



Yufei Li

SUGGESTIONS ON HOW TO IMPROVE
EMPLOYEE MOTIVATION IN CHINESE
SMALL AND MEDIUM-SIZED PRIVATE
ENTERPRISES

Case Company: X Glassware Factory

Business Economics

2016

TIIVISTELMÄ

Tekijä	Li Yufei
Opinnäytetyön nimi	Miten parantaa henkilöstön motivaatiota kiinalaisissa pk-yrityksissä. Tapaustutkimus Lasitehdas X.
Vuosi	2016
Kieli	englanti
Sivumäärä	48 + 3 liitettä
Ohjaaja	Satu Lautamäki

Taloudellisen vallankumouksen ja avoimen talouspolitiikan myötä Kiinan yksityisistä yrityksistä on tullut taloudellisen kasvun päävaikuttaja melkein kaikkialla Kiinassa. Kuitenkin, yritysten kehityksen ja kilpailun keskellä pienet ja keskisuuret yritykset ovat kohdanneet vakavia haasteita henkilöstöhallinnon ja työntekijämotivaation alalla. Alhainen työntekijätuotiväisyys ja motivaatio samoin kuin työvoiman väheneminen ovat yleisiä, millä on haitallinen vaikutus yrityksen päivittäisessä toiminnassa.

Motivaatioteorioihin pohjautuen opinnäytetyön tavoitteena on analysoida nykyisiä ongelmia henkilöstömotivaatiopolitiikassa eräässä lasitehtaassa ja kuvata yleisiä ongelmia pienissä ja keskisuurissa yksityisissä yrityksissä. Lopuksi on tarkoituksena esittää ehdotuksia kuinka ratkaista nämä ongelmat.

Määrällistä ja laadullista tutkimusmetodia on käytetty tässä tutkimuksessa. Haastattelu ja kyselytutkimus näyttävät selkeästi, että oikeudenmukaisuuteen, kommunikaatioon, hyvinvointijärjestelmään ja koulutukseen liittyvät puutteet ovat olemassaolevia pääongelmia pienissä ja keskisuurissa yrityksissä Kiinassa.

Nämä ongelmat ja ehdotukset caseyritykselle esitetään yksityiskohtaisesti opinnäytetyön loppuosuudessa. Koska opinnäytetyössä yhä on rajoituksia, johtopäätöksissä esitetään myös ehdotuksia tulevaa tutkimusta varten.

Avainsanat Kiina, työntekijätuotiväisyys, yksityiset pienet ja keskisuuret yritykset, työntekijän motivaatio, henkilöstöhallinto

CONTENTS

TIIVISTELMÄ

ABSTRACT

1	INTRODUCTION.....	9
1.1	Background of the Research.....	9
1.2	Research Problems and Objectives.....	10
1.3	Structure of the Thesis.....	11
1.4	Limitation of the Thesis.....	11
2	THEORETICAL PART.....	12
2.1	General Introduction of Chinese SMEs.....	12
2.1.1	The Definition of Chinese SMEs.....	12
2.1.2	The Current Situation of Human Resource Management in Chinese Private SMEs.....	13
2.1.3	The Importance of Employee Motivation in Chinese SMEs.....	15
2.2	Understanding of Employee Motivation.....	16
2.2.1	The definition of Motivation.....	16
2.2.2	Maslow's Hierarchy of Needs.....	17
2.2.3	Theory X and Theory Y.....	18
2.2.4	Herzberg's Two Factor Theory.....	20
2.2.5	Reinforcement Theory.....	21
2.2.6	Equity Theory of Motivation.....	22
2.2.7	Expectancy Theory of Motivation.....	23
3	RESEARCH METHODOLOGY.....	26
3.1	Research Methods.....	26
3.1.1	In-depth Interview.....	27
3.1.2	Questionnaire.....	27
3.2	Reliability and Validity.....	27
4	EMPIRICAL PART.....	29
4.1	Brief Introduction of the Case Company.....	29
4.2	Research Findings.....	29
4.2.1	Questionnaire Results.....	29

4.2.2	Interview Results	38
4.3	Suggestions	40
4.3.1	Improve the Leadership Qualities	40
4.3.2	Provide Fair Promotion Opportunities.....	41
4.3.3	Build Employee Training Program.....	41
4.3.4	Build a Comprehensive Welfare System	42
5	CONCLUSION	43
5.1	Summarizing the Research Result	43
5.2	The Suggestions for the Case Company	44
5.3	Recommendations for Further Research	44
	REFERENCES	46
	APPENDIX 1. INTERVIEW.....	49
	APPENDIX 2. QUESTIONNAIRE.....	50
	APPENDIX 3. QUESTIONNAIRE (CHINESE-VERSION)	53

LIST OF FIGURES

Figure 1. Maslow Hierarchy of Needs (Maslow 1970).	17
Figure 2. Theory X and Theory Y (Chapman 2002).	19
Figure 3. Two-Factor Theory (Emaze 2016).	20
Figure 4. Equity Theory (Redmond & Cox 2015).	23
Figure 5. Expectancy model of motivation (Nelson & Quick 2011).	24
Figure 6. Knowledge about the company's employee motivation policy.	31
Figure 7. Motivating factors.	33
Figure 8. Satisfaction with the frequency that your manager communicates with you.	34
Figure 9. The frequency of praise or encouragement from manager.	35
Figure 10. Supporting motivation in the company.	36

LIST OF TABLES

Table 1. SME definitions in different countries (White Paper on Small and Medium Enterprises in Taiwan 2006).	12
Table 2. Definitions of SMEs in China (SME promotion law of China 2003).	13
Table 3. The difference between qualitative research and quantitative research. (Studybay 2014)	26
Table 4. Basic information of respondents. (75 of private enterprises, 55 of state-owned enterprise)	30
Table 5. Satisfaction level of employees.	37

LIST OF APPENDICES**APPENDIX 1.** Interview Questions**APPENDIX 2.** Questionnaire Questions**APPENDIX 3.** Questionnaire Questions (Chinese-version)

1 INTRODUCTION

1.1 Background of the Research

With the joining of World Trade Organization, Chinese industry has benefited a lot, and the increasing global economic integration makes the number of Chinese small and medium-sized enterprises grow faster in the mainland of China. According to the latest national statistics, Chinese SMEs accounts for 98% of the total number of the whole country's enterprises. With the development of the market economy of the country, those small and medium-sized enterprises owned by private owners have become an important part of the national economy. More attention should be paid to the development of private SMEs. (Lan 2014)

No matter how rapid the economy develops, human resources still can be regarded as the strategic resource for modern enterprises, and play a critical role in the company's development, and furthermore, motivation is the important part of human resource management. But 21st century is the era of a knowledge-based economy. The competition between these enterprises is not only focused on the productivity, technology and other aspects of competition, but it tends to be the competition between human resource, employee's ability and loyalty, which can create invisible profit for the enterprises. The development of enterprises depends on their employees at all, and people's development is decided by their enthusiasm. Therefore arousing the enthusiasm of the staff and giving enough chance for their potentiality has become an important task for managers. (Chinadmd 2015)

As the theory shows, large companies tend to provide attractable benefits and investment in human resource management to survive in the highly competitive labor markets. However, compared to large firms, because of the limited resource, SMEs have difficulties in the development of human resource management, which will cause they become smaller in size, the complexity increases rapidly, and they are lacking experience of managerial knowledge. (Cardon & Stevens 2004)

Since Chinese private SMEs play an irreplaceable role in economic development of this country, there is no doubt that how to motivate their staffs efficiently become a very necessary issue for the majority of private SMEs. An efficient motivation system should be discovered to stimulate the small and medium sized private enterprise step into a higher hierarchy of the economic status.

However, the current situation shows that most of small and medium-sized enterprises have put some effort to the employee motivation, but still cannot retain their labor force. Private SMEs should discover an efficient motivation system as soon as possible.

1.2 Research Problems and Objectives

Based on this phenomenon, the main issue of this thesis is how to improve employee motivation in Chinese small and medium-sized private enterprises. A case company will be chosen to further analyze the issue. During the research, a comparison will be made between the case company and the state-owned enterprise, and then better show the if there are some problems related to the employee motivation in case company. If it appears there are some problems related to the employee motivation system in the case company, in order to better solve these problems, several measures will be put forward eventually.

The specific research questions are the following:

- 1) What motivates employees most in their work?
- 2) What kind of employee motivation method does the case company have?
- 3) Are there any problems related to the employee motivation in the case company?
- 4) Are there any suggestions for improving the employee motivation in the case company?

1.3 Structure of the Thesis

This thesis is divided into five chapters:

Chapter 1 is the introduction part of the whole thesis, which shows the background of the research and the research problems together with the research objectives, the structure of the thesis and the limitations are also presented in the first chapter.

Chapter 2 comprises the theoretical framework, the definition of Chinese SMEs and the current situation of SMEs' human resource management, the motivation theories are all clearly explained, such as Maslow theory, two factor theory and reinforcement theory

Chapter 3 presents the methodology and research method, which includes the research method that I utilized in the research and the analysis of reality and validity of the research result.

Chapter 4 consists of the empirical part, which mainly deals with the research process and the research findings of the questionnaire and the interview, also raise suggestions to solve the research problems.

