

## **A Proposed ODI to Improve Motivation and Loyalty among Engineers:**

### **A Case Study of UNC Company**

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### **Abstract**

The purpose of this study is to describe and analyze the current situation of UNC Company in terms of improving motivation and loyalty among engineers in an engineering department which had a high rate of turnover. On the basis of the initial assessment, the researcher identified, developed and proposed appropriate OD interventions to improve motivation and loyalty in the UNC Company. Using the action research model, this study at the diagnostic phase used survey questionnaire to collect quantitative data from 30 respondents who were engineers of UNC Company. A statistic program was used to analyze the results of the research by descriptive statistics, average weighted mean and multiple regression. Finding showed that Motivation and Loyalty were interconnected. Therefore, it is strongly recommended to improve intrinsic motivation, loyalty and include career management.

**Keywords:** motivation, loyalty, turnover, intrinsic motivation and loyalty, career management

### **Generalities of the study**

There are many motivation theories that try to provide models to find out which factors create motivation for people and encourage them for better performance in their job. In this area there is a challenge that employees have different behaviors and expectations. In addition, the situation in each area is different from others. Effective models of motivation enhance employees' productivity and loyalty which are associated with decreasing turnover among all level of employees in organizations.

One of the important factors for well-being and in order to sustain the organization is developing motivation. Having high loyal employees and providing high level motivation rewards to compensate their efforts is necessary to direct employees toward the targets of organization. In this way, they encourage the employees to remain in the organizations with high performance and achieve the objectives of company with

interest that means satisfaction and loyalty among employees. Turnover in UNC Company, simply put, is the intention of engineers to quit their job. Engineering turnover jeopardizes the organization's strategic plan to achieve its objectives, especially when the organization loses its critical engineers which this problem might bring several outcomes such as decreasing the level of innovation, quality of customer service, and even a negative psychological effect on the engineers that remain in the organization.

Griffeth and Hom (1991) proposed that intention of turnover is the strength of individual decisions that employees make to leave the company permanently. Most turnover studies reported that the relationship between attitudes about the job or organization and behavioral intentions were significant (Allen, Griffeth & Shore, 2003).

Barak, Levin & Nissly (2001) in their review of antecedents of turnover argued that many studies use turnover intention rather than actual turnover as the outcome variable. There is evidence to indicate that employees typically make a conscious decision to do so before actually leaving their jobs. Freshly employed individuals usually have a burning desire to make things work, even in bad conditions, they still look at things with a positive eye. Older employees on the other hand, lose that fresh zeal and the only thing that might keep it intact is their personal disposition and their commitment towards the organization. Therefore, if things start to take a downturn in the organization, the possibility of old engineers in UNC company having turnover intentions is likely to be higher than that of fresh employees.

### Company Background

UNC is a joint venture between the SAHA UNION group of companies and NIFCO Inc. of Japan. It manufactures a wide range of industrial plastic parts and components supplied to domestic and overseas earnings automobile, home appliance and other industries. Its vision is globally first class reputation industrial plastic products manufacturing.

From the foundation time about 19 years ago, Union NIFCO Co., Ltd has grounded a policy of improvement of products' quality. All production processes are controlled to ensure maximum accuracy to provide the best production and correct the process if they need to keep the standard that the company determined. Evidence of an engineers in UNC Company have approximately 40% turnover. 40% turnover rate among engineers in UNC Company is regarded as a big problem leading to shortage not only because cost of recruitment and training new staff but it also affects the quality of UNC Company.

### Objectives of the Study

1. To describe the current situation of employee motivation and loyalty in UNC Company

2. To identify the factor that influence motivation and loyalty in UNC Company
3. To propose a set of OD Interventions that will improve motivation and loyalty in UNC Company

#### Statement of the Problem

The main purpose of this research is to propose appropriate ODI to improve motivation and loyalty among engineers in the engineers in UNC Company.

#### Research Questions

1. What is the current situation of motivation and loyalty among engineers in engineering department in UNC Company?
2. What is the factors influence most on motivation and loyalty?
3. What is the proposed ODI plan to improve motivation and loyalty?

