify and solve many organizational issues (Schaefer, 1977).

Motivating employees is a dynamic process (MacMillan, 2007). Moreover, to get productivity up to an optimal level, it is critical to understand how and why people are motivated to work (Hahn and Kleiner, 2002; Westover, 2008). For this purpose, managers usually spend a considerable amount of time on developing various motivational techniques (Hise, 1993); however, generally speaking, they do not have clear picture of what really motivates their employees (Creech, 1995). This fact can be observed in a longitudinal study conducted by Kovach (1995), who attempted to figure out the changes that took place in the importance of various motivational factors to managers and their subordinates in the private sector over a period of 50 years. He found that managers kept the same ranking of ten motivational factors that they thought kept their employees motivated, while there was an immense change in the priorities of their subordinates during that time period. For example, managers ranked good wages as the most important motivational factor, while employees placed it at number five. This phenomenon is also supported by Wiley (1997), who asserts that although there are certain motivators that employees value over time, their most preferred motivators can change. Managers may build costly compensation packages and incentive programmes around these misconceptions (Jurkiewicz et al., 1998), and therefore it is critical to understand what really motivates employees.

Moreover, individuals at different organization levels, with different earning power, may have different motivational values. Hence, what motivates individuals at one level of the organization may not motivate those at another. These values can be differentiated by income level and other demographic factors when analyzing attitudes for motivational purposes (Islam and Ismail,