Chapter 5 is the conclusion part, it presents the final summary of the whole thesis and generalizes the final result of the research and simplifies the suggestions again.

1.4 Limitation of the Thesis

The research aims to provide useful information to the case company, based on both theoretical and empirical research. The main limitation of the research is that the sample size is limited, since the data collection and timely resources were limited.

Additionally, there exist a large amount of theories that related to employee motivation, but all of these theories cannot be introduced, just a small amount of theories are picked to do a brief introduction, the time limitation does not allowed me to do a specific analysis about each theory.

2 THEORETICAL PART

2.1 General Introduction of Chinese SMEs

2.1.1 The Definition of Chinese SMEs

With the development of the economy, SMEs grow stronger and stronger, they also become the essential part of the business world. But when it comes to Small and Medium Enterprises, different countries give different definitions to the term Small and Medium-sized Enterprises, which are based on their own governmental policy and economic status. (See table 1)

Table 1. SME definitions in different countries (White Paper on Small and Medium Enterprises in Taiwan 2006).

Country	Definition of SME	Measurement
China	Varies with industry; usually less than 100 employees	Employment
Hong Kong	Manufacturing – 100 or fewer employees Other – 50 or fewer employees	Employment
Indonesia	Less than 100 employees	Employment
Japan	Wholesale – less than 100 employees or JPY 100 million assets Services – less than 100 employees or JPY 50 million assets Retail – less than 50 employees or JPY 50 million assets Other – less than 300 employees or JPY 300 million assets	Employment and Assets
Malaysia	Manufacturing – less than MYR 25 million or 150 employees Services – less than MYR 5 million or 50 employees Different for Bumiputra enterprises	Shareholders, Funds and Employment
Philippines	Less than 200 employees or PHP 60 million assets	Employment and Assets
Republic of Korea	Manufacturing – less than 300 employees, or KRW 8 billion assets Wholesale – less than 100 employees or KRW 10 billion annual sales revenue	Employment, Assets and Sales Revenue
Singapore	Manufacturing – fixed assets worth SGD 15 million or less Services – less than 200 employees	Employment and Assets
Taiwan	Manufacturing – less than TWD 80 million of paid-in capital or less than 200 employees Other – less than TWD 100 million annual sales revenue or less than 50 employees	Sales Revenue and Employment
Thailand	Manufacturing and services – less than 200 employees or THB 200 million assets Wholesale – less than 50 employees or THB 100 million assets Retail – less than 30 employees or THB 60 million assets	Employment and Assets

China has set the criteria for SMEs based on the SME Promotion Law of China, and has published the “Interim Categorizing Criteria on Small and medium-sized Enterprises

(SMEs)” in 2003. This publication shows that the SME definition in China is based on the amount of employees, annual profit and total capital of the company. (See Table 2)

Table 2. Definitions of SMEs in China (SME promotion law of China 2003).

Size Category	Industries	Employment-based	Total assets	Business revenue
Small	Industry	< 300	<¥ 40million	<¥ 30million
	Construction	< 600	<¥ 40million	<¥ 30million
	Wholesale	<100		<¥ 30million
	Retail	<100		<¥ 10million
	Transport	<500		<¥ 30million
	Post	<400		<¥ 30million
	Hotel & restaurant	<400		<¥ 30million
Medium	Industry	300- 2000	¥ 40million-400million	¥ 30million-300million
	Construction	600-3000	¥ 40million-400million	¥ 30million-300million
	Wholesale	100-200		¥ 30million-300million
	Retail	100-500		¥ 10million-150million
	Transport	500-3000		¥ 30million-300million
	Post	400-1000		¥ 30million-300million
	Hotel & restaurant	400-800		¥ 30million-150million

Note: SME meet one or more of the conditions. ME should meet three conditions, the others are SE.

The small and medium sized enterprises that are owned by private owners are called small and medium sized private enterprises.

2.1.2 The Current Situation of Human Resource Management in Chinese Private SMEs

Since private SMEs lack of competitive, it is impossible for them to spend so much time and effort to design a set of management system, private SMEs do not like those large companies, they do not have enough capital to please someone to design their own

system, they tend to pay their attention to those issues that can bring the biggest value in a short period. Thus they manage their employee in a very simple way, lack professional skills, and a systematic management system. (Li 2016)

Most of SMEs focus on recruitment, internal staff matters that related to employee contract management, time and attendance, payroll systems, mobilization. But issues like employee motivation, employee training; company culture and other aspects are ignored by the organization. When comparing with large enterprise, SMEs do not provide as much as opportunities for their employees to get self-improvement, which will be restrict for training and fully performance of the potential talents. (Li 2016)

Most of SMEs only focus on their own affairs but ignore their employees; they do not treat their employees as potential resources, individual just exist as the form of personnel files. (Li 2016)

In the past, with the development of traditional industry, managers always had a view that they can deal with the business only depending on their own experience thus ignore the importance of further training. Especially, SMEs are not willing to spend on the employee training. What they mainly focus is present. The training of talented person are never in the personnel department's plan, they are not aware that those talent person fit well with the enterprises' development but those should be on the basis of developing their potential abilities. (Li 2016)

Lack the effective incentive mechanism system. Once promotion and award appears, the following phenomena will appear at the same time: when appointing your employees, favoritism, seniority and academic credentials seems more important than abilities. (Li 2016)

Due to SMEs' weak competition, they have less assets and influence than those large corporations. It seems not easy for them to make fully use of the talented person strategy, and even cannot attract talented individuals with high salaries and welfares. Since their economic scale is narrow and their weak technology. Most companies ignore the

relationship between their personal value and their companies' principles, which make the talented person not stay so long in the organization. (Li 2016)

But SMEs still have their special features, compared with large enterprise, their system seems more flexible, they will give immediately respond when there a little change happen to the market. Furthermore, SMEs have enough capacity to make it stronger, it always develop in a rapid pace, which offer the talent person a chance to show their excellent skills and talents. (Li 2016)

2.1.3 The Importance of Employee Motivation in Chinese SMEs

It is well-known that employee plays an important role in a company's development, and how to motive the employees becomes a popular issue among those Chinese SMEs, but why employee motivation can be so important in Chinese SMEs:

Employee motivation is necessary to any business, the motivated labor force means a highly productive employee, and those highly productive staff can be called the good-helper to achieve business objectives. (America's Job Exchange 2016)

Reasonable motivation policies will motivate employee to work harder. Harvard University research psychologist William James approves that "if the individual ability to motivate object fully mobilize their personal ability to play 80% to 90%, on the contrary, can only play 20% to 30% of individual ability." therefore, an effective incentive system should be exist in each company to better motivate their employees. (America's Job Exchange 2016)

Employee motivation can improve employee performance, the result of the research shows that, if other factors stay the same, employee's performance will depend on the motivation level that his organization gives to him. That is to say that organization should take effectives methods to stimulate their employee's enthusiasm during their work time, hence improving their employee's performance. (America's Job Exchange 2016)

To some extent, employee motivation can improve the competitiveness of enterprises. As to 21st century, talent becomes the key element of the enterprise resources; competition among companies tends to become the competition of talent. What entrepreneur should pay attention

to is to motivate their employees in an efficient way to better attract and maintain the excellent talent that is beneficial for their business. (America's Job Exchange 2016)

The importance of employee cannot be ignored; we should believe that once employees are effectively motivated, they will bring a series of positive phenomena, for example, the productivity will increase, the turnover become lower and lower, furthermore, the overall performance will be improved as well. (America's Job Exchange 2016)

2.2 Understanding of Employee Motivation

2.2.1 The definition of Motivation

Motivation is a general word that comes from "motive"; it shows the needs, desires, wants and drives within individuals. There exist different definitions about motivation. Dmitry A shows that "Motivation refers to the system of process and mechanisms that bring a living creature into motion". Researcher always related motivation with "needs", when it comes to need, there comes another terminology "meta-psychological", this kind of relation make the definition of motivation hardly to be coordinated with the transnational status in psychology. It is really hard to make the classification of the needs as well as the measurement. (Dmitry 2012, 10-12)

Motivation presents the forces that can arouse enthusiasm and persistence either within or external to a person to pursue a series of action. Productivity, and part of a manager's job all can affected by employee motivation, which can build a channel for motivation toward the accomplishment of organizational goals. (Richard & Lyman 1983)

There stills exist other definitions, Kreitner (1995) states that motivation is a psychological process, which demonstrate the purpose and the orientation of one behavior; Higgins(1994) also illustrate that motivation aims at using internal incentives to meet the satisfaction of an unsatisfied demand. But later on, Mitchell (1982) gives his own explanation of motivation: "motivation becomes the degree to which an individual wants and chooses to engage in certain specified behaviors".

With the progress of people's thought, more and more researcher put forward a series of theories that related to employee motivation.