### **Literature Review**

The lack of motivation and loyalty increases turnover intention Employee motivation and loyalty is defined as the attachment to the organization to reduce turnover intention. The employee motivation and loyalty is a kind of positive affection to reduce turnover intention. (George et al. 2001) A meta-analysis found that employee motivation and loyalty played a role in reducing the turnover, and enhancing the employee performance (Mathieu and Zajac. 1990).

But frequent turnover intention results in human resource cost increase and have a negative effect on the employee morale. So the organization should have control over the employee turnover intention. As a rule, there are two ways to reduce turnover intention. One way is called forced measures, such as motivating the employee. Another way is called flexible measures, such as giving a raise, promotion, good welfare and so on. In the long term, the above two ways are not good for the organization development. The forced measures will lead to deviant behaviors in the workplace. The flexible measures will not only add to human resource cost, but also impairs the organization's sustainability.

#### Motivation

Motivating the employees is not easy and simple. In improving the level of motivation among employees, managers of organizations should be familiar with different aspects of motivation and the area that employees need and desire to have. They should have this capability to know the related factors of motivation to could change and use these factors in different situations. Having information about employee motivation is an effective trend of managers that enable them to ground special techniques of motivation for their employees to obtain their acceptable level of their motivation. There

are many literature which suggested different methods of motivation for enhancing motivation of workers within the organizations. The responsibility of managers is to deeply understand about the impact of different method of motivation on individuals or team workers.

Kovach (1987) proposed that because there are different kinds of employees, so special factors of motivation do not work in the organizational system. For instance, the idea of one individual for motivation maybe being different from one another. Differentiated desires among employees create complicated conditions for organization that deal with different employees with different behavior . So, the organization must understand the key concepts of motivation to select the best one for the specific behavior.. (Kim, 2006).

Motivation has two categories, namely: intrinsic and extrinsic. Extrinsic motivation is important as organizations seek to use tangible rewards such as monetary rewards. It is useful for both organization and employees. Employees are ensured that if they achieve targets they would achieve rewards.

There are some studies proposed that considering intrinsic motivation is a better solution to motivate employees (Remi, 2011). Research conducted by Remi (2011) pointed out that in developed countries extrinsic motivation such as, food and shelter are not a good factors for motivation, as employees preferred to have intrinsic (job appreciation, interesting work, and stress) motivation instead of extrinsic (good salary, promotion and progress, job security, and recognition) motivation. This approach helped organizations to distinguish, retain, and train innovative and productive employees.

Zhang (2010) proposed that the most suitable type of motivation which provides creativity among employees is intrinsic motivation. It brings them intrinsic reward from their job, directly. Intrinsic motivation for workers executed in the jobs, because it is the features of this motivation that associates with the satisfaction and interest of workers itself and bring enjoyment for them, and it seems that burning up energy to find the problems and find an innovative way to solve that problem. (Cooper & Jayatilaka, 2010).

#### Employee loyalty

Employee loyalty on the organization is to maintain the level high of satisfaction of the employee that is necessary for their wellbeing. Loyalty is the fundamental relationship based on factors such as values, trust, fairness and integrity. (Ulrich and Brockbank, 2005). The behavioral expression of loyalty is honesty and benefits the organization and the employees. Once an employee is loyal and committed it increases the sense of obligation to the organization.

