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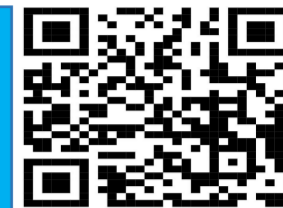
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Effect of Employee Motivation on Organizational Productivity in Pakistani SMEs

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<p>Ali Saeed Department of Business Administration, University of Lahore, Lahore. Ali_saeed43@gmail.com</p> <p>Mujtaba Afridi Department of Business Administration, University of Lahore, Lahore. afridiM.tabu@hotmail.com</p>	<p>Abstract</p> <p>The following paper aims to determine the link between motivation and productivity as factors relevant to SMEs based in Pakistan. The research adopted a survey design, and the recipients of the structured questionnaires included 378 employees and 83 managers across various industries. This study compared five motivational devices: financial remuneration, job environment, promotion, appreciation, and first-level managers on the productivity level. Simple linear regression was used in statistical analysis and showed a positive correlation between all the motivational factors and productivity, with financial incentive standing at 0.72 and the work environment at 0.68. It was revealed in the multiple regression analysis that the aforementioned variables efficiently predict organizational productivity because the amount of variance that was explained by these variables was 67.3 percent. Further, the analysis of the results according to the categories indicated that manufacturing SMEs had the highest correlation between recognition and performance, whereas service-oriented enterprises had higher correlations between leadership style and production performance. The study further recommends that Pakistani SME owners develop sound motivational programs that are most suitable for their industry, with concentration made on offering the employees reasonable incentives and enhancing the work environment.</p>
<p>Keywords:</p>	<p>Employee motivation, organizational productivity, Pakistani SMEs, financial incentives, work environment, career advancement, employee recognition, leadership style</p>



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Introduction

SMEs are the driving force in Pakistan's economy as it accounts for nearly 40% of the total GDP and provide employment to approximately 80% of the non-agriculture sector's workforce (Ministry of Industries and Production, 2022). However, several areas of concern affect the growth and sustainability of Pakistani SMEs, including finance, infrastructural, technological, and human resource management challenges (Haque et al., 2022). Of all these challenges, the motivational intent of employees can be viewed as a primary key that is least paid attention to in the success and productivity of organizations.

Employee motivation, which may be described as the drive within an individual that orients his or her behaviors towards other people at work, effort exerted to perform a job, and tenacity to accomplish the task (Kanfer et al., 2017), is critical for organizations. Thus, it is crucial for resource-scarce SMEs from Pakistan, which cannot provide highly paid jobs and numerous promotion opportunities like large-scale enterprises (Shah et al., 2021).

Over here, it will be important to find that although various research has been conducted on this subject in developed countries and large-scale organizations in developing countries, little is known about the motivational factors influencing SMEs in Pakistan. Several scholars hold the opinion that the culture, economy, Pakistan's society of Pakistan are somewhere which makes it possible to state that there is a need to consider all the facets of motivation in this particular context (Khan et al., 2020). Moreover, since the SME sector includes manufacturing, services, retail, and technology sectors in Pakistan, they may experience varying motivational factors with different intensities.

These gaps are the focus of this research; therefore, the objectives of this study include the following: To establish the relationship between motivational factors and organizational productivity of Pakistani SMEs operating in various sectors. Specifically, the research investigates the influence of financial incentives, work environment, career advancement opportunities, recognition, and leadership style on key productivity metrics. In this paper, I aim to examine the most critical motivational motivators that will help the owners and managers of SMEs in Pakistan increase productivity by implementing effective motivational strategies and policies to help the country achieve its economic goals.

From this study, the following are the advancements to theoretical knowledge of employee motivation from a cultural and economic perspective similar to Pakistan and the variants beneficial for SME management practices. Businesses are rapidly expanding awareness that identifying SMEs as key players in a highly competitive national economy calls for strengthening these firms' productivity by promoting efficiency in the motivation of their employees.