2.2.2 Maslow's Hierarchy of Needs

Maslow's hierarchy of needs can be called the most representative theory of motivation, which mainly discuss about those existing factors that can motivate people, This theoretical framework was raised by Abraham Harold Maslow in 1943, and the idea has been further explained in his book "Motivation and Personality" published in 1954. Maslow's theory was illustrated according to the pyramid shape. (See Figure 1)

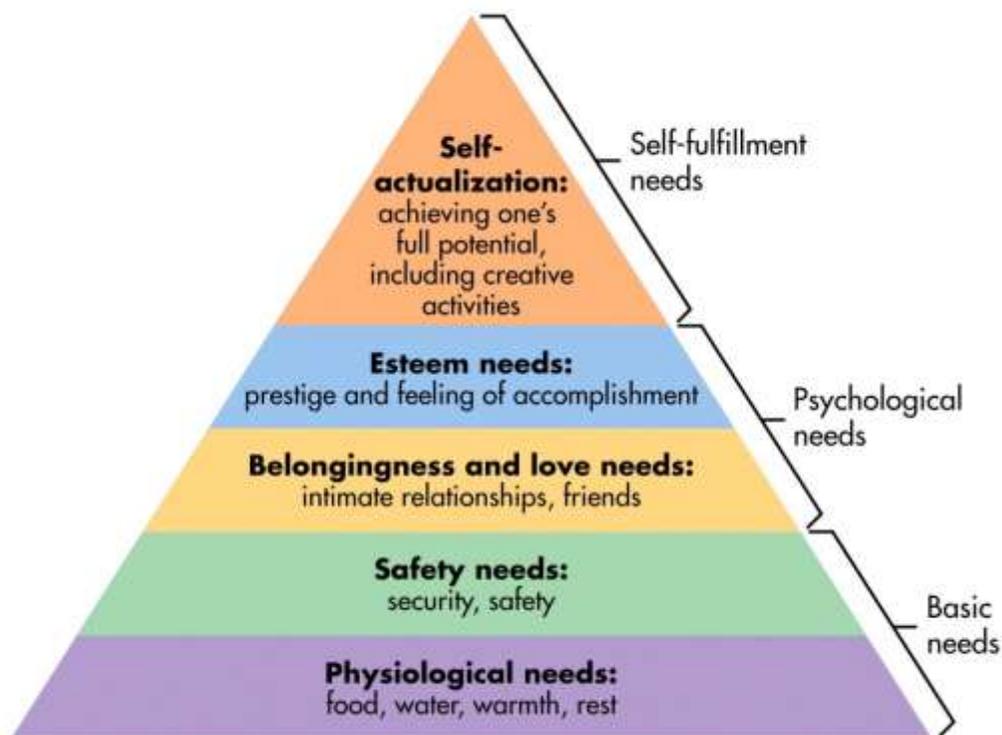


Figure 1. Maslow Hierarchy of Needs (Maslow 1970)

Maslow's hierarchy of needs consist of five parts, from the lowest level to the highest: Physiological needs, Safety needs, Belongingness and love needs, Esteem needs and self-actualization, Maslow states that as long as individuals have got the satisfaction from the lowest level, such as food, water, warmth, then they will adjust their behavior to get the satisfaction from higher level of needs. As Maslow shows that "the basic human needs

are organized into a hierarchy of relative prepotency”. People always have basic needs for survival (food, warmth, shelter), once these are satisfied, then enter to the higher level of demands for security and social satisfaction. After this level, they begin to seek for the satisfaction of intimate relationships, and the highest level is self-actualization. Actually, self-actualization makes a big difference when people are dealing with their work. For self-actualization, people regard their work as the self-part of the individual definition of themselves. (Maslow & Stephens 2000)

Stephens approves that if Maslow’s hierarchy of needs was applied to the work field, when employees get reasonable satisfactions, factors like job security and salary are all well addressed; people then do not need to spend so much time on thinking about their salary unless other irresistible factor comes out. Therefore, comfortable environment should be built and modified regularly to better motivate the workforce, which make employees fulfill their needs during pursuing the goal of the company. Meanwhile, the company can benefit from the employees, it is said that employee’s behavior will be consistent with the biggest interests of the company. (Maslow & Stephens 2000, 2-250)

In order to help their employees better satisfy their own needs, organizations should put more efforts on thinking about various of incentives, which can better encourage them progress up the hierarchy. It is better for the management team to know that not all the workers are motivated by the same factor or the same pace, motivation methods should be vary from employees to employees. (Mullins 2007, 258- 260)

Maslow’s hierarchy of needs theory laid the foundation for Douglas McGregor’s Theory X and Theory Y leadership theory. (Maslow & Stephens 2000, 249)

2.2.3 Theory X and Theory Y

Douglas McGregor (1960) put forward this famous theory in his book “The Human Side of Enterprise” in 1957 (Johnston 2007). This theory shows us two totally different attitudes of employee behavior at work, the one shows negative attitude called Theory X, on the contrary, positive attitudes called theory Y. (see Figure 2)

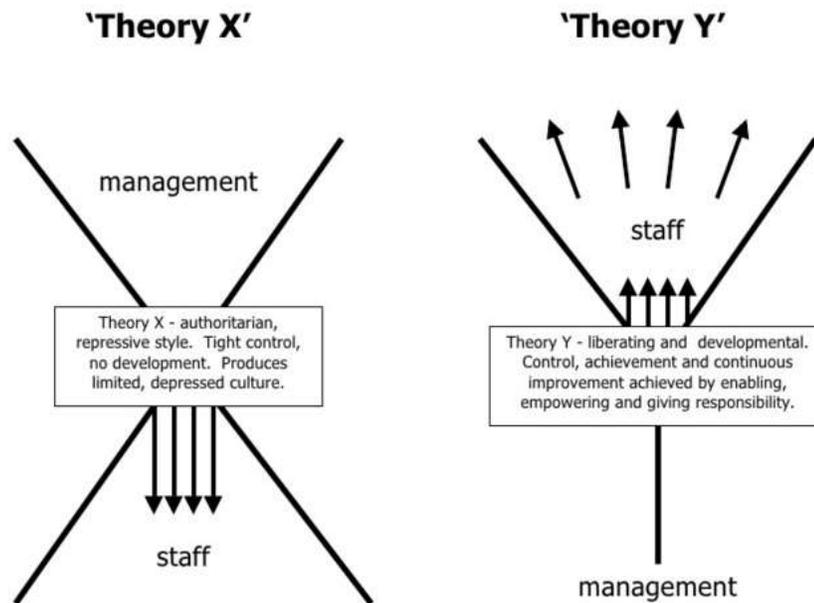


Figure 2. Theory X and Theory Y (Chapman 2002).

Theory X gives the assumption that individuals are lazy enough, try to avoid work, lack of responsibility, and they need a powerful leader to drive them become an efficient employee, which means that the leader should use punishment as a tool. As McGregor reveals that “Because of this human characteristic of dislike of work, most people must be coerced, controlled, directed, 10 threatened with punishment to get them to put forth adequate effort toward the achievement of organizational objectives” (McGregor 1960, cited by Johnston 2007)

However, Theory Y illustrates that people have a strong willingness to work and do his best to meet his maximum achievements during the work time. Johnston comments that in terms of Theory Y, workers tend to be more productive and easy to be satisfied with the internal motivation (McGregor1966, cited by Johnston 2007). Combined with Maslow’s hierarchy of needs, obviously to get that once individual get the satisfaction of physiological and safety needs, the left needs like esteem and self-actualization is the essential part that make individuals motivated.

Eventually, with the understanding of Theory Y, leaders should put more effort on knowing what their employees needs and create a comfortable workplace atmosphere ((McGregor 1966, cited by Johnston 2007). For example, give their employees opportunities to involve in the decision-making, and create a friendly working environment between their team members.

2.2.4 Herzberg's Two Factor Theory

Herzberg's Two Factor Theory can be also called Motivation-Hygiene Theory, which was discovered by Frederick Herzberg. This theory aims at discovering what kind of factors happened at workplace can cause job satisfactions and which can cause job dissatisfactions. (See Figure 3)

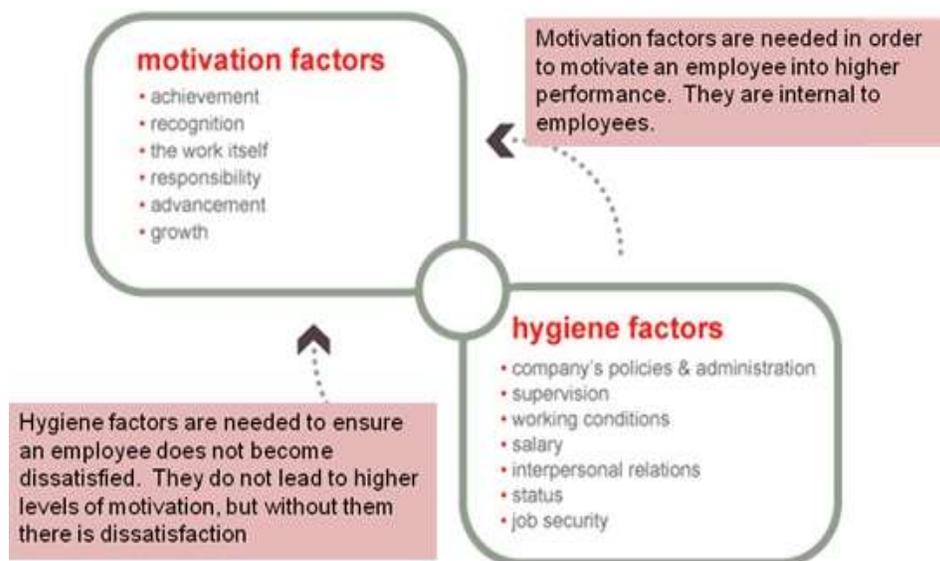


Figure 3. Two-Factor Theory (Emaze 2016).

