



Relevance of theories of Motivation in retail business: A study on Retailer's decision making process

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Available online at: www.isca.in, www.isca.me

Received 24th February 2016, revised 29th March 2016, accepted 2nd April 2016

Abstract

The research objective is to gain attention to the relevance of theories of motivation in Retail business. The study specially wanted to define the role of factors associating in individual theories of motivation for motivating consumers to buy or not to buy from a retail store. To study the factors in each and their importance in retailing an empirical study is conducted. Discussions in the study suggest that motivation theories have their own importance as per the factors available to encourage consumer to take purchasing decisions. Purposefully there is a need to design a motivation system according to individual retail unit based on different variables which should consider extension, enhancement, encouragement and monetary and non-monetary benefits. This will facilitate the retailer to identify, encourage, provide, and maintain consumer effectively and efficiently.

Keywords: Consumer, Theory, Factors, Motivation, Retailing, Retailer, etc.

Introduction

This paper defines the theories of motivation and their limited variables for the retailing. For economies of most of the countries retail business is very importance, as it gives exposure in local levels, national levels and also in international level. One of the biggest opportunities and challenges that characterize the Indian retail sector is its structure. Entry of several new players in retail industry at India has developed as most vibrant and fastest growing industries. Almost 10 % of Gross Domestic Product (GDP) and about 8 % Indian employment are favored by it. India retail is fifth largest retailing destination in the world.

Over the last decade Indian Retail sector with a visible shift towards organized retailing has passed through different stages with significant change. India is ranked as fourth most striking country for investment in retail among 30 attractive markets, by A T Kearney, a US Based global management consulting firm. By 2016-17, according to 'Yes Bank - Assocham' study is expected that the retail market reach a whopping Rs. 47 lakh crore, with an expansion at a compounded annual growth rate of 15 per cent.

The organised retail is expected to grow at a CAGR of 24 % and by 2016-17 reach 10.2 % share of the total retail sector, which comprised just 7 % of the overall retail market in 2011-12¹. DS Rawat, Assocham Secretary General said that, "Favourable demographics, increasing urbanisation, nuclearisation of families, rising affluence amid consumers, growing preference

for branded products and higher aspirations are other factors which will drive retail consumption in India" .

Classification of Retail

Broadly, it can be classified into two categories: i. Organized retail – Retailers in organized retail unit will be licensed for doing business and they are registered to government for the payment of taxes. ii. Unorganized retail – Individual small shops like Kirana shops, departmental general stores, flea marketers and other small retail units those are concentrating maximum percentage in Indian retail industry.

Current Scenario in Retail

In past few years, the organized retail sector in India is growing tremendously. With different retail formats major Indian companies came into this segment to generate long term benefit to develop their business all over India. Indian retail market is booming by the investment through Reliance, Tata, Birla, Bharti and Adani Enterprise. Various Global brands entered Indian retail market by setting up their chains with Indian associations, working simultaneously with above big retailers. More than 31% is young population (below 14 years) in India, which is generating high consumer spending over the years and disposable income is rising highly which motivating growth for Indian organised retail sector's. A dynamic change in preferences and lifestyles of consumers is being observed in Tier I and Tier II cities and even in towns, which results in attracting retailers to grow their business in retail market.

About 13 million retail units with 95-96 % in total of Indian retail industry is highly covered by unorganised sector. Moreover globalization, growth in economy, improvement in lifestyles and generation of ideas generating expectation for the growth and development of organised sector. There are too many obstacles also that may slow the speed of the immense growth of this sector for new entrants. Challenges and obstacles like regulations, personnel costs, and costs for setting up real estate, infrastructure development, and competition with large number of domestic players may obstruct them.

Motivation

Pinder defines motivation as the behavior that voluntarily affects individual direction, intensiveness and determination within themselves². The way people put their effort is the direction. This reflects that the people put their effort according to their choices. Secondly, Intensiveness is the effort associated to each goal. Hence, it is the level at which people indulge themselves for task completion. Determination is the third element represents to effort made for a period of time.

Since, the management challenge is to identify individual and group behaviour within a managed work effort and understand the impact of different systems of motivation. Tordes et al. said "Motivation depends upon ability of management to go with people rewards but not with the technique"³. Motives refer to individual's conscious or sub-consciousness that are directed by their goals based on needs, wants, desires, constraints or decisions⁴. Subconscious in Motivation refers to state of mind when people do not know what they want, which shows the significance of sub-consciousness, discovered by Freud⁴. Only money does not motivate employees, there are some other factors based on behavior and attitudes of employees also⁵.

The research objective is to draw attention to the significance of different factors in motivating consumers in retailing unit. The study specially wanted to describe the significance of the theories adopted by retailers in motivating consumers. A secondary purpose of the study was to compare all the content theories of motivation and finding the most effective and adaptive theory for further primary research.