Literature Review

Employee Motivation: Theoretical Frameworks

The analysis of the motivation of employees has been a focus of theoretical theories to explain people's behaviors in the workplace. In the content theories, theories such as Maslow's Hierarchy of Needs (1943), Herzberg's Two Factor theory (1959) as well as McClelland's Needs Theory (1961) distinguished themselves by recognizing motivations from the content of the work. The information processing approaches, Vroom's Expectancy Theory (1964), Adams Equity Theory (1965), and Locke's Goal Setting Theory (1968) are focused on how motivation takes place in the person's cognition.

Regarding developing countries like Pakistan, Herzberg's Two-Factor Theory is most applicable for explaining the motivation level of employees. Mainly, hygiene factors, including salary, working conditions, and interpersonal relations, are influential in Pakistani organizational environments compared to motivator factors, including achievement, recognition, and growth, which are more effective in Western countries. This agrees with



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Hofstede's cultural dimensions theory, where Pakistan has high PD and UA, hence its implications for how employees will approach motivational strategies (Hofstede Insights, 2022).

Self-determination Theory (SDT), by (Deci & Ryan, 1985), is another valuable theory that conceptualizes motivation according to intrinsic motivation (where learners perform an activity in order to find satisfaction from within and extrinsic motivation, where learners choose to perform an activity in order to receive a separate reward of value. Research conducted by Ahmed & Malik (2019) on Pakistani financial institutions stated that extrinsic motivators increase performance initially. However, intrinsic motivators increase productivity in the long run, stressing the right balance between these motivational strategies in Pakistani organizations.

Employee Motivation in SMEs

A literature review of employee motivation in SMEs reveals a number of factors that set out the characteristics of these businesses apart from big businesses. SMEs are characterized by limited resources, geographical dispersion, less hierarchy and more casual methods of working (Quresh, Cross, & Zavadskas, 2022). These characteristics make motivation of the employees a both a daunting task and a possibility at the same time.

A number of international research have shown that the non-financial motivators are considered far more important to the SME employees as compared to the large organization employees. Another study, Ahmad et al. (2021) conducted a cross-sectional trail across six developing Asian countries including Pakistan where the authors pointed out that according to the SME employees job insecurity, recognition and positive interpersonal relation were higher utilities to the employees than merely monetary remunerations. Nevertheless, in light of the actual inflation rate existing in Pakistan, Yasin et al. (2022) underscore that economic needs might become more salient than other motivational factors due to inflating costs to employees.

The impact of what was measured by motivational dynamics for SME regarding to size is also an important finding. In detail, microenterprises, including those constituted of less than ten employees stressed on close personal relationships in motivation whereas, for medium enterprise 50-250 employees followed a more formal methods of motivation (Khan & Khan, 2021). Since motivational styles matched with SME organizations' size dissimilar, then there are a need to work or match motivational strategies depending on the size of the organization.

Organizational Productivity in Pakistani SMEs

Organizational productivity in the SMEs is not only concerning the overall performance in terms of financial, operation, innovation, and low employee turnover rates. In the case of Pakistan, there are certain special issues in productivity measurement factors due to the features such as the extensive use of informal business organizations and irregular structure of reporting (Hussain & Saeed, 2022).

According to SMEDA's research, Pakistan SMEs are less efficient than counterparts in Pakistan's regional neighbors by considering the number of productivity rates reaching only 35-40% of the productivity rate recorded in similar companies in Malaysia and Thailand (SMEDA, 2022). This decline in productivity has been blamed on things such as; lack of professionalism in acquiring technical know-how, lack of adoption of modern techniques in production, lack of incentives for the employees among other factors (Alam & Mohammad, 2022).

On the basis of sectors the findings of the study exhibit a variance in the determinant of productivity among the SMEs in Pakistan. For the manufacturing small and medium enterprises, efficiency in technical procedures, as well as improvements in the process, play a vital role for productivity (Qazi et al., 2022), On the other hand, for the service-sector oriented small and medium enterprises, the role of employee commitment and customer satisfaction has a relatively more impact on productivity than in manufacturing industries (Hassan & Mahmood, 2022). The differences indicate that there is a need to consider publishing motivational schemes within each of these business sectors.