The conclusion from Herzberg is that job satisfaction is affected by two kinds of factors: they are Motivators and Hygiene. Motivators includes “recognition, achievement, the possibility of growth, increased responsibility, and job itself” , these kind of factors have a strong relationship with job satisfaction; but other factors composed of “working conditions, company policy and administration, relation with the supervisor, relations with peers, and pay” are more related with job dissatisfaction. (Westbrook& Turner 1997)

“Herzberg reasoned that because the factors causing satisfaction are different from those causing dissatisfaction, the two feelings cannot simply be treated as opposites of one another. The opposite of satisfaction is not dissatisfaction, but rather, no satisfaction. Similarly, the opposite of dissatisfaction is no dissatisfaction. While at first glance this distinction between the two opposites may sound like a play on words, Herzberg argued that there are two distinct human needs portrayed”. (NetMBA 2010)

Therefore, the responsibility of the manager is to ensure that their employees get enough satisfaction of hygiene factors, meanwhile, put more effort on motivators to make the motivation more effective. Managers should focus on the intrinsic factors to better increase employee job satisfaction and job performance. For example, encouraging and let the employees know that they are very important is necessary, after all, Herzberg assumes that “the only way to motivate the employee is to give him [her] challenging work in which he [she] can assume responsibility” (Leach 2000). This assumption can be applied in each industry for employee management.

2.2.5 Reinforcement Theory

This theory was firstly developed by Skinner in 1938. It illustrates that the consequences of human’s behavior is the main cause that can influence human behavior. Reinforcement theory is based on “law of effect”, which means that if employee’s behavior will bring a positive effect, this behavior will be repeat, otherwise, it will not be repeated. Reinforcement theory mainly focus on individual’s behavior will result in what kind of consequences, thus the manager should make the external environment more positively to motivate their employees. Several organizations tend to follow Reinforcement theory as a useful tool to analyze employee’s behavior, managers tends to use following methods to manage their employee’s behavior (Management Study Guide 2016):

Positive Reinforcement means that when employees perform a positive or reasonable behavior, a positive response will be given to them. For example, if an employee always finishes his work ahead of time, then they will get praising or rewarding, which will stimulate this excellent behavior appears again. (Management Study Guide 2016)

Negative Reinforcement does not mean punishment; it just aims at reducing negative consequences of the rewards that the employees get. Not only positive reinforcement but also negative reinforcement can improve employee's behavior. (Management Study Guide 2016)

Punishment aims at eliminating positive consequence to avoid that negative behavior appears again in the future, for instance, give blame if the employee do not follow the company rules. (Management Study Guide 2016)

Extinction means removing the reinforcement. That is do not give reward for that kind of behavior to lower the possibilities of undesirable behavior. For example, if an employee regard his work is excellent, but you do not give praise to the behavior, then he will notice that maybe this behavior is not so excellent as he believes. Extinction may unintentionally lower desirable behavior. (Management Study Guide 2016)

2.2.6 Equity Theory of Motivation

Equity Theory was developed by Adams in 1969, and the theory aims at analyzing whether resource are allocated fairly among partners. It illustrates that employees expect the equity between the efforts that they put in work and the rewards that they received from it, also compared their inputs and rewards with others. Only when they are treated in a fair environment, can employees be motivated efficiently, otherwise, inequity will result in employees' dissatisfaction of their work environment (RedMond& Cox 2015)

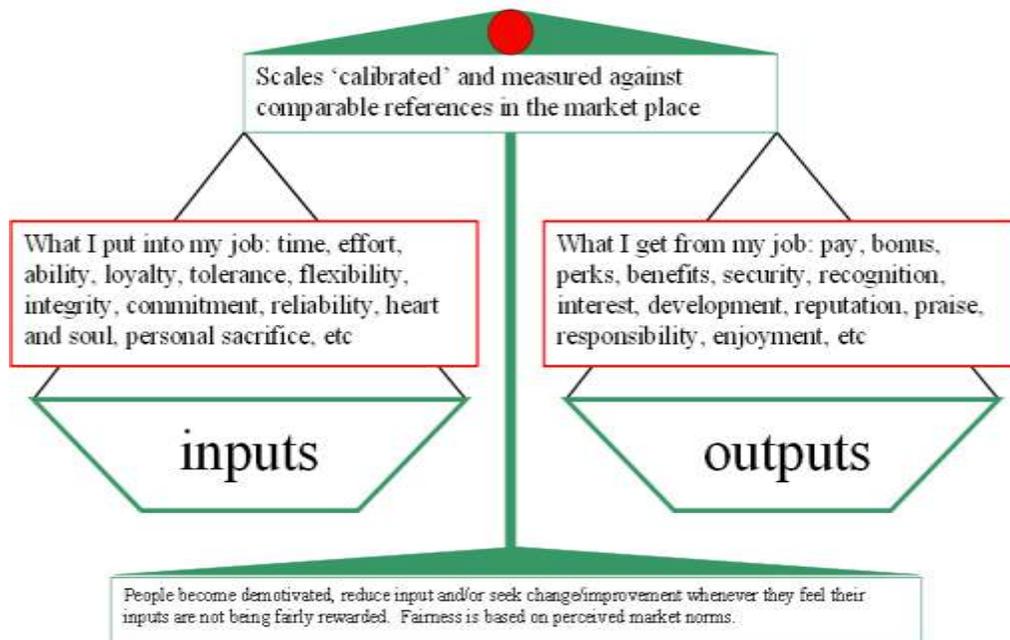


Figure 4. Equity Theory (Redmond & Cox 2015)

It is obvious to see from Figure 4 that Equity Theory is based on the concept of “fairness”. This theory shows that individuals are sensitive about what is fair and what is unfair, and this kind of conscious will lead to the performance level that the individual responds to those situations. For example, when employees notice that there exists unfairness between what is their input and what they get from it, especially when compared with others, who get a better result, they will gain a strong sense of dissatisfaction. That is why it is really important to put fairness in the working environment to avoid complaint (Rennie 2012, 188).

2.2.7 Expectancy Theory of Motivation

Comparing with Equity Theory, Vroom’s expectancy theory tends to focus on employee’s perception of performance process. Individuals always believe that there exist a close relationship among the effort they put during work, their performance and the results they receive. Expectancy theory of motivation can be called the cognitive process theory of motivation. (Nelson & Quick 2011)

Nelson points that the essential elements of expectancy theory are the “Valence of an outcome, expectancy, and instrumentality” (Nelson & Quick 2011). Valence means the value that individual put on a specific reward. Expectancy represents “the belief that effort leads to performance”. (For example, if I work harder, I can perform better). Instrumentality is the belief that rewards and performance are always positive correlations. (For example, the better I perform the more pay I will get). The following Figure 5 shows us a model of expectancy theory.

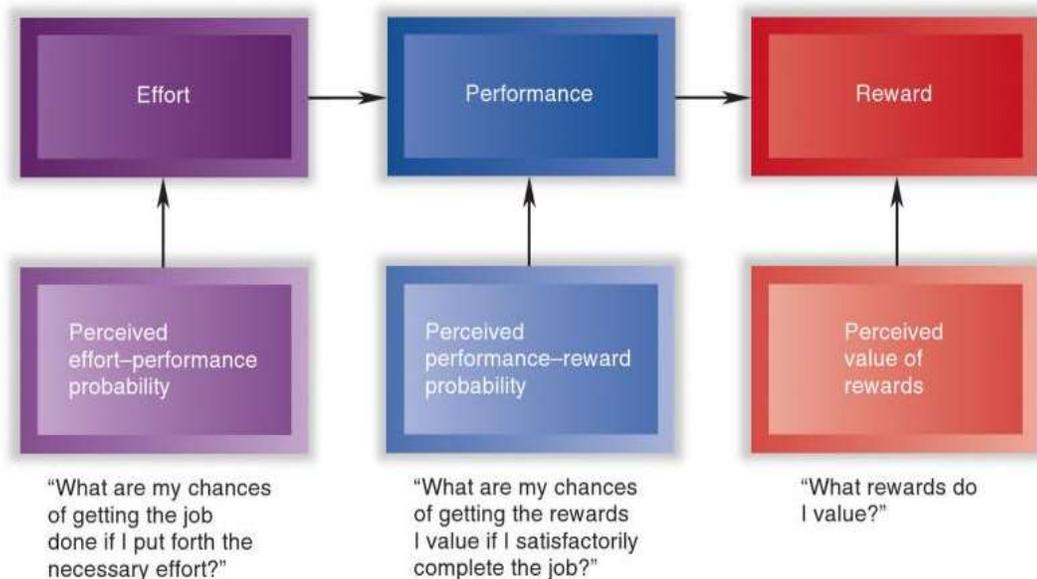


Figure 5. Expectancy model of motivation (Nelson & Quick 2011).