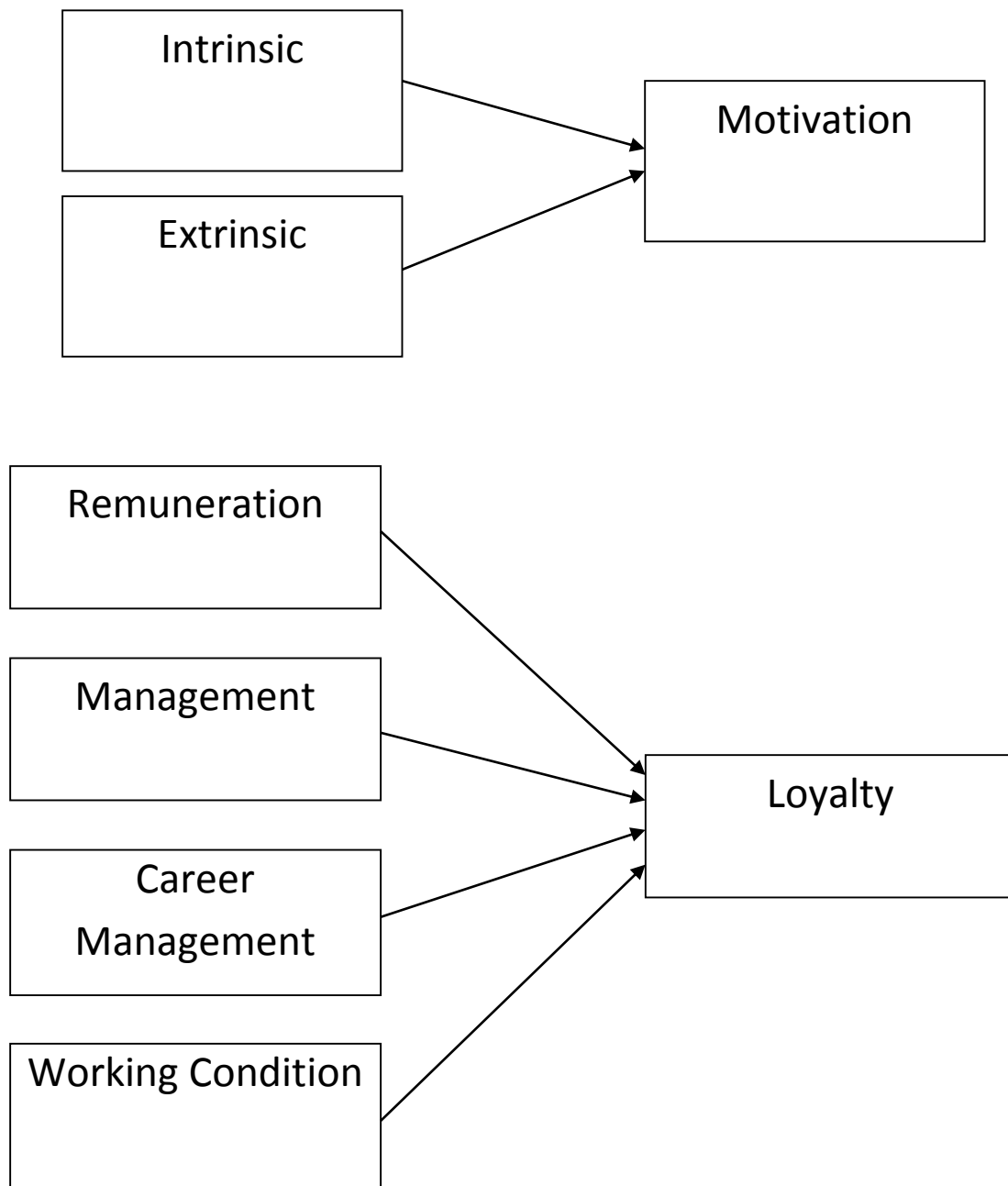
#### Motivation and turnover intention

The discovery of Oyetola (2012) drew the following conclusions. The variables considered under job motivation produced substantial results. The respondents admitted that they have significant effect on turnover intention. The study disclosed a relationship between turnover intention and job motivation as well. Respondents indicated that they would leave their work if similar organizations would offer them a better pay, as well as if they do not find that their life expectations were fulfilled by the current organizations. According to the results, there is an interaction between turnover intentions and job motivation of respondents. Limor (2014) found that voluntary turnover intention (VTI) is negotiated by commitment and it was established, that was also influenced by loyalty and motivation.

#### Loyalty and turnover intention

Elise ten Hoor (2014) stated that employee loyalty was a unique predictor of turnover intention above. Psychological safety was mediating the effect of employee loyalty on turnover intention. Donald P. Moynihan (2008) in the study “Explaining Turnover Intention in State Government: Examining the Roles of Gender, Life Cycle and Loyalty” showed that organizational loyalty reduced the intent to quit. In addition to these findings, the paper provided a detailed test of different human resource management policies, and provided particular support for diversity policies.

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**Conceptual Framework**

*Figure 6* Conceptual Framework

The conceptual framework has considered the literature reviews and two theoretical frameworks. It presents the variables under study, namely : Motivation with two factors intrinsic and extrinsic motivation; and Loyalty which has four factors , namely: remuneration, management, career management and working condition.

### Research Methodology

This study focused on motivation and loyalty in the organization. This chapter describes the research methodology which includes research design, respondents, instrument, data collection technique, data collection procedure and data analysis.