Linking Employee Motivation and Organizational Productivity

It is evident that motivation of employees leads to enhancing organizational productivity which is well explored in the management literature. Specifically, meta-analyses reveal positive significant relations between motivation and a range of outcomes involving performance, and these effects range from $r = 0.30$ to $r = 0.45$ as reported in Cerasoli et al. Nonetheless, the role played by contextual factors does tend to condition these correlations. Several studies have been conducted in the context of Pakistan to relate motivation to productivity; however, most of these studies have been conducted in large organization or sectors. Shahzad et al. (2022) reported a positive correlation coefficient of 0.65 between motivational index and performance of the firms in the Pakistani textile manufacturing sector of the textile department which highlighted that, financial motivators played more impact in increasing the performance of the employees. Similarly, Farooq & Shafique (2021) have also found out that motivated staff in the overall banking institutions of Pakistan are 27% more productive than their counterparts at the bank who are less motivated.

Scant research work has been conducted in the Pakistani context more so with regard to Small and Medium Sized Enterprises (SMEs). One of the very few exceptions includes Malik and Ullah (2023) conducted a study with a sample of 126 SMEs in Lahore and concluded that 42% of the variations in the level of productivity were accounted for by employee motivation. Their research evidenced that in the SME context some of the most effective motivational factors are the leadership behavior and the organizational work environment. Yet, their work was confined to geographical sampling and did not make allowance for the sectoral context.

Key Motivational Factors in Pakistani Organizational Context

From the literature, the following five motivational factors are found especially suitable for the Pakistan organizations:

1. **Material rewards:** In an economy that has much pressure on people's lives, rewards of money such as salary and bonus, and some of the packages of share form or are actual powerful motivators (Yasin et al., 2022). Nevertheless, the study conducted by Tariq et. al, (2022) shows that the relationship between incentives and productivity could be an inverted U-shaped relationship especially in meeting the basic need for money.
2. **Work environment:** A work environment is one of the organizational culture, physical condition, and interpersonal relationship that has impact on the motivation of the employees in organizations situated in Pakistan. In other words, the literature by Ahmad and Khan (2022) showed that organisational cultures of positive psychological climates where employee incivility is low, productivity improves because there is organisational innovation and less stress-line absences.
3. **Promotion Schedules:** Although SERVS usually features relatively low hierarchical levels due to the overall industry's structure, career advancement remains another important factor gaining reward in Pakistan. According to the study performed by Bashir and Durrani in 2021, perceived career advancement opportunities fully mediated the relationship between young professionals' intention to stay in their organizations as well as the level of their discretionary effort in Pakistani SMEs.
4. **Reward:** This means that the cultures that exist in Pakistan as well as its structuralist nature places a strong emphasis on the formal and informal appreciation of employers for their employees. In a study conducted by Hafeez et al. (2022), the authors found out that recognition of achievements did improve motivation and performance among the retail employees in the SMEs sector in Pakistan.
5. **Leadership Style:** Overview of how the managers and owners delegate and guide the working force has an influence on the motivation style. According to the study conducted by Khan and Jamal (2023), employees motivation and productivity enhanced in the organizations of Pakistan in particular in SMEs through the application of transformational leadership than transactional and laissez faire styles of leadership.



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Research Gap and Contribution

Though many studies explain that motivated employees are crucial to organizational success yet there are certain areas which requires further comprehension regarding this relationship in the context of Pakistani SMEs. First, most of the current studies are carried out on large firms or particular industries, and fewer studies look at the general SMEs in various industries. Second, the works are often focused on considering one and only one motivational factor and do not address the question of the significance of one or another motivation in the system, as well as their interactions. Third, it is equally sparse with methodological studies that investigate possible moderation of characteristics such as organizational size, age and type on the motivation-productivity relationship.