Valence of an outcome, expectancy, and instrumentality are all necessary when considering the person’s motivation. The personalities of each individual also decide that the perceived relationship between effort and performance are different in terms of different individuals and different activities. For example, one believes that better performance may have positive effects on the final reward that they get; on the contrary, another one suggests that the improvements of performance do not make any difference on the rewards. Which suggest that managers and companies should design a reasonable motivation system according the employee’s personalities. (Nelson & Quick 2011)

Through this expectancy theory, we get to know that “A person’s motivation increases along with his or her belief that effort leads to performance and that performance leads to

rewards” (Nelson &Quick 2011). The expectancy theory aims at increasing individual’s belief that the more efforts you put in work, the better performance you will show, and then you will get more pay or other rewards. (Nelson &Quick 2011)

3 RESEARCH METHODOLOGY

3.1 Research Methods

Research methods can be divided into quantitative research and qualitative research, which are both used in my research. Table 3 shows the difference between qualitative and quantitative research .

Table 3. The difference between qualitative research and quantitative research (Studybay 2014).

Traditional perceptions	Qualitative research	Quantitative research
Data collection	Focus groups Depth interviews Accompanied shops	Surveys Audits
Quantity of data	Small	Large
Nature of data	Unstructured, e.g. verbal comments	Structured, e.g. survey responses to closed questions
Focus	Why? How do things work?	What? How many?
Output	A description	Projectable numbers
Epistemological stance	Constructionist	Positivist

Quantitative research always focuses on those issues that can be measured. It gives a wider perspective. This kind of research method aims at using numerical data to quantify the problem, which involves collecting and analyzing numerical data that can be organized into statistics. Quantitative research are used to quantify one's opinions, behaviors, and attitudes towards one specific issue. It is an efficient method to gain the results from a large sample respondent. (Qualitative Research Consultants Association 2015). In the thesis, the quantitative research method to be used is questionnaire.

Qualitative research methods mainly reveal the perceptions of the target individuals in terms of a specific topic. It gives researcher a deeper knowledge. It aims at showing people the underlying reasons and motivations. The sample of respondent is smaller than quantitative research. In general, the results that gain from qualitative research method

seem descriptive rather than predictive. (Qualitative Research Consultants Association 2015). The qualitative research method used in this thesis is in-depth interviews.

3.1.1 In-depth Interview

In order to get a further understanding of the current situation of the employee motivation in Chinese small and medium-sized private enterprises, conducting an in-depth interview sounds an appropriate method. During this research, a private enterprise was chosen as my case company, and the manager of this medium sized private enterprise was contacted. Fortunately, he accepted the interview about employee motivation in his company. A series of questions was designed related to the research problems. Based on the answers of the manager, a basic analysis about the employee motivation in the case company can be done, and also suggestions about what kind of measures should be taken to improve the employee motivation in the case company will be raised up.

3.1.2 Questionnaire

The in-depth interview done would not provide enough information, which is why a questionnaire was also designed to conduct further analysis. Since the resources are limited, a sample of 100 employees who work in the company were chosen randomly. The questionnaire includes questions on background information, employee opinions about employee motivation in their company and their suggestions for their organization.

3.2 Reliability and Validity

When conducting a research, credibility and truthfulness plays a truly important role, just as Gaur (2006) states that “reliability and validity are two important characteristics of any measurement procedure”. The most important thing we need to pay attention to is to ensure the reality and validity of the research. High level of validity and reliability provides not only the confidence in data collection but also provide powerful results for managerial decision-making.

Reliability shows whether the measurement is precise or not, but it does not show the difference between what we are measuring and what we plan to measure. In fact, the

more data collected, the high level of reality will be, In case of limited time and resource, one still can get a high reality results even with a small sample but with a higher quality of the sample. Validity is regarded as the measurement of the fit between the research and the existing knowledge structure. Furthermore, validity contains four different steps: face validity, content validity, and criterion-related validity and construct validity (Shepherd& Helms 1995).

In order to ensure the reliability, the sample was planned as big as possible, when the questions for interview and questionnaire were designed, the terminology was planned to be easily understandable by the respondents. For example, questions that have strong relations with the theoretical part can be complex for them to understand, so an explanation was given to the question, trying to use as simple words as possible.

The questionnaire were designed both in Chinese and English, The English version was sent to the supervisor first, to make sure that the questionnaire has a strong relation with the theoretical part and support the research problems. Once the English version questionnaire was approved, it was translated it into Chinese. Since most of the respondents are not good in English, detailed explanations were added to avoid misunderstanding among those respondents.

The validity requires that the sample should be representative. Even though the sample is not very large, but we cannot deny that it lack of validity, since these respondents who have answered the questionnaire are our target group. My respondents are not the most representative one, but to some extent, it still can represent the common ideas among the whole employee group.

4 EMPIRICAL PART

4.1 Brief Introduction of the Case Company

A glassware factory located in Jiangmen, Guangdong province was chosen as the case company, since having finished the internship in this company, it was more convenient to conduct the research, no matter doing the interview with the manager or send out the questionnaire to the employees. This factory mainly produces components for glass lamps. Generally speaking, this kind of small and medium-sized private enterprise does not have high requirement of labor force. The glassware factory is not like high-tech enterprises; knowledge workers seem beneficial for them but not necessary. The business structure seems quite simple, also the education level of their employees is at a general level. The reason why this glassware factory was chosen is that the factory just for its representative in the field of the small and medium-sized private enterprise. Since it is not a well-known company, only a brief introduction about the employee structure and general information about the company is given

4.2 Research Findings

In order to better discover the problem of employee motivation in small and medium-sized private enterprises, the questionnaires were sent not only to the employees that work for the case company, but also sent to a person, who works in state-owned enterprises, and she was asked to deliver the questionnaire to her colleagues. 200 copies of questionnaires were sent in total, and 130 responses were received. 75 responses were from employees who work in the case company, and the remaining 55 copies are respondents from the state-owned enterprise.

The questionnaires from the two enterprises were analyzed separately to avoid the mixed answers. The following sections are the analysis of the research:

4.2.1 Questionnaire Results

The questionnaires were sent to both the case company and the state-owned enterprise, the following table is the employee structure and basic information of those respondents.

Table 4. Basic information of respondents.

Basic information of employees		Number of employees in case company	percentage	Number of employees in state-owned enterprise	percentage
Gender	Male	43	57%	30	55%
	Female	32	43%	25	45%
Age	<25	10	13%	8	15%
	25-35	48	64%	37	67%
	>35	17	23%	10	18%
Education level	<Junior college	17	23%	3	5%
	Junior college	45	60%	8	15%
	Bachelor degree	13	17%	34	62%
	≥Master degree	0	0%	10	18%
Work experience	1-2 years	46	61%	11	20%
	3-5years	18	24%	28	51%
	Over 6years	11	15%	16	29%

Obviously, both in the small and medium-sized private enterprise and the state-owned enterprise, the proportion of male employees is larger than female employees. This is supported by statistics which show that Chinese SMEs tend to employ male labor force.

The respondents from the case company and the state-owned enterprise all were from the age group of 25-35 years old.

The education level shows that the case company and the state-owned enterprise have a significant difference: the employees of the case company do not have a high education level. Most of them have junior college education, however, the employees who work in the state-owned enterprise mainly represent high-education level.

As to the work experience, the employees of case company seem not stay in their current position for a long time, but the workers of the state-owned company tend to stay in their organization for a long period.

Why these phenomena appear in our case company? It will be discussed in the conclusion part.

Figure 6 shows that, in the case company, the existence of employee motivation system are not spread among those employees, which causes that only 5 out of 75 respondents know very well about their company's employee motivation policy, 35 of the total 75 respondents do not know their employee motivation system, and 10 out of the 75 respondents answer that their company does not have any employee motivation policy. When looking at the data from state-owned enterprise, the results seem better: 45 out of 55 respondents know very well or to some extent to their company's employee motivation policy, and only 8 out of 55 individuals do not know about the employee motivation policy.

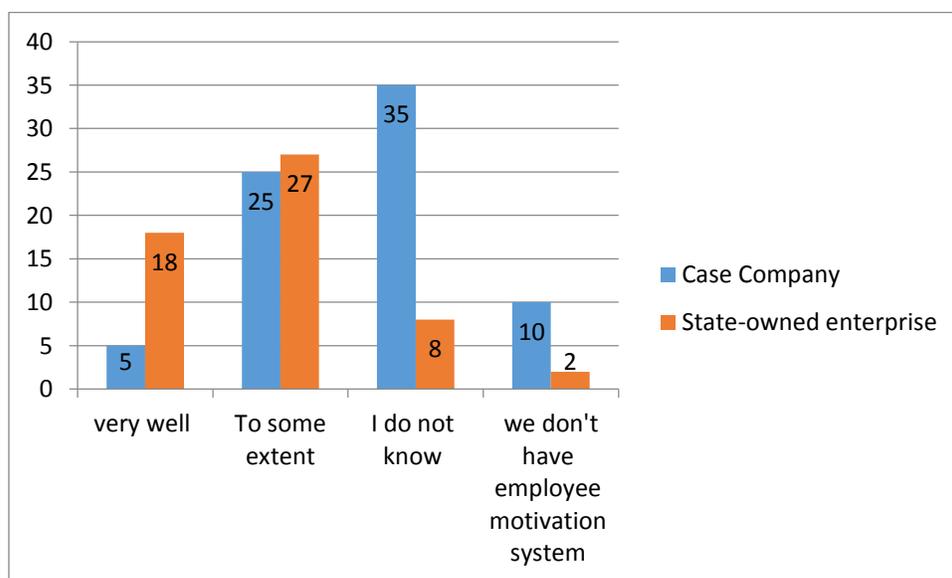


Figure 6. Knowledge about the company's employee motivation policy.