The number of respondents in research included 30 engineers. The study utilized a questionnaire guide to collect data on motivation and loyalty of the respondents. The questionnaire had two parts and used the 5 –point Likert Scale. Validity and reliability was established for the questionnaire before launching to the respondents.

Both qualitative data and quantitative data from employees of engineering of UNC Company were analyzed. Researcher used both qualitative data analysis and quantitative data analysis for this study.

In qualitative data analysis, researcher used qualitative methods such intercoding to get the themes or common answer.

In this study multiple regression analysis was used to analyze the relationship between a dependent variable and a set of independent variables or predictor variables. The Pearson Correlation test was at 95% confidence level or 0.05 statistical significant.

### Findings and Analysis

This research determined the factors for motivation and loyalty of the engineers at UNC Company. The data was collected through questionnaires, with total sample size n=30. The statistical analysis was then performed in SPSS.

The demographic profile show that the majority of respondents are male with the percentage of 76.7%. The results about the age of respondents showed that majority of them were in the age of above 36 years old (30%). Majority of respondents were married ( 53.3% ) , and have worked more than 10 years work (33.3%).

### Current situation of motivation and loyalty scores

This section reports the current of level of motivation and loyalty using mean and standard deviation

Table 1

*Overall result of descriptive statistic for motivation and loyalty*

Variable	$\bar{X}$	S.D.
Intrinsic motivation	2.98	0.62
Extrinsic motivation	3.06	0.51
Remuneration	3.23	0.56
Working conditions	3.10	0.66
Management	3.10	0.73
Career management	3.12	0.68

Table 1 shows that most respondents considered remuneration, working conditions, career management, and management as important factors that affected turnover rate. The finding about loyalty and its four dimensions, prove that statistically the results are in satisfied levels.

Regression analysis to identify drivers to motivation and loyalty

This part reports the results of regression analysis. The two regression models that were tested in this study are shown below. Each model was estimated twice by using the current and expected scores respectively.

Table 2

*Summary of Current Situation Motivation*

GROUP	R	R Square	Adjusted R Square	Std. Error of the Estimate
Current	.872	.760	.743	.379

Table 2 presents model summary of the Motivation. R square for the model that used current data was .760 which is quite high. This means the model has strong predictive power in explaining dependent variable i.e. motivation.

Table 3

*ANOVA Results of Motivation*

GROUP		Sum of Squares	df	Mean Square	F	Sig.
Current	Regression	12.293	2	6.146	42.836	.000



	Residual	3.874	27	.143		
	Total	16.167	29			

Table 3 reports the F value and its corresponding p-value. The result shows that for the current model, at least one explanatory variable can be used to explain the change in job satisfaction (i.e. significant explanatory variable) since  $F = 42.836$ ,  $p\text{-value} = 0.000$ .

Table 4

*Estimated coefficients of Motivation*

GROUP		Unstand	Standardized	t	Sig.	
		ardized	Coefficients			
		Coeffici				
		ents	B	Std.	Beta	
			Error			
Current	(Constant)	.167	.432		.388	.701
	Intrinsic motivation	1.209	.164	1.011	7.371	.000***
	Extrinsic motivation	-.305	.202	-.207	-1.509	.143

Table 4 shows the estimated coefficients ( $\beta$ ) of the first regression model. Intrinsic motivation was statistically significant and can be used to explain job satisfaction,  $\beta = 1.209$ ,  $t = 7.371$ ,  $p\text{-value} = 0.000$ .

The following tables represent the result of the second regression model; dependent variable was loyalty degree.

Table 5

*Summary of Current Situation Loyalty*

GROUP	R	R Square	Adjusted R Square	Std. Error of the Estimate
Current	.809	.655	.600	.525

Table 5 presents model summary of the second model. R square for the model that used current data was .655 which was slightly lower than the first model.

Table 6

ANOVA results of Loyalty

GROUP		Sum of Squares	df	Mean Square	F	Sig.
Current	Regression	13.098	4	3.275	11.862	.000
	Residual	6.902	25	.276		
	Total	20.000	29			

Table 6 reports the F value and its corresponding p-value. The result shows that the current had at least one explanatory variable that could determine the degree of loyalty since p-values were lower than 0.05 i.e. this model was significant in predicting employee loyalty.