Concept of Motivation: Various contemporary authors has defined concept of motivation. According to Decenzo, Motivation is the outcome of the individual and the condition interaction⁶. A process that individual consciously made in a given situation for choosing what will and will not be⁷. The Psychological process at which provides purpose and direction to the behavior is motivation⁸. Buford, Bedeian and Lindner, defines motivation as a mindset to behave in a productive manner to accomplish specific, unmet needs⁹ and Bedeian, the determination to achieve it¹⁰. This study implies motivation as the effort made by retailers that drives to accomplish their personal and organizational goals through consumers' satisfaction.

Theories of Motivation: Iguisi classified theory of motivation into two categories; Motivation Content theories and Motivation Process theories¹¹. Motivation Content theories include those factors which motivate individuals, and analyzing the behavior. Maslow's need hierarchy theory, three factor theory of McClelland, two factor theory of Herzberg and ERG theory of Alderfer are the most famous content theories. Motivation Process theories explore process of motivation specifications. Well known process theories are Vroom's expectancy theory, Four-drive theory, Skinner's reinforcement theory and Adam's equity theory¹². The motivation theories to be reviewed are as follows:

Maslow's Needs Hierarchy Theory: The Psychologist Abraham Maslow developed the theory of Maslow's need hierarchy during 1940s¹³. Number of people applied Maslow's model, for various streams from marketing of the products to rehabilitate prisoner. With less research on this theory incredible popularity has been considered which generate demand for it. There are five different needs in Maslow's need managed in the form of hierarchy. At bottom, Physiological needs are arranged, which includes food, air, water, shelter, etc. Above it, safety needs are there, it includes the need associated to security and stability in environmental conditions which exclude pain, fear, or unhealthiness. Next is a social need that includes love, care, attention, friendliness, and maintaining relations with other needs. Self esteem needs includes needs from social and personal attainment through respect, recognition and appreciation from others people. In hierarchy topmost is self-actualization or fulfillment, a sense realization of self potentiality. According to Maslow other needs, need to know and need for visual beauty are not appropriate to fit within the five hierarchical needs¹⁴.

On the other hand, the theory assumption is that hierarchies of needs are same for all, which is the greatest limitation. Many researchers counterfeit this assumption as false. According to their personal values people have needs a hierarchy which is different. Deficiencies origin from drives arises needs supported by strengths or weaknesses backed with learning, social, cultural factors. So, Oishi studies say that the general needs hierarchy has difference by their cultural differences¹⁵.

McClelland Learned Needs Theory: Some decades ago a psychologist David McClelland, expanded idea of Maslow that individual strength reinforcement and weakness encourages need by their values and social influences. The author suggested that upbringing, style of parents and social norms strengthen needs reinforcement. McClelland, provided three needs: achievement, power and affiliation¹⁶.

Need for achievement: People accomplish them for challenging goals with their efforts. This type of people prefers work alone instead of team, and which will have average task risk to complete.

Need for affiliation: It refers to the needs seek approval from others to avoid conflicts and argument, matching to their wishes and expectations.

Need for power: High Need for power people desire to practice to control others and they are concerned to maintain their leadership positions. Personalized power is in those who advance personal interest to enjoy their power. People desire power to help others, as they have high need for socialized power.

The point that individual needs strengths or weaknesses with reinforcement and social influence were repeated in McClelland learned needs theory. Here, it is that retailers can motivate their customers by strengthen or weaken need for achievement, power, and affiliation, such as by sustaining an achievement-oriented culture, rewarding to achievement orientation consumers, and a strong achievement orientation in their nurture.

Motivator-Hygiene Theory: In 1959, Two Factor theory was designed by Frederick Herzberg's¹⁷. The author named theory as Motivation – Hygiene theory and defined two sets of factors, Motivation factors and Hygiene factors, based on data collection from 200 people in USA, those are engineers and accountant on their working environment feelings¹⁸. Motivation Factors will generate satisfaction level those are Intrinsic Factors; whereas Extrinsic Factors are to avoid dissatisfaction among them which is in Hygiene factors. It was further discussed that it is not necessary that fulfillment of Hygiene factors will satisfy consumers. But to increase productivity importance to Motivation factors are must.

According to Robbins, the theory is similar to Maslow's theory; put provides more factors to be studied for individual motivation. It was argued that Extrinsic needs (Hygiene factors) will not motivate individuals but only avoid dissatisfaction among them. Consumer motivation will be increased with delivery of intrinsic needs (Motivation factors). This will imply retailers to use this theory to meet hygiene factors, which only avoid consumer's dissatisfaction but will not motivate them to take better purchasing decision. Retailers should emphasis on providing motivation factors to motivate consumers¹⁸.

