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## How Employee Motivation Promotes Productivity In IT Startups: A Review Paper

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### Abstract

Employee motivation plays a crucial role in enhancing productivity, particularly in IT startups where innovation, efficiency, and agility are essential. This review paper explores the relationship between employee motivation and productivity in IT startups. It discusses various motivational factors, including intrinsic and extrinsic motivators, and examines their impact on employee performance. The paper also highlights challenges in maintaining motivation levels and suggests strategies to enhance employee engagement and productivity.

**Keywords:** *Employee Motivation, Productivity*

### Introduction

The IT sector is a dynamic and competitive industry where startups face challenges in maintaining high productivity levels. Employee motivation serves as a key driver for enhancing job performance and overall business success. This paper reviews existing literature on employee motivation theories and their applicability to IT startups in Coimbatore City.

### Methodology

This is a review paper. This study reviewed the research on employee motivation and productivity in the last 10 years. The researcher did not use primary data only used secondary data. The researcher has collected all the secondary data from previous research papers. Researcher has reviewed 13 works of literature out of which 8 are Indian and 5 are abroad studies. Then the researcher collected and interpreted all the collected data

### Objectives:

- To find out the impact of employee motivation on productivity in IT startups operating.
- To identify key motivational factors that influence employee performance.
- To explore the challenges faced by IT startups in motivating employees and suggest effective strategies to overcome them.

## Analysis and Interpretation

In this study, the researcher considered the employees working in both Public and Private sector respect to gender, locality, and type of management. Analyzing various papers, the researcher explicates the following findings:-

**Table: 1 Based on research conducted in India**

Author	year	Sample	Findings
Joseph Ato Forson	2021	254 teachers from a population of 678 in the Effutu Municipality of Ghana	Job motivation factors were significant predictors on job performance. The aggregated job motivation indicator when regressed on job performance reveals a positive and significant effect
Dr. Ankur Jain	2019	200 employees	Certain inspirational speculations can assume a significant job in directing authoritative administrators through the representative inspiration process. This would guarantee that they receive compelling persuasive methodologies that can tolerate positive outcomes.
Shakil Pirbakhsh Naghabakht Al Balushi	2020	250 employees	The prominence of the both the internal and external motivation is equally important to foster employees working capacity and increased employee's morale and satisfaction level.
Chandrakant Varma	2018	350 employees from private sector	Motivated employees have positive effect on the Organization productivity and performance. This makes motivation as the most important aspect of any organizational setup and creating an environment which facilitates and supports employee
Rose Mol	2004	100 participants for the study from the ELGI Coimbatore	A range of motivating factors contributes to the employee's level of motivation within the company. The bulk of them contain interesting ideas that might come in handy later on
Adhimoolam	2006	500 employees	Certain people are more effective and productive than others at finishing the duties assigned to them. It is common knowledge that an individual's drive to put in more mental and physical effort to finish tasks is closely correlated with

			their degree of performance and effort
Gifty Naa	2021	450	Organizations that always motivate their employees will enjoy greater productivity.

**Table: 2 Based on research conducted in foreign studies**

Author	Year	Samples	Findings
Edwards	2024	500	As businesses enhance their operational capabilities, they can foster economic stability, gain a competitive edge, and cultivate new skills within their organization and the community
Damnjanovic et al.	2023	350 employees	Motivated employees can significantly enhance productivity, leading to a healthy and sustainable business. Small businesses can make a significant impact on society by collaborating with other community-based leaders and sharing practical strategies for boosting employee productivity
Heckscher	2021	400 IT employees	it is recommended that leaders and employees of small businesses collaborate and strive towards building strong professional relationships
Voordt and Jensen	2023	250 Private employees	From a leadership perspective, small business owners may consider implementing a range of motivational strategies to encourage team building and collaboration among employees
Saehya et al	2023	200 employees	study indicating the identified hygiene and motivation factors are likely to have a positive and lasting impact on employee motivation and productivity

## Interpretation

- **Objective 1: To find out the impact of employee motivation on productivity in IT startups operating**

Employee motivation refers to the internal and external factors that drive individuals to perform effectively in their roles (Rose Mol,2004 ). Productivity, on the other hand, is the efficiency with which employees complete tasks and contribute to the organization's overall success (Saehya et al). In IT startups, motivation can be influenced by factors such as financial incentives, career growth opportunities, workplace flexibility, and company culture ( Gifty Naa,2021 ). Given the competitive and innovation-driven nature of startups, understanding how motivation impacts productivity is crucial for organizational success. Research suggests that motivated employees tend to be more engaged, creative, and committed, leading to improved efficiency and better problem-solving capabilities (Heckscher,2021).