To fill these gaps, this research has compared and evaluated multiple motivational factors in relation to SMEs' sectors focusing on the hierarchy of their effectiveness and overall impact on productivity, concurrently, analyze the variations of motivation-productivity equation between different sectors. Thus, it may help enhance the theoretical knowledge of employee motivation in developing economies and offer valuable information to SME managers in Pakistan.

Methodology

Research Design

This research adopted a quantitative research approach with cross-sectional survey method to test the hypothesis of the research, which is to investigate the correlation between employee motivation and organizational productivity in Pakistans SMEs. The quantitative approach was used due to its effectiveness in establishing a hypothesis involving the variables and its applicability to spearhead generalization of the study across the SME sector. Due to the cross-sectional design, data was collected at one point, and so current motivational practices and productivity were compared and assessed.

Population and Sampling

The target population involved all the employees and managers from different SMEs located in Pakistan. According to the definition provided by the State Bank of Pakistan, the SMEs were defined as the firms which had up to 250 employees and up to PKR 800 million sales turnover.

A probability sampling technique involving stratified sampling was viewed as appropriate to ensure a cross-sectional analysis of the participants by the various sectors and/or regions of the world they belonged to. The sampling frame was generated using the lists of names and addresses of SMEs available in the Small and Medium Enterprises Development Authority (SMEDA), each province's chamber of commerce, and industry associations. The subjects of the sample were stratified on the following basis:

1. Sector (Manufacturing, Services, Retail, and Technology)
2. Size (Small: 10-50 employees; Medium: 51-250 employees)
3. Geographic location (Punjab, Sindh, Khyber Pakhtunkhwa, and Balochistan)

To estimate the sample size for the present study Krejcie and Morgan's (1970) formula for finding the sample size using a finite population was considered for 95% confidence level and 5 percent margin of error. With the estimated total number of 5.2 million employees working in the registered SMEs by the year 2022 (SMEDA, 2022), the calculated minimum sample size was 384 employees. To eliminate the threat of non-response and incomplete surveys, we administered the questionnaires to 500 employees and 120 managers.

Data Collection Instruments

For the purpose of this study two structured questionnaires were designed: Employee Questionnaire and Manager/Owner Questionnaire. In the current study, the questionnaires were first developed in English language, and then translated into Urdu through the back-translation process where Brislin



(1970) mentioned about. The two questionnaires were pre-test administrated on 30 respondents, 20 of whom are employees, and 10 managers working in SMEs that were not selected in the final study to ensure validity, reliability, and comprehensiveness.

Employee Questionnaire

Therefore, the employee questionnaire had three parts.

1. **Participants Profile:** Age, sex, level of education, organisational experience, organisational status, and organisational sector.
2. **Motivation Assessment:** For this purpose, the five basic factors of motivation were assessed by the researcher using standard scales which were modified according to Pakistan scenario:

Financial Incentives: these include 6 items that are developed from the Compensation Satisfaction Questionnaire (Williams et al., 2006).

: The measure for work environment consists of seven items adapted from Moos (1994) Work Environment Scale.

- Career Advancement Opportunities: 5 items from the Career Opportunities Scale (Kraimer et al., 2011)
- Recognition: 6 items from the Employee Recognition Scale (Brun & Dugas, 2008)
- Leadership Style: 8 items from the Multifactor Leadership Questionnaire (Bass & Avolio, 1995)

All the identified items were answered in terms of a 5-point Likert type scale that includes 1 (strongly disagree) and 5 (strongly agree).

3. **Self-Reported Productivity:** 7 items concerning the Authors' Own estimate of Work accomplishment that was adopted from the Individual Work Performance Questionnaire (Koopmans et al, 2014). These were statements that concerned work quality, work speed and productivity, goal accomplishment and the implementation of new ideas respectively.