Alderfer's ERG Theory: Arnold and Feldman; Oosthuizen; and Spector, said that, both the theories; Alderfer's ERG theory and Maslow's need hierarchy theory are similar as they are based on the need fulfillment¹⁹⁻²¹. Nevertheless, the fulfillment of three basic needs in this theory in opposite to the five stages of basic needs identified by Maslow²¹⁻²². Many researchers Oosthuizen, Spector, Greenberg and Baron, Armstrong, Muchinsky, and Robbins explained the needs mentioned in ERG theory are:²⁰⁻²⁵

Existence needs: It includes all forms of safety, physiological and material needs required for existence. Safety needs include

taking care for fear, anxiety, threat, danger, tension, etc. Physiological needs include individual's pursuit of satisfaction at the vitality level, like leisure, exercise, sleep. Whereas, material needs refer to living resources requirement, including food and clothing.

Relatedness needs: Maslow's social needs and security needs are corresponding to relatedness needs. Those are significant to individual relationships with their colleagues, family members, society members and friends those necessary to maintain satisfactory relations with others and sense of security involves the mutual trust of humanity.

Growth needs: It refers to creativity and productivity of the individual desiring opportunities for personal development and achievement. These are similar to self-esteem and self actualization needs of Maslow²⁴. Self esteem needs refers to individual ability, knowledge, achievement, control, confidence, independency and competency that shows their self productive effects. In self actualization needs, individual goal achievement and development in own personality that accomplishes them.

Still, It is not completely agreed about the needs in theories and their relationships, but they agree upon the satisfaction of them is necessary to motivate human behavior for generating business²².

Benefits of Motivation

Motivation provides benefit for an organization as it is having significance role:

Utilization of resources: Utilization of all the physical, financial and human resources are necessary to achieve goals. Motivation makes easy to utilize human resources fully. By building willingness among human it can be achieved, which will help retailer to make best utilization of resources.

Improvement in efficiency Level: The efficiency level of a retailing unit is not depends only upon qualifications and abilities retailer's. To improve the performance level there is need to fill the space between capability and motivation. By filling this gap there will increase in productivity, reduction in operation cost and improvement in overall efficiency.

Leads to retail unit goals achievement: The goals of a store can be achieved by best utilization of resources, cooperation in working environment and ambitious employees to act in a purposive manner. Through motivation coordination and co-operation can be managed which leads to goals achievement.

Helps in Relationship Management: Motivation plays a vital role to satisfy consumers. It can be done by planning retailer's strategy for the consumer's benefit that motivates them to take purchasing decisions. To provide good shopping environment, after sales services, support systems etc.

Leads to stability: For building reputation and goodwill of the retailer significance of consumer stability is required. The consumers can remain loyal to the retailer only when they have a feeling of concern and benefiting from the retailing unit. It will gain good public image of the retailer in market that will attract number of prospects for them.

Discussion

Weaver said that, to explain individual's attitude and behavior one can use motivational theories²⁶. Theories can be content theories, which motivate actions based on people individual needs. Various theories of motivation are explained by well-known researchers: Abraham Maslow, David McClelland, Frederick Herzberg and Alderfer^{16-17,27-28}. And it can process theories which identify variables relationship given by Heider, Vroom, Adams, Locke and Lawler^{7,12,29-31}.

Limitations and Future Research

Due to lack of empirical studies on the Indian retailing industry, there is a need to undertake more research addressing the theories of motivations of retailers for consumers. In this study qualitative research was used, quantitative data can be beneficial to understand theories of motivation used by various retailers to motivate their consumers purchasing decisions. Developing motivation model with the help of individual theory and observing retailers and interviewing them enable researchers; it is difficult to get information through qualitative analysis.

The study discussed is obtained from qualitative information are limited by researchers, concepts and theories.

Conclusion

The study has definite the significance of factors of motivation in getting good result from the purchasing decision of consumers. By theories it also revealed, that factors motivate the consumer decision in certain order. It also gives useful knowledge and information for the retailers and consumers. It is complex to utilize this knowledge and information in consumer motivation. According to reference of motivational theories, it depend that how consumers are motivated and which strategy to adopt for it.

For application of Hertzberg's theory by retailer, motivation factor hygiene should be focused before good environment condition. On application of McClelland's theory, attention towards achievement, affiliation and power needs to be focused by retailer. According to Alderfer's ERG theory needs associated with existence of the retailers like safety, physiological, material etc., Relatedness needs of retailers like Security, belonging and respect and also to the growth needs like Innovativeness, Reputation, brand name etc. Regardless of which theory is followed, providing good working condition, interesting work, and consumer benefits appear to be important

links to higher motivation of retailers. To motivate consumers, it is important to know what motivates them and then on the basis of those needs draw a program of motivation.

Recommendations: At the end, this study suggests that retailers should put effort for knowing which theory motivates their consumers and encourage their consumers to take buying decision. This will help the retailer to identify, apply, manage, and retain a productive consumer.

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