

Evaluating Employee Motivation on Performance of Small and Medium Enterprises (SMEs) of Private Sector in Nigeria

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ABSTRACT

Employees are the engine of organization while motivation is the fuel. No organization can achieve its stated objective without employees. The aim of this study was to investigate employees' motivation on the performance of Small and Medium Enterprises in Private Sector in Nigeria. This was achieved by finding out ways through which employees are motivated, examined the impact of motivation, determined the factor that increase motivation on the performance of private sector SMEs in Nigeria. The methodology adopted for data collection was descriptive survey design. Cluster sampling was used to collect equal number of private organizations registered with Corporate Affairs Commission (CAC) in Lagos and Abuja towns of Nigeria. A structured questionnaire was designed based on both open and closed ended questions structured according to the research objectives. A total number of 206 questionnaires were sent out and only 144 representing 70% were returned and deemed useable. The data was analyzed using percentage for descriptive and multiple regression for inferential analysis respectively. The study established that employee motivation is a necessity for performance of SMEs in private sector in Nigeria. The study concluded that all the independent variables used for the study have significant role in the performance of SMEs in private sector in Nigeria. The

study recommended that motivation offered to employees by organizations should be those that would meet employee expectations interms of their basic needs like physical, safety and social needs.

Keywords: Employees, Motivation, Organizations, Productivity, and Small and Medium Enterprises (SMEs)

BACKGROUND TO THE STUDY

A motivated and qualified workforce is crucial in increasing productivity and the quality of the organizational services in order to achieve organizational objectives. Employees are the engine of organization vehicles while motivation is the fuel. No organization can achieve its stated objectives without its employees.

Markova and ford (2011) maintained that the real sources of organizations originated from employees willingness to take their creativity, abilities and know-how in favour of the organization and it is organization's task to encourage and nourish these positive inputs by putting effective motivation practices in place. To successfully market or sell the organization services or products, the organization must first and foremost target employees. Employees are therefore the first customers of every organization. Once the organization is able to identify employee's needs, then they will be motivated to work effectively to achieve the goals and objectives of the organizations.

The importance of motivated employees cannot be over-emphasized in an organizational context (Lofta, 2012). Motivated employees are more productive, more efficient and more willing to work towards organizational goals than the employees who are experiencing low levels of motivation. Motives according to Horge (2004) are key to human behaviour, they play an important role in the employee performance and other activities and as such managers should know what motivation is and how employees are motivated towards performance. In spite of all apparent attendant problems of motivation and productivity, organization seek means of ensuring continuous productivity which would be geared towards the accomplishment of organizational goals and objectives.

Performance of Small and Medium Enterprises (SMEs) is crucial as they will transform Nigeria into a high income and knowledge based economy through their contribution to the National Gross Domestic Product (GDP). Due to the significance of SMEs to local economies, it is necessary to study and evaluate their business performance. Thus, this study evaluates employees' motivation on performance of SMEs in private sector in Nigeria.

STATEMENT OF PROBLEM

Looking at today's economic recession in Nigeria, it is evident that the pace of change in performance in our business environment presents fresh challenges daily. Despite these, no research work has targeted to investigate the impact of employees motivation and private sector organizational performance in Nigeria. Employees management guide to a competitive benefit in the form of motivating workforce by extension improved operational and business performance

of the private sector SMEs in Nigeria. The research problem addressed and defined the major factor that motivates employees in diverse organizations and to see if there is any effect on the organizations studied.

OBJECTIVE OF THE STUDY

The main objective of this study was to investigate employees' motivation on the performance of Small and Medium Enterprises in private sector in Nigeria. This was achieved through the following specific objectives:

1. To find out ways through which employees are motivated in the performance of SMEs in private sector in Nigeria
2. To examine the impact of motivation on employees' performance of SMEs in the private sector in Nigeria.
3. To determine the factors that increase motivation of employees' performance of SMEs in private sector in Nigeria.
4. To examine the effect of employees motivation on the performance of private sector SMEs in Nigeria.

RESEARCH HYPOTHESES

1. Ho: The ways employees are motivated does not have effect on the performance of SMEs in the private sector in Nigeria.
2. Ho: Motivation of employees does not have impact on the performance of SMEs in the private sector in Nigeria.
3. Ho: Increase in motivational tools does not have any significant effect on the performance of SMEs in the private sector in Nigeria.
4. Ho: Employee motivation does not have any effect on the performance of SMEs in the private sector in Nigeria.