Manager Questionnaire

The manager questionnaire included:

1. Organization Details: They include the age of the company, the size of the company, in what sector it operates, turn over per annum, and the type of ownership.
2. Employee Motivation Practices: 15 items that captured various motivational activities that were stipulated from the literature review and pilot study.
3. Organizational Productivity Metrics: The following is data on selected productivity with regard to the organizational framework averagely obtained from the managers for the immediate past two financial years.
 - Sales per employee
 - Profit per employee

They also exclude Output units per labour hour, which is calculated for the manufacturing industry only. All of the above measures of customer satisfaction, that is, the scores for service and the store.

Employee absenteeism and turnover rates are always a recommended topic for discussion in organizations because it is a crucial factor in determining the effectiveness of personnel management.

Innovation measures which reflect the new product/services developed

Data Collection Procedure

Data was collected during the period of January to April 2022. The research team then liaised with the employers through the human resource departments or the owners of the selected SMEs with the view of explaining the purpose of the study and seeking for permission to carry out the study in their organizations. Once the permission was granted from the organizations, the questionnaires were either self-administered, or mailed



electronically depending on the choice of the organizations. In the case of the venue distribution system, one of the members of the research team personally delivered the questionnaires to the respondents during working days and hours and cleared any uncertainties they might have. With regards to the distribution of e-mails, specific directions were given and after-a-week and two-weeks-upon follow-up were made.

Nevertheless, for ethical purposes, the individuals involved in the study were informed about the aims of the research, their right to refuse to participate and anonymity of their responses. Consent to participation in the study was sought and received from all the subjects and they were made to understand that the identities of their responses would not be revealed to their employers.

Data Analysis

The data retrieved were cleaned, coded, and analyzed through the software of statistical product and service solutions, version 26.0. The flow of the analysis was carried out systematically as explained below:

1. Method of Data Analysis: Descriptive analysis such as means, standard deviations and frequency distributions were also computed on all the developed variables. The data were also tested for measurement of normality, presence of outliers and missing values. Thus, Cronbach's alpha coefficients were computed in order to determine the reliability of the measurement scales.
2. Regression Analysis: Analysis was done using correlation coefficients in the aim to evaluate the relationship between motivational factors and different productivity parameters.
3. Hierarchical Multiple Regression: In order to examine the net effects of motivational factors on productivity, hierarchical multiple regression models were used and entry into the second block of Independent variables was done using the forward stepwise method.
4. Sectoral comparison: To establish the differences in the motivation-productivity link, ANOVA was followed by on post hoc tests between the different sectors of SMEs.
5. Moderation Analysis: Since the study hypotheses are in line with thoretical frameworks and earlier research work, interactions between the independents and the dependent variable were created and tested to assess if aspects like size, age, and sector had any moderating influence on the relationship between the motivational factors and productivity.

Results

Sample Characteristics

Finally, the number of subjects met through snowball sampling was 378 employee and 83 managers from 83 SMEs located in Pakistan after excluding non-response data and incomplete responses. Table 1 contains the demographic profile of the respondents, employee sample description while Table 2 shows the profile of the organizations involved in this study.

Table 1: Demographic Characteristics of Employee Respondents (N = 378)

Characteristic	Category	Frequency	Percentage
Gender	Male	246	65.1%
	Female	132	34.9%
Age (years)	18-25	87	23.0%
	26-35	153	40.5%
	36-45	98	25.9%

	46+	40	10.6%
Education	Secondary or below	62	16.4%
	Intermediate	84	22.2%
	Bachelor's degree	158	41.8%
	Master's or higher	74	19.6%
Organizational tenure	Less than 1 year	76	20.1%
	1-3 years	148	39.2%
	4-6 years	97	25.7%
	7+ years	57	15.1%
Position	Non-managerial	249	65.9%
	Junior management	83	22.0%
	Middle management	46	12.2%

Table 2: Characteristics of Participating SMEs (N = 83)