Employees play a very important role in a company's development. A successful enterprise always equips itself with an efficient employee motivation system. But only having an employee motivation system is not enough: the manager should make their employee motivation system well-known by their employees, show them what they can

benefit from this system. Only when the employees know the existence of the employee system, they can be motivated efficiently.

Seeing from Figure 7, when the respondents were asked which factors motivate them most, salary and recognition were ranked at the top of these five factors. No matter in the case company or in the state-owned enterprise, biggest group of individuals tend to choose salary and recognition as the motivation factor, but as to the case company, there still are 15 out of 75 respondents who prefer holiday leave, and 10 out of 75 respondents also need motivational talks. Three respondents chose other factors like promotion opportunities and training program.

As Maslow's theory states, even when people get reasonable satisfaction of salary, then they do not need to spend so much time on thinking about their salary. Salary was regarded to be on the lowest level of people's hierarchy of needs, such as rest, when their basic needs get satisfied, they can enter to next level. Also in the two factor theory, recognition was regarded as a motivator, which can increase employee's job satisfaction.

There still are 15 out of 75 respondents, who want a holiday leave. The general situation of Chinese small and medium-sized private enterprise is full of high pressure, and employees must work for a long period. Employees in this kind of private enterprise are not like in the state-owned enterprises: they do not enjoy the legal holidays, they have a strong sense of fatigue after a day's hardworking. The main problem of the case company is that they always focus on gaining the high profit in a short period, but might ignore their employee's real demand, so it is better to know that enough rest make higher efficiency.

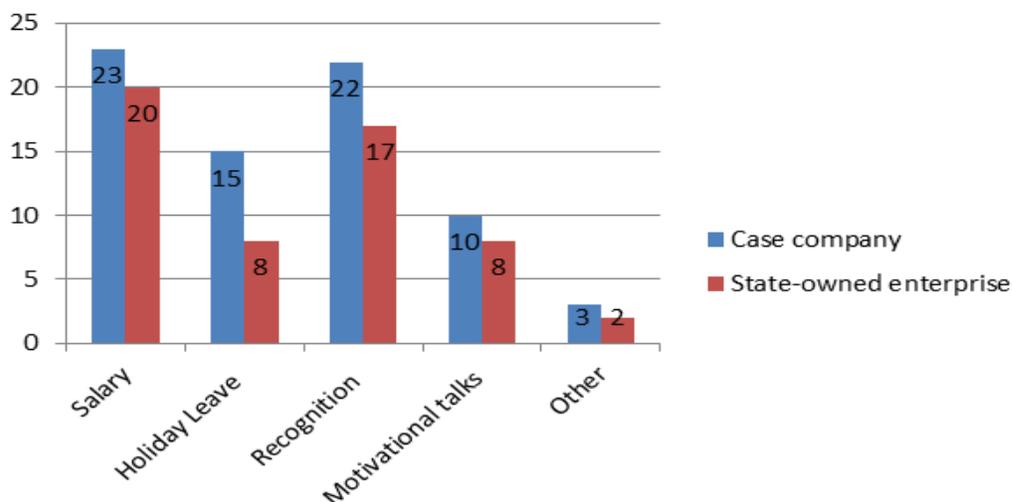


Figure 7. Motivating factors.

When it comes to the communication between managers and employees, Figure 8 presents that almost half of the employees in the private company are not satisfied with the frequency their boss communicates with them. Only 5% respondents feel very satisfied with the frequency, even worse, 11% shows that they are not satisfied at all. On the contrary, state-owned enterprise shows an optimistic result, 42% feel satisfied with the issue and 27% gain a very strong sense of satisfaction, no one says that they are not satisfied at all.

It is obvious to see that the manager of the case company has not realized the importance of communication. Communication can be regarded as a beneficial way to get a thorough understanding of the employees. Just as Theory Y tells that one can ignore the importance of the conversation between employers and employees, leaders should pay more attention on knowing what their employees really needs and try to satisfy them.

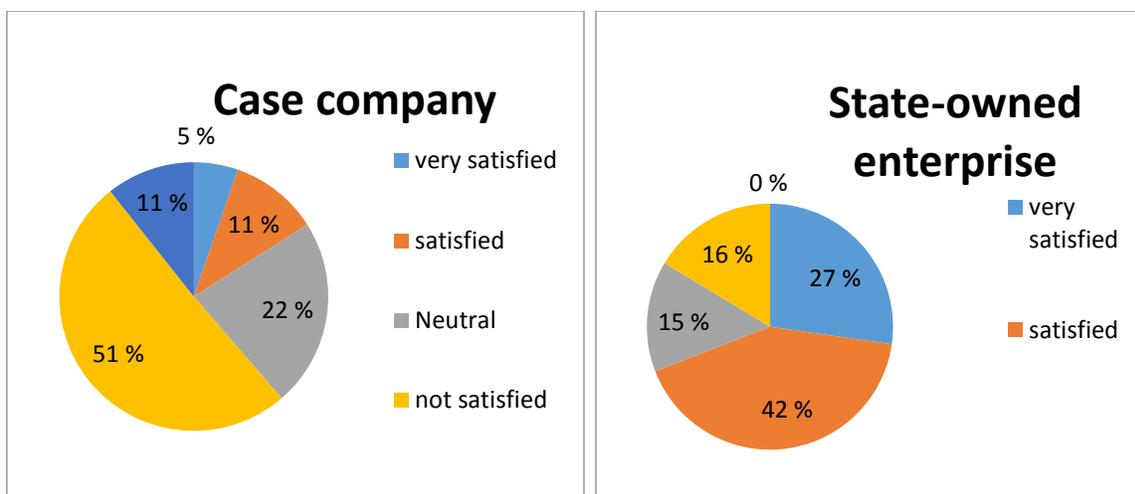


Figure 8. Satisfaction with the frequency that your manager communicates with you.

Additionally, the respondents were asked what kind of motivation policies their organizations have. By summarizing the result from the case company, we gain the conclusion that motivation policies of the case company are too simple to attract the labor force. The employee motivation policy of the case company is based on pay reward, employee promotion, verbal or written praise. However, in the state-owned enterprise, employee motivation methods are diverse, they have paid reward, performance incentive, travel reward, honor reward, employee promotion, verbal or written praise, and training programs as well.

Since the case company does not have a systematic understanding of the employee motivation system, they just design the motivation policies according to their own idea. Most of the entrepreneurs of Chinese small and medium-sized private enterprises have not realized that different employees have different personalities, and that the actual demands vary from employees to employees. Actually, the same motivation policy may have different effect on different individuals. An efficient motivation system should be based on different kind of employee.

Figure 9 presents that 44% of the respondents from the case company state that their boss never praises or encourages them, only 5% of them has enjoyed the praise and encouragement from their boss frequently. The other half of the respondents get the praise either occasionally or just some but not often.

When we turn to the results from the state-owned enterprise, we found that only 5% of the respondents have never received the praise or the encouragement from their employer. 46% of the respondents have received some but not often. 36% of the employees gain the praise frequently.

As to the reinforcement theory, we notice that when individuals perform a positive behavior, a positive response should be given to them, once they gain recognition, they will repeat this positive performance in the future. But the case company fails to better follow this reinforcement theory. Recognition can create the biggest passion for employees during their work, but if the employees cannot enjoy the sense of recognition frequently, as a result, they will lose the motivation to work.

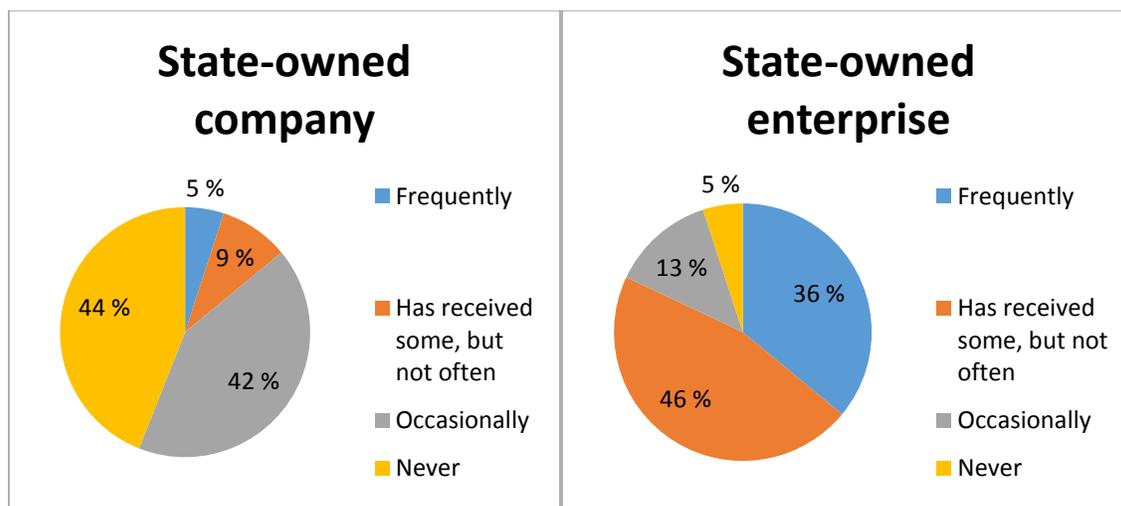


Figure 9. The frequency of praise or encouragement from manager.