REVIEW OF RELATED LITERATURE

Motivation

Motivation can be defined as a driving force within a person which stimulates the individual to do same thing up to the target level in order to fulfill some need or expectation (Mulline, 2007). It is a complex issue of human behavior which varies from person to person, as a result, different people are motivated in different ways (Kressler, 2003). According to Ikupolati (2015), opined that men only work out of necessity and that to get a man to work is to be kept poor.

Maslow proposes that man has different needs which can be arranged on a ladder, the ladder needs which Herzberg called the Hygiene factor and this includes;

- a. Physical needs: Salaries and working conditions
- b. Safety needs: Organizational Policies
- c. Social needs: Relationship with colleagues, supervisors and subordinates.

All of these are referred to as the lower needs (Basic). The higher needs which come into play once the lower needs are satisfied includes system and ego needs (Advancement and Recognition). Self-actualization needs apart from achievements, psychological growth (Confidence).

These of course are all generalization and there are many variables unconsidered that the same things do not motivate people all the time. This implies that the process of motivation should be considered rather than what motivates. A good manager is then expected to investigate what motivates different individuals and groups in his employment and workout a reward system that will satisfy their needs.

Job Performance

A performance appraisal system is important to any organizational work performance because it determines the organizational success or failure (Simeon, 2010). According to Nyauga (2010) employees should be appraised at least once a year as this will contribute towards increased employee efficiency, productivity and morale. The appraisal process offers a valuable opportunity to focus on work activities and goals as well as identify and correct existing problems and to encourage better performance (Magutu, 2010).

Robery (2001) after studying various researches of motivational theories has come to conclusion that motivation

- a) Influences performance
- b) Reduces absenteeism and turnover
- c) Influences commitment to the organization
- d) Leads to job satisfaction and
- e) Attracts people to the organization.

THEORY OF FITS

Equity Theory

Carrel and Ditttrich (2008) depict that most theorist discussing the equity theory posit three primary points

1. Employees perceive a fair return for what they contribute to their job.
2. Employees run some kind of social comparison of what their compensation should be with their colleagues
3. Employee perceives himself to be in an inequitable situation will try to decrease this equity.

Robbins (2003) explain that the equity theory is a theory that centered on perceived fairness of an individual. An employee reflects on how much effort he has expended and compares this to what he has gotten from it. After this individual evaluation of his input-output ratio, he will compare his ratio to the input-output ratios especially to the direct peers. If the employee considers his input-output ratio to be equal to ratios of other relevant employees, a state of equity exists. There are three types of equity namely external, internal and employee equity. External equity arises when employee use comparison to others who have the same job but work in different organization. Internal equity occurs when employee compares themselves to others who have different job but work in the same organization. Employee equity exists when an employee's compares himself to other employees who occupy the same job within the same organization. Important is that equity theory shows that belief, perception and attitudes influence motivation.

EXPECTANCY THEORY

Expectance theory refers to a set of decision theories of work of motivation and performance (Vroom, 1964, in Ferries, 2007). Perception plays a central role in expectancy theory because it emphasizes cognitive ability to anticipate likely consequences of behaviour. The expectancy theory has two major assumptions. The first assumption is that individual persons have perception about the consequences that result from their behavioural actions and the causal relationship among those outcomes. These perception or beliefs are referred to as either expectations or instrumentalities. The second assumption that individual person has effective reaction to certain outcomes. Affective reactions reflect the valence (Positive and Negative) Value individual place on results of outcomes

Expectance is the probability that the effort put forth will lead to the desired performance. The second expectancy (also referred to as instrumentality). Is the probability that a particular performance will lead to certain preferred outcomes. Expectancy theory primarily relies upon motivators to clarify causes for behaviours exhibited at work.

Goal Setting Theory

Lockie, Shaw, Sam and Lathan (2008) defined a goal as what an individual attempts to accomplish, it is the object at certain actions. The basic assumptions of goal setting are that goals are immediate regulators of human actions (Lockie et al, 2008). Evidence from the goal setting research indicates that specific goals lead to increase performance and that difficult goal, when individuals have accepted them, results in higher performance than easy goals. Goal setting has four motivational mechanisms (Lockie and Lathan, 2002).

1. Goals that are personally meaningful and interacting tends to focus on individuals attention on what is important and what is relevant
2. Goals have energizing functions. Simply put, higher goals lead to more effort than lower goals
3. Goals affect persistence. The more difficult a goal is to achieve, the higher the performance.
4. Goals affect action indirectly by leading to the arousal, discovery and use of knowledge and strategies.