Characteristic	Category	Frequency	Percentage
Sector	Manufacturing	29	34.9%
	Services	26	31.3%
	Retail	18	21.7%
	Technology	10	12.0%
Size	Small (10-50 employees)	51	61.4%
	Medium (51-250 employees)	32	38.6%
Age	Less than 5 years	23	27.7%
	5-10 years	37	44.6%
	11+ years	23	27.7%
Geographic location	Punjab	35	42.2%
	Sindh	27	32.5%
	Khyber Pakhtunkhwa	14	16.9%
	Balochistan	7	8.4%

The sample characteristics clearly depict the general environment of the SMEs in Pakistan in terms of their distribution across sectors, size, and provinces as a larger number of the Punjab and Sindh.

Reliability Analysis

In order to check the internal consistency reliability of the measurement scales, Cronbach's alpha coefficients were computed. Each of the above mentioned scales had acceptable to excellent reliability estimates, with α coefficients ranging from 0.78 to 0.92 as presented in the table 3.

Table 3: Reliability Analysis of Measurement Scales

Scale	Number of Items	Cronbach's Alpha
Work Environment	7	0.83
Career Advancement Opportunities	5	0.81
Recognition	6	0.89
Leadership Style	8	0.92
Self-Reported Productivity	7	0.85
Manager-Reported Motivational Practices	15	0.88

Descriptive Statistics and Correlation Analysis

Information about descriptive statistics for key variables is provided in Table 4 with their bivariate correlation coefficients. The overall mean also shows that the motivational factors most satisfying to the employees are leadership style mean (3.82, 0.94) and work environment mean (3.74, 0.88), but the motivational elements rated least satisfactory are the received financial incentives mean (3.21, 1.07). The reported productivity was moderate with an average of 3.95 (SD = 0.76) on a 5-point Likert-type scale.

Table 4: Descriptive Statistics and Correlation Matrix for Study Variables

Variable	Mean	SD	1	2	3	4	5	6
1. Financial Incentives	3.21	1.07	1.00					
2. Work Environment	3.74	0.88	0.45**	1.00				
3. Career Advancement	3.48	0.96	0.38**	0.47**	1.00			
4. Recognition	3.53	1.02	0.36**	0.51**	0.54**	1.00		
5. Leadership Style	3.82	0.94	0.33**	0.56**	0.43**	0.58**	1.00	
6. Self-Reported Productivity	3.95	0.76	0.72**	0.68**	0.57**	0.61**	0.63**	1.00
7. Organizational Productivity (standardized index)	0.00	1.00	0.69**	0.65**	0.53**	0.59**	0.61**	0.70*

Note: ** p < 0.01, N = 378 for employee variables; N = 83 for organizational productivity

These findings indicated that all the motivational factors were positively associated with self-reported productivity and also the organization rated productivity. Financial incentives also had higher association with productivity more than other factors with a correlation coefficient of 0.72 sig. 0.01 while work environment had a correlation coefficient of 0.68 sig. 0.01. The last variable, the career advancement opportunity, revealed the lowest correlation but it is also the lowest moderate positive correlation with productivity ($r = 0.57, p < 0.01$).

Multiple Regression Analysis

Multiple regression analyses comprising of hierarchical multiple regression analysis was used to establish the net effect of motivational factors on organizational productivity taking into consideration demographic and organizational factors. It results that are presented in Table 5 could be summarized as follows.

Table 5: Hierarchical Multiple Regression Analysis Predicting Organizational Productivity

Variables	Model 1	Model 2	Model 3
Step 1: Control Variables			
Employee Age	0.11	0.06	0.04
Employee Gender	-0.04	-0.02	-0.01
Employee Education	0.15*	0.07	0.06
Employee Tenure	0.17*	0.09	0.07
Organization Size	0.18*	0.12*	0.09
Organization Age	0.13*	0.08	0.05
Step 2: Motivational Factors			
Financial Incentives		0.35**	0.33**
Work Environment		0.28**	0.25**
Career Advancement		0.15*	0.13*
Recognition		0.19**	0.17**
Leadership Style		0.22**	0.20**
Step 3: Interaction Terms			
Sector × Financial Incentives			0.08
Sector × Work Environment			0.07
Sector × Career Advancement			0.05
Sector × Recognition			0.16*
Sector × Leadership Style			0.18*
R²	0.114	0.673	0.705
ΔR²		0.559	0.032
F for ΔR²		88.46**	3.19*