When studying if the employees are happy with the way of supporting motivation in their own company, Figure 10 tells us that 46% of the employees in the case company hold the neutral opinion, 11% of them are very happy about it. There still are 13% of the employees not happy with the motivators, what's worse, 3% of the respondents pointed out that they are not happy at all. However, most of the respondents from state-owned enterprise feel very happy about the way motivation is supported in their company. Only 5% of them are not happy about it .When making a comparison with the state-owned

enterprise, we can see that the employee motivation system in the case company is not so perfect to make most of their employees satisfied with it. Improvements should be applied to the employee motivation in the case company.

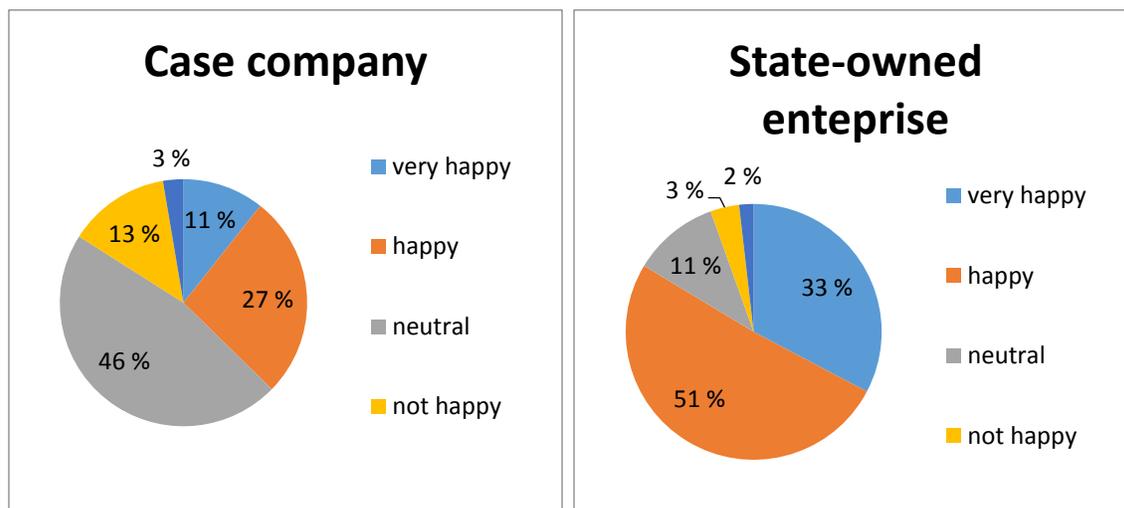


Figure 10. Supporting motivation in the company.

The employees in the case company and the state-owned enterprise are both required to show the satisfaction level toward the issues that related to the employee motivation policy.

The last part of the questionnaire is ranking employee satisfaction level of the issues that are related to the motivation situations. Only the result of the case company is presented in Table 5. As to the individual improvement and development, 35 out of 75 respondents keep the neutral opinion, 13 out of the 75 respondents feel somewhat not satisfied, and others show that they are satisfied or very satisfied. As to the salary and the relationship with other staff members, the majority of the sample point out that they are satisfied or very satisfied about it.

Table 5. Satisfaction level of employees.

How are you satisfied with the following factors in your company	Rating scale				
	not satisfied at all	not satisfied	Neutral	satisfied	very satisfied
Individual improvement and development	0	13	35	17	10
I am satisfied with my salary and reward	2	8	20	38	7
The rewarding policy of my company are based on fairness and your performance	12	39	20	2	2
I have good relationship with other staff members	0	0	10	30	35
Fair promotion opportunities	15	29	18	8	5
Comfortable work environment	1	4	11	33	26
My ability and work ethic is recognized by my company	3	10	46	7	9
Learning and training opportunities	6	12	50	5	2
My boss realizes my extra effort I put in work.	2	13	49	7	4
The welfare system of your company	6	20	39	7	3

The comfortable working environment also makes the respondents very satisfied; only 5 out of 75 respondents are not satisfied with the working conditions. Additionally, most of the employees hold neutral opinion about whether their ability and work passion are recognized by their boss; only 13 show their strong dissatisfaction toward this issue. However, when it comes to fairness, employees were asked to rank the satisfaction level of “The rewarding policy of my company are based on fairness and your performance”. 39 out of 75 respondents show that they are not satisfied with this issue, and there are twelve respondents claiming that they are not satisfied at all. Meanwhile, 44 of the respondents also are not satisfied with the fairness of the promotion opportunities, some of them still argue that they are not satisfied at all. There still have a certain amount of persons who have not enjoy the learning and training programs, since 12 out of 75 respondents feel not satisfied with the learning and training opportunities, 6 out of 75

respondents feel that they are not satisfied at all, still most of them keep neutral standpoint. Last but not least, the welfare system is quite essential in each company's development, but, the respondents of the case company do not give their company's welfare system such a high rating. 26 persons hold the idea that they are not satisfied with the appraisal system, only 10 of the respondents are satisfied with it. The results show that there should be more improvements in fairness, training program, and welfare.

4.2.2 Interview Results

In addition to the employee motivation survey, an interview with manager Zhang Aisheng was held on 24.02.2016. The objective was to find out the problems related to employee motivation in the case company.

The manager Zhang Aisheng states that "employee motivation is really important in the company's development; employee is the main component of the organization." From his words, easily to gain the idea that he knows the importance of employee motivation in company development, only the employee fully deploy their potential power, can they create the biggest value for the company. It is said that Employee's potential power will be fully performed with several motivation factors, that's why efficient motivation policy is necessary for the organization to stimulate their work force, their company really benefit a lot from the efficient motivation system.

When asked about what kind of motivation policies their company has, Zhang Aisheng illustrates that "pay-reward is the most common motivation policy in my company." Because of his traditional idea of motivation, he just use his own idea to guess his employees' inner thoughts, it is too simple to judge their employees always tend to enjoy money reward. According to what the manager said, I noticed that they also have other motivation strategies, for instance, if one has excellent performance, he will get the promotion chance at the end of the year; and we always have party or staff banquet on every special festival; what's more, their company also provide verbal or written praise for those who have made great progress during their work. by summarizing the answers obviously to see that their employee motivation policy is too simple, even the manager knows the importance of the employee motivation system, but he does not have the

clearly idea about what kind of motivation policy can work efficiently, he just judge everything on his own experience, never combine the practical with his employees inner demands.

“Do you think that punishment is also one of the ways of motivation method”? when faced with this question, Zhang Aisheng shook his head to show his disapproval without any hesitation. He never believes that punishment can be used as the method to motivate employees, he said that “ punishment will drive my worker away, they cannot stand the punishment, once someone suffer the punishment, he will become disappointed, and lose the confidence to perform better in his future work.” This answer in accordance with my expectation, when it comes to motivation policy, most of entrepreneurs do not recognize punishment as the motivation tool, they always believe that punishment will frustrate the employee rather than motivate them, almost the majority of entrepreneurs ignore that punishment also can be an efficient motivation strategy. Just as Burrhus Frederic Skinner put forward in the reinforcement theory, punishment also can be used to manage their employee’s performance, since it aims at eliminating positive consequence to avoid that negative behavior appears again in the future, for instance, give blame if the employee do not follow the company rules.

There still exist various of employee motivation problems in Chinese private SMEs, Zhang Aisheng states that “we do not have enough money to make an investment in the employee training.” the fact shows that most of the private enterprises have the same problems, their capital is limited, that’s why most of private enterprise have not built a reasonable training program and welfare system, just as Zhang Aisheng states that training program and welfare system is not so perfect in most of the private enterprise, and the fairness issue also worth to be improved.

“It is manager’s responsibilities to motivate employee” Zhang Aisheng answers without any hesitation. It is well known that manager is the leader of the organization, it is manager’s duty to set an good example for everyone, as Zhang Aisheng pointed out that “there exist a hierarchy in our company, everyone follows the instruction of the manager to accomplish their tasks,” that’s why manager not only need to tell the employees what

they should do, but also try to come up with creative ideas to motivate employee, Certainly, it is manager's duty to motivate employee, more attention should be paid to know about what their employees' demands. Fortunately, the manger have realized that it is his responsibility to motivate his employee, as a result, he will put more effort to motivate his employees.

4.3 Suggestions

Based on the research results and the problems that exist in the case company, the following suggestions can be given to improve the current situation of the employee motivation policy in the case company.