When an individual wants to achieve certain goals mean that this individual will not be satisfied until he reaches that goal. Therefore goals serve as the reflection point or reference standard to satisfaction versus dissatisfaction (Lockie, et. al, 2002).

Effect of Motivation on Employees Performance

Griffiths (2001) highlighted that, meeting personal goals help an employee stay motivated and feel about themselves to continue to produce. He added that motivation can facilitate a worker reaching his/her personal goals, and can facilitate the self-development of an individual. He continued that once that worker meets some initial goals, they realize the clear link between effort and results which will further motivate them to continue at a high level.

Chudley, (2004) opined that, motivation lead to greater employee satisfaction. He added that, workers satisfaction is important for every organization as this one factor can lead towards progress or regress. Chudley (2004) again indicated that in the absence of an incentive plan, employees will not feel ready to fulfill their objectives. Thus, managers should seek to empower

them through promotion opportunities monetary and non-monetary rewards, or disincentives in the case of inefficient employees.

Jesop (2005) highlighted that, motivation brings employees closer to the organization. He added that, as long as needs of employees are met through attractive rewards, promotional opportunities etc. employees begin to take more interest in their organization. They begin to think that there is no difference between the interests of the enterprise and their interests. This helps in developing cordial relations between management and workers.

RESEARCH METHODOLOGY

The study used a descriptive survey design. Cluster sampling was used to collect equal number of private firms registered with Corporate Affairs Commission (CAC) in Lagos and Abuja towns of Nigeria. The purposive sampling was used in the study using senior staff member of the firms. A structured questionnaire was divided into five sections (Section A-E) and contained both open and closed ended questions structured according to the research objectives. Thus, the questionnaires were structured according to ways through which employees are motivated, factors that increase motivation on employees' performance, impact of motivation on employees' performance, effect of employees' motivation on the organization and the background of the respondents. Section A to D used a structured 5 points likert scale from strongly agreed (5) to strongly disagree (1). Sample size comprised of 206 Senior Staff from 34 private firms each from Lagos and Abuja towns. Only 144 were returned representing (70) and deemed usable for the study. The data was analyzed using both descriptive and inferential statistics. Percentages were used for descriptive and multiple regression was used to test the hypotheses.

Data Analysis

Descriptive Analysis

For the types of motivation offered to employees in the organization studied, 30 respondents representing 21% indicated that leadership opportunity was a type of motivation offered to employees in the organization. 22 respondents representing 15% indicated that recognition was a type of motivation offered to employees in the organizations. 19 respondents representing 13% indicated properly assigned tasks. 33 respondents representing 23% indicated employees' appraisals. 9 respondents representing 6% indicated meeting employees' expectation. 19 respondents representing 13% indicated socialization and 12 respondents representing 8% on the other hand chose all of the above as types of motivation offered to employees in the organization studied.

For the factors that affect employees performance in the organization studied, 6 respondents representing 4% indicated that management standards were factors that affected employees' performance in the organizations, 20 respondents representing 14% indicated motivation, 13 respondents representing 9% indicated commitment 16 respondents representing 11% said employee evaluations, 6 respondents representing 4% indicated positive work environment, 26 respondents representing 18% indicated technology, 19% representing 13% indicated lack of incentives, 9 respondents representing 6% said comfort level, 26 respondents representing 13% indicated poor management and 10 respondents representing 7% agreed that all the options were factors that affected employees performance in their organizations.

For the impact of motivation on employees performance, 29 respondents representing 20% indicated improving employees level of efficiency, 40 respondents representing 28% indicated helping employees to meet their personal goals, 26 respondents representing 18% mentioned employees satisfaction, 20 respondents representing 14% indicated it bring employees closer to the organization, 14 respondents representing 10% indicated help employee team bonding and 14 respondents indicated that all of the above option were impact of organizations studied.

Inferential Analysis

Multiple Regression Analysis

Performance of SMEs in Private Sector in Nigeria was regressed on all the independent variables (ways through which employees are motivated, impact of motivation on employee's performance, factors that increase motivation of employees and effect of employee's motivation). The relationships among the variables are depicted below.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4$$

Where

Y = Performance of SMEs in Private Sector in Nigeria

X₁ = Ways through which Employees are Motivated

X₂ = Impact of Motivation on Employees Performance

X₃ = Factors that Increase Motivation of Employees

X₄ = Effect of Employees Motivation on the Organizational Performance.