Table 7

Estimated coefficients of Loyalty

GROUP		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
Current	(Constant)	-.232	.592		-.392	.698
	Remuneration	.211	.604	.142	.349	.730
	Working conditions	-.197	.770	-.157	-.255	.801
	Management	.526	.582	.464	.903	.015***
	Career management	.490	.331	.402	1.482	.021***

Table 7 shows the estimated coefficients ( $\beta$ ) of the regression models. For the current model, management and career management were significant explanatory variable ( $p$ -value  $< 0.05$ ). Management had the highest impact to loyalty ( $\beta = .526$ ) followed by career management ( $\beta = .490$ ) respectively.

In summary, the factors that determined motivation was intrinsic motivation and the factors that determined degree of loyalty include management and career management accordingly.

**Proposed ODI plan to improve motivation and loyalty**

Motivation

Table 8

*Proposed OD Interventions*

Intrinsic Factors For Motivation		
Current	ODI	Preferred
- Personal Development	- Meeting to Hear their Personal Concern (World Café)	- Development in Personal Conditions
- Improve task's knowledge	- Giving enough opportunity for suggestions of employees, and give them the latest information about their tasks	- Improve task's knowledge
- Innovation in job	- Provide workshop to make employees familiar with different kinds of innovation and creativity	- Motivate for creativity and Innovation in job among employees
- Enhance educational level	- Provide financial facilities (loan) and ensure them for promotion after obtaining a higher level of education	- Enhance motivation to gain higher level in education

Extrinsic Factors		
Current	ODI	Preferred
	Suggest to company's manager:	
- Low recognition by company	- Encourage employees by financial or other rewards	- Appropriate recognition for employees
- Low achievement of Purpose	- Revise the policies and clarify the goals of company.	- Hope for growth and obtain goals.
- Low sense of responsibility	- appropriate Supervising system	- High level of responsibility
- Motivation System is not interesting	- Performance assessment system for individual and group performance	- Ensure justice in motivation system

Career Management		
	Suggest to management of company to Provide:	
- Recruit inappropriate workforce	- Revise recruitment regulations	- Talented and better skilled workforce
- Low level of interpersonal relationship	- Workshop for training this skill among all levels	- Satisfied interpersonal relationship in organization
- Inappropriate communication	- Observation by managers and provide environment and training employees with practical techniques for effective communication	- Acceptable level of effective communication within the company
Working Conditions		
- Inappropriate office physical arrangement	- Provide appropriate design of desks	- Time saving and productive work environment so calm environment.
- No good relationship area for free time	- Provide beautiful environment for breaks and lunch time	- Feeling of relaxation among employees in free time
- Low quality of accessories and furniture	- Supply standard accessories and furniture to provide health of employees, and ask them periodically what they preferred to have	- Understanding of employees about the concerns of managers about their health
Career Management		
- No assessment system to explore talents	- Provide performance assessment system to measure the individual performance	- Feeling of justice among all for advancement, Promotion

- Unequal opportunity to progress of all	- Clarification of Promotion system for all employees	
<b>Remuneration</b>		
- No satisfactory salary	- Appropriate distribution of salary and rewards according to the Performance	- Feeling of Justice and distinguished in terms of distribution of Salary and Rewards by company
- No satisfactory reward system		

### Conclusion

The results show that there is a difference between the current state and the preferred state of motivation and loyalty so that turnover rate may improve:

**Intrinsic Motivation:** The result suggests that the engineers at UNC highly expect a good relationship with other staff members that could positively enhance job motivation

**Extrinsic Motivation,** The result suggests that the engineers expect that the organization should provide facilities that there are not found in any other company.

**Remuneration:** The result suggests that in terms of remuneration, the engineers at UNC highly expect a rewarding scheme related to performance that is attractive to employees

**Working Conditions:** The result clearly suggests that the engineers expect a support from other staff members to be satisfied at workplace

**Management:** The result suggests that all of the engineers expect better talent recruitment and proper training.

**Career Management:** All participants suggest that the opportunity effective promotion would increase job satisfaction.

The interesting statistics in remuneration dimension of loyalty demonstrate that engineers do not rely on financial factors to stay in the company. Statistically, engineers are focused on career management, then about the conditions of workplace, and the

management decisions . The current engineers believe that they are loyal with the company, statistically.

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