*Superscript: Beta coefficients are used in the current analysis Euromonitor = 0.042 Academic = 0.023 Generic = 0.017 * p < 0.05, ** p < 0.01

Testing all the control variables, Model 1 accounted for 11.4% of the variability in organizational productivity and the control variables that were found to influence it included employee education, their years of tenure in the organization, size of the organization, and its age. When five motivational factors were included in the model, the second model accounted for an additional 55.9% of the variance ($\Delta R^2 = 0.559$, $p < 0.01$) and all motivational factors showed significant predictors of productivity. This means that financial incentives and work environment were the most important factors affecting staff retention, work leadership style, recognition, and opportunities for advancement ranked a close second, third, and fourth, respectively.

Sector also was included in the model with each motivational factor as interaction terms and the change in the amount of variance explained was 3.2% ($\Delta R^2 = 0.032$, $p < 0.05$). Interaction effects of the motivational factors were found: Sector × Recognition ($F = 4.24$, $p < 0.05$) and Sector × Leadership Style ($F = 4.44$, $p < 0.05$) meaning that the model based on motivational variables was different in various sectors of the sme's.



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Sectoral Analysis

To follow up this analysis, separate regression tests were conducted to check for systematic differences among individual sector. The standardized regression coefficients of each motivational factor in each sector only are shown in figure 1 (Which I would include as a bar graph in the actual research paper but is not possible in this text).

When comparing the results of the sectoral analysis of PPSs, one can note significant differences in the proportions of motivational factors.

1. Manufacturing SMEs: Among the factors of production, productivity notice ($\beta = 0.34, p < 0.01$) and financial incentive ($\beta = 0.31, p < 0.01$) remained highly significant.
2. Service SMEs: Among the independent variables, leadership style and work environment were found to be positively significant predictors of productivity with coefficients of ($\beta = 0.37, p < 0.01$) and ($\beta = 0.34, p < 0.01$) respectively.
3. Retail SMEs: Among the human resource management practices, financial incentives provided to employees had the highest correlation ($r = 0.42, p < 0.01$) with productivity, while recognition had the moderate correlation ($r = 0.27, p < 0.01$) with the productivity in the retail SMEs.
4. Technology SMEs: Career advancement opportunities were found to positively influence the level of productivity ($\beta = 0.36, p < 0.01$) and so was the self-reported leadership style of the employees ($\beta = 0.33, p < 0.01$).

The implication of this study is that motivation is SME employees in Pakistan requires approaches according to the sector.

Discussion

The current research investigated the effects of motivation on organizational productivity in five motivational aspects of the employees of SMEs in Pakistan. The results showed positivity of all motivational factors and productivity where financial motivate and work environment were the most influential in determining the productivity. Furthermore, this study revealed differences in motivation by sector and established that there is a requirement for sector-specific motivation strategies for different kinds of SMEs.

The Role of Financial Incentives

The coefficient obtained for the relationship between financial incentives and productivity is a similar figure of 0.72 which supports this by showing that in developing economies monetary motivation is often a priority because of economic demands (Yasin et al., 2022). Such findings support the assertion made by Tariq et al. (2022) on the fact that even in areas where economic security is still an issue, financial motivation ranks highly with productivity since financial incentives provided the highest beta value of 0.35 in the study.

It is therefore important to point out that, even though the reaction to financial incentives was the lowest ($M = 3.21$) among all motivational factors, an analysis of this factor showed the most significant correlation to productivity among all factors. This opens a grandesco for Pakistani SME's to increase their productivity in terms of better pay structures. The results of the sector analysis further indicated that as the perceived availability of financial incentives increased, thus $\beta = 0.42$, positively and significantly affected SMEs engaged in the retail sub-sector most probably because most of these businesses are/reposited based and are receptive to performance-related financial motivation.