Multiple regression was used to measure the relationship between the independent and dependent variables. The correlation shows that there is a strong positive correlation between performance of SMEs in Private Sector and the independent variables with the value 0.866 indicating 86.6% of the change in performance of SMEs in Private Sector in Nigeria have been explained as shown in table 1

Table 1: Model Summary

Model	R	R ²	R ² adjusted	Std error to the estimate
1	0.866	.750	.550	2.08

- a. Predictor (constant):
 Ways through which Employees are Motivated
 Impact of Motivation on Employees Performance
 Factors that Increase Motivation of Employees
 Effect of Employees Motivation on the Organizational Performance

An ANOVA test was performed on the independent variables. It shows clearly that regression variables are statistically significant. This is true because the p-value is 0.000. this value if compared with α (0.05), the null hypothesis will be rejected as it is less than α , thus the regression variables are significant and their model fit for use as shown in table 2

Table 2: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig
1. Regression	6047.49	4	1511.87	3.750	.000
2. Residual	2015.01	140	403.00		
3. Total	8062.50	144			

a. Dependent variable: Performance of SMEs in Private Sector in Nigeria

b. Predictor (constant):

Ways through which Employees are Motivated

Impact of Motivation on Employees Performance

Factors that Increase Motivation of Employees

Effect of Employees Motivation on the Organizational Performance

Regression coefficient is standardized because it has bound, thus confidence interval can be formed. Table 3 shows that multiple relationships exist between the independent variables and performance of SMEs in Private Sector in Nigeria is $Y=8.63+0.91X_1+ 1.18X_2+ 2.55X_3+ 1.08X_4$. The p-value of the slope of the model is 0.000 which is less than α (0.05) therefore H_0 is rejected and it is concluded that independent variables all have significant role on the performance of SMEs in Public Sector Nigeria.

Table 3: Regression Coefficient

Model	Unstandardized		Coefficient		F	sig
	β	Std error	β			
Constant	8.638	1.19			15,200	.004
Ways through which Employees are Motivated	.91	.73		.45	13.257	.002
Impact of Motivation on Employees Performance	1.18	1.91		.26	18.620	.000
Factors that Increase Motivation of Employees	2.55	.81		.34	22,680	.001
Effect of Employees Motivation on the Organizational Performance	1.08	.43		.80	12.523	.000

a. Dependent Variable: Performance of SMEs in Private Sector in Nigeria

DISCUSSION OF FINDINGS

The objective that sought to find out types of motivation offered to the employees of the sampled firms shows 33 respondents representing 23% were of the view that employees appraisals was a type of motivation offered to employees in the organization, which was the highest. This finding was supported by Simeon (2010) that performance appraisal system is important to any organizational workforce performance as to determining the success of failure of such

organizations. However, 9 respondents representing 6% said meeting employee expectations which do not agree with Mullins (2007) definition of motivation.

The objective that refers to the factors that affect employees' performance, 26 respondents representing 18% which was the highest indicated use of technology as a factor that affected employees' performance in the organization studied. However, 6 respondents representing 4% indicated that managerial standards and positive environment are the least factors that affect employees' performance in the studied organizations.

Findings with regards to the impact of motivation on employees' performance also revealed that motivation helps employees to meet their personal goals as indicated by 40 respondents representing 28% of their organization studied. This finding also corroborate with the findings by Griffitis (2001).

From the study, the regression coefficient of the independent variables are:

Ways through which Employees are Motivated	.91
Impact of Motivation on Employees Performance	1.18
Factors that Increase Motivation of Employees	2.55
Effect of Employees Motivation on the Organizational Performance	1.08

From the above values, this implies that factors that increase motivation of employees are the highest (2.55) with the use of technology and ways through which employees are motivated is the lowest (.91) which means no specific or standard ways through which employees are motivated.

CONCLUSION

With the relationship that exist between the independent variables and the performance of SMEs in Private Sector in Nigeria is $Y=8.63 + 0.91X_1+ 1.18X_2+ 2.55X_3+ 1.084X_4$ with the p-value of the slope of the model as 0.000 which is less than α (0.05), therefore, H_0 is rejected and it is concluded that the independent variables all have significant role in the performance of SMEs in Private Sector in Nigeria. Most organizations used employee appraisals as a type of motivation offered to employee. The most important factor that affects employees performance in the organization studied is the use of technology. Also, motivation helps employees to meet their personal goals as can be seen from 28% of the respondents.

RECOMMENDATION

From the findings of the study, the following recommendations were made by the researchers:

1. Motivation offered to employees by organizations should be those that will meet employee expectations in terms of their basic needs like physical, safety and social needs.
2. Employees should undergo training in technology as this is the most important factor that affect employee's performance in the organizations.
3. Managers of organizations should ensure that through motivation a bound could be established between the organizations and the employees.

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