- **Objective 2: To identify key motivational factors that influence employee performance.**

Motivational factors can be broadly categorized into intrinsic factors, such as job autonomy, recognition, career development, and meaningful work, and extrinsic factors, such as salary, bonuses, job security, and work environment (Damnjanovic et al,2023 ). Understanding these factors helps organizations implement strategies to enhance employee motivation, leading to improved performance and retention.

Research suggests that different motivation theories provide frameworks for understanding these factors. For example:

- **Maslow's Hierarchy of Needs** (1943) emphasizes that employees must have their basic needs met (e.g., salary, security) before they can achieve higher levels of motivation, such as self-actualization.
- **Herzberg's Two-Factor Theory** (1959) distinguishes between hygiene factors (salary, job security) that prevent dissatisfaction and motivators (recognition, growth) that enhance job performance.
- **Self-Determination Theory** (Deci & Ryan, 1985) suggests that autonomy, competence, and relatedness are key drivers of motivation and performance.

By identifying the key motivational factors influencing employee performance, organizations can tailor their policies, leadership styles, and workplace environments to foster higher engagement, satisfaction, and productivity among employees.

- **Objective 3: To explore the challenges faced by IT startups in motivating employees and suggest effective strategies to overcome them.**

Challenges in Motivating Employees in IT Startups:

IT startups often face unique challenges in motivating employees, including:

1. **Limited Financial Resources** – Unlike large corporations, startups may struggle to offer competitive salaries and benefits, leading to reduced motivation (Shakil Pirbakhsh Naghbakht Al Balushi, 2020).
2. **High Workload and Stress** – Employees in startups often work long hours in uncertain conditions, which can lead to burnout and decreased motivation (Edwards,2024 ).
3. **Lack of Career Growth Opportunities** – Due to flat organizational structures, employees may feel stagnant in their roles (Chandrakant Varma, 2018).
4. **Unclear Organizational Goals** – Frequent changes in startup strategies can create confusion and reduce employee commitment (Rasmussen et al., 2011).

5. **Retention Issues** – High turnover rates in startups make it difficult to maintain a motivated workforce (Klotz et al., 2018).

## Effective Strategies to Overcome These Challenges

1. **Non-Monetary Incentives** – Providing recognition, flexible work arrangements, and equity-based compensation (Voordt and Jensen, 2023 ).
2. **Work-Life Balance Programs** – Implementing policies that prevent burnout, such as remote work options and mental health support (Joseph Ato, 2021 ).
3. **Career Development Opportunities** – Offering mentorship, skill development programs, and clear career progression paths (Deci & Ryan, 1985).
4. **Strong Company Culture** – Encouraging collaboration, transparency, and a shared vision to keep employees engaged (Schein, 2010).
5. **Employee Involvement in Decision-Making** – Empowering employees by involving them in key business decisions increases their sense of ownership and motivation (Hackman & Oldham, 1976).

By addressing these challenges and implementing effective motivational strategies, IT startups can foster a more engaged and productive workforce, leading to higher retention and long-term business success. This study could explore different motivational theories, such as **Maslow's Hierarchy of Needs**, **Herzberg's Two-Factor Theory**, and **Self-Determination Theory**, to understand what drives employee performance in IT startups. It may also assess the effectiveness of various motivational strategies used in startups and provide recommendations for improving productivity through enhanced employee engagement.

## Factors Influencing Employee Motivation in IT Startups

1. Work Environment and Culture
2. Recognition and Rewards
3. Career Growth and Development Opportunities
4. Leadership and Management Style
5. Work-Life Balance and Flexibility (**Rajesh.E,2024**)

## Impact of Employee Motivation on Productivity

1. Enhanced Performance and Efficiency
2. Reduced Employee Turnover
3. Increased Job Satisfaction
4. Innovation and Creativity
5. Improved Team Collaboration (**Gomathi Dr.S, 2020**)

## Challenges in Maintaining Employee Motivation in IT Startups

1. Limited Financial Resources
2. High Work Pressure and Burnout
3. Talent Retention Issues
4. Lack of Structured HR Policies

## Strategies to Improve Employee Motivation in IT Startups

1. Implementing Competitive Compensation and Benefits
2. Encouraging a Positive Work Culture
3. Providing Learning and Development Programs
4. Establishing Clear Communication Channels
5. Promoting Employee Recognition Programs (Risambessy et al 2012).

## Conclusion and Recommendations

The review concludes that employee motivation is a crucial factor for improving productivity in IT startups. The paper recommends adopting a holistic approach that includes financial incentives, career development opportunities, and a supportive work environment to ensure long-term business success. This review paper aims to provide valuable insights for IT startup founders, HR professionals, and policymakers to enhance employee motivation and drive productivity.

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