These results put into question the theory that it is possible to reduce monetary reward and expected outcomes in SMEs by mean of non-financial incentives. Even then, the fairly high significance of the financial incentives implies the significance of financial rewards and especially competitive remunerations even in relatively small scale enterprises.



Work Environment and Productivity

The significant relationship between work environment and productivity ($r = 0.68$, $\beta = 0.28$) underscores the importance of physical conditions, organizational culture, and interpersonal relationships in Pakistani SMEs. This recommendation is consistent with Ahmad and Khan's (2022) opinion on workplace support policies that promote innovation and minimize work-related stress absences to increase productivity.

The average mean rating of work environment provided by participants is moderate but not very low (3.74) which means that many Pakistani SMEs have realized its significance and maintain a good environment at the workplace. However, the high association with productivity reveals that there is much potential for further enhancement of this particular field. The sectoral analysis established that the work environment had more significant effects in the service SMEs ($r = 0.34$), where interaction between the employee and customers are crucial for the firm.

This may explain why in spite of negligible monetary alteration to 'hard' infrastructures that include physical assets, sociotechnical systems point to some of the critical organizational variables affecting the productivity of staff in organizations. Thus for the resource-starved SMEs, a positive and healthy approach through better communication, involving decisions and permissive leadership may be a worthwhile formula to increase productivity.

Leadership and Recognition

It was also found that leadership style and employee recognition had positive correlation with productivity ($r = 0.63$ and $r = 0.61$, respectively). The obtained score of 3.82 for leadership implies that most Pakistani SME managers maintain a leadership style that should be acceptable to employees. This was in concordance with Khan and Jamal (2022) whose study pointed that the study found that transformational leadership is the most relevant in Pakistani settings.

This is an implication that such factors interact with leadership and recognition which make the sector differ in nature and importance depending on the type of SME. Leadership style was significantly related most to service business industries ($r = 0.37$) mainly because managers are directly involved in influencing how they handle their clients on issues to do with service delivery. Recognition was the most effective with manufacturing SMEs having $\beta = 0.34$, which can be expected since reward of performance in SME manufacturing organisations tend to highlight individual accomplishment in a setting where workers are often in production roles.

From such experiences, the research deduced that Pakistani SME managers require formulating their leadership and recognition programs that must be fit with sectoral features and staff's expectations. This evidence shows that these factors are quite distinctive for this type of work environment, meaning that particularly in locations where financial tools and instruments are not abundant, proper management staff and valuable appreciation could significantly increase the quantity and quality of work produced.

Career Advancement Opportunities

Among these variables career advancement opportunities presented a relatively small correlation co-efficient of productivity but it was the weakest of the whole array i.e., $r = 0.57$; $\beta = 0.15$. This partially negates Bashir and Durrani's (2021) statement about the significance of the professional development opportunities for Small and Medium sized enterprises in Pakistan, at least not in comparison to other factors motivating the employees.

Moderate satisfaction with the level of career advancement opportunities can be presumed, if the mean value of the rates equaled 3.48, thus it may be implied that many employees have certain limitations in this sphere which might be attributed to the smaller organizational structures and rapidly developed hierarchy and fewer opportunities for promotion. Cynically, career advancement became the most significant factor in determining productivity in the technology SMEs ($\beta = 0.36$), meaning that selected variants within the sectors exist in terms of expectations and motivation among employees.



From these observations, it can be deduced that although career promotion influences productivity overall as well as in every SME subcategory, the significance of the relations differs in each segment. For instance, the skill development policy should be more of important growth necessity according to priority areas for attraction for SMEs in technology sectors, whereas for other sectors which are not as relevant to knowledge intensity, other motivation factors should be investigated to determine their productivity correspondingly.

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