4.3.1 Improve the Leadership Qualities

An efficient employee motivation system is based on the leader qualities, and the level of leadership quality affect the effect of the employee motivation. If Chinese private enterprises want to keep up with the sustainable development, the most important thing is that the leader should equip himself with abundant management skills:

Leaders should learn varieties of advanced management concepts. The managers of private enterprises lack advanced management techniques, they judge everything with their own traditional ideas, ignore the importance of communication, and always make decisions subjectively, which has a negative effect on the complementation of motivation policy. Therefore, managers should gain the knowledge of modern-style management; each decision should be based on the idea of people-oriented, and the employees should be given enough freedom and respect. Try your best to improve employee's enthusiasm and creativity.

Leaders should make your motivation systems well known by your employees. Most leaders know the importance of employee motivation, but they ignore to popularize this motivation system, which causes that a large amount of employees have not realized that their company has such an attracting motivation system. In order to motivate your employees efficiently, try you best to introduce the motivation policies to you workers.

Keep communication with your employees frequently. Never ignore the importance of communication. As the research results show only a small percentage of employees have a chance to communicate with their leader. Communication is an efficient way to improve employees' satisfaction and productivity. No matter whether your employees have positive performance or not, let him know, excellent performances are worth to be praised, and negative performances need some recommendation and encouragement should be given to those who lost confidence during work. Frequent communication is necessary, update the information that is important for your employees, understanding what they really needs.

4.3.2 Provide Fair Promotion Opportunities

According to the research results, a certain number of employees feel not satisfied with their company's promotion opportunities. Most private enterprises do not have a transparent and fair promotion system. Actually, promotion can be regarded as the most attractive motivation policy for employees, those employees who have got promotion also gain the sense of satisfaction. Especially in private SMEs, the possibilities to get higher positions are limited, everyone wants to be appointed to a higher position, that is why promotion represents the highest level of motivation for some employees. Private enterprises should take advantage of the promotion strategy, first of all, the promotion system should be based on fairness. Companies should set promotion criteria, and only those who meet the criteria can gain promotion opportunities. The implementation of promotion should be confessed and transparent, the promotion results should be based on individual's ability and performance, instead of appointing people by favoritism.

4.3.3 Build Employee Training Program

According to the empirical results, most employees have not enjoyed their company's training program. Also the manager of the case company states that he is not willing to spend so much money and resources on employee training. But employee training is very important for the employee's self-development, when compared with large famous enterprises, they value employee training most. Once the enterprise has a scientific

training program, it can make the enterprise becoming more competitive, it can also attract and retain talented person.

Private enterprises should build a reasonable employee training system, and make adjustments based on the company's development and market situation. Companies should combine employee training and employee career plan, which can create the most effective result. Only when training meets the employees' demand, the companies can achieve the real purpose of employee training. At last, employees should always give evaluation and feedback to this training program, with this feedback, managers know the defects of the training system and employees understand how their performance should be improved. Training program really can increase employee's satisfaction.

4.3.4 Build a Comprehensive Welfare System

The welfare system of the private enterprise is not perfect, employees from the case company show low satisfaction level toward the welfare system. Once employees are provided with a satisfying welfare system, they do not need to worry about the safety, or other basic demands, instead, they can put all the effort to their work. A satisfying welfare system also can enhance the cohesion of the cooperation, a comprehensive welfare system plays an important role in attracting and retaining highly talented persons.

Most private enterprises are in the first stage of the business, they cannot stand such a high risk, and therefore a people-oriented welfare system becomes an efficient tool to stabilize their current workforce. Firstly, private enterprise should ensure the implementation of basic welfare, such as labor contract, unemployment insurance, medical insurance, employees' compensation insurance, maternity insurance, pension funds and universal health care. Furthermore, supplementary welfare should be provided as well, for instance, offering health examination, festival gifts, festival allowances and subsidies for extra work. Furthermore, paid time off, shuttle bus and group travel also can be supplementary welfare. At last, enterprise also can use a survey or interviews to know about what employees really need, and integrate the results with the yearly welfare budget and personal performance, set a series of welfare programs, or give the employees freedom to make their choose.

5 CONCLUSION

In the conclusion part, the research results will be summarized. According to the survey and interview, it is obvious to find out the problems related to employee motivation existing in case company. Based on these problems, some suggestions will be given to the case company, to improve their employee motivation system. Also recommendations for the future research also will be discussed.

5.1 Summarizing the Research Result

The coming of globalization and information era brings a challenge for small and medium-sized private enterprises in China, if the enterprises want to survive and develop among this fierce competition, they must transform their human resource management strategy, and especially a key point is to improve their employee motivation policies .

By introducing a series of motivation theories, Maslow's hierarchy of need, Two factor theory, Theory X and Theory Y, reinforcement theory, expectancy theory and equity theory, the connection between the theoretical part and empirical part was constructed.

This thesis conducted a research in the case company. By interviewing the manager and sending a questionnaire to the employees, the employee motivation problems that exist in the case company were discovered.

First, their employee motivation policies are not widely popularized, which causes that most of the employees do not have a clear understanding of the employee motivation system in their company.

Second, the manager seems to not understand the importance of communication: employees need praise and encouragement as well, when they feel frustrated, encouragement should be given to them to pick up their confidence.

Third, what the case company seems to value most is how to make the best profit in a short period rather than their employee's development, they do not want to put a lot of effort in building a reasonable employee training program.

Fourth, the promotion opportunities are not based on fairness. The case company is a family-owned enterprise, so when appointing someone, favoritism, seniority and academic credentials seem to be more important than abilities.

5.2 The Suggestions for the Case Company

Based on the research results, a series of suggestions were put forward for the case company to make an improvement of their employee motivation system. These suggestions can be helpful for other private SMEs, as the case company is used as an example to make the issues being better illustrated:

Improve the leadership qualities: it is the leader's responsibility to pay more attention to the communication with employees, and keep updating their knowledge about modern management skills.

Provide fair promotion opportunities. Let the promotion opportunities based on the performance and ability rather than favoritism and seniority.

Build a reasonable employee training program. Provide your employees with enough opportunities to improve self-development.

Build a comprehensive welfare system. Combine basic welfares with supplementary welfares to attract and retain highly talented employees.

The research still has some limitations: the problems existing in the case company does not mean that the same problems exist in other private enterprises, but all the conclusions are based on the practical evidence and theory.

5.3 Recommendations for Further Research

As mentioned earlier, there are varieties of theories that are related to employee motivation, but not all the representative theories are illustrated in this research. It is better to do further research with other employee motivation theories, such as intrinsic and extrinsic motivation theory. These theories can give a better, holistic understanding of employee motivation. Furthermore, in the future research, the sample of the research

should be as large as possible, which can make the research results sounds more reliable. If possible, the future research should focus on the relationship between employee motivation and employee performance, and pay more attention to how employee motivation affects employee performance.

REFERENCES

America's Job Exchange 2016. The Importance of Employee Motivation. Accessed 01.04.2016.

<http://www.seiofbluemountain.com/upload/product/200911/2006zxqyhy08a16.pdf>

Boundless 2015. Equity Theory. Accessed 26.03.2016.
<https://www.boundless.com/business/textbooks/boundless-business-textbook/motivation-theories-and-applications-11/modern-views-on-motivation-76/equity-theory-360-3209/>

Brain, F. S. 2015. Equity Theory. Accessed 01.04.2016.
<https://wikispaces.psu.edu/display/PSYCH484/5.+Equity+Theory>

Cardon, M. & Stevens, C. 2004. Managing human resources in small organizations: what do we know?. *Human Resource Management Review* 14, 3, 295 - 323.

Chinadmd 2016. Accessed 06.04.2016. <http://www.chinadmd.com/>

Dudovskiy, J. 2012. Research Methodology. SEMs in China: Overview. Accessed 28.03.2016. <http://research-methodology.net/small-and-medium-enterprises-in-china-overview/>

Gambrel, P. A. & Cianci, R. 2003. Maslow's hierarchy of needs: Does it apply in A collectivist culture. *Journal of Applied Management and Entrepreneurship* 8, 2, 143-161.

Gao, Q. & Banerji, S. 2015 . The growth appraisal system for chinese SMEs. *Journal of Chinese Economic and Business Studies* 13, 2, 175-193. Accessed 28.03.2016.
<http://www.tandfonline.com/doi/full/10.1080/14765284.2015.1026046>

Gaur, A. S. & Gaur, S. S. 2006. *Statistical Methods for Practice and Research: A Guide to Data Analysis Using SPSS*. New Delhi. Response Books.

Gould, R. 2012. *Creating the Strategy : Winning and Keeping Customers in B2B*

Higgins, J. M. 1994. *The management challenge* (2nd ed.). New York: Macmillan.

Internet Center for Management and Business Administration, Inc. 2010. Herzberg's Motivation-Hygiene Theory. Accessed 26.03.2016.
<http://www.netmba.com/mgmt/ob/motivation/herzberg>

Johnston, A. D. 2007. *Contradiction and the Carnival: A Study of McGregor's Theory X and Theory Y Framework Applied to Communication within a Carnival Setting* . Available from ABI/INFORM Complete. (304714256). Accessed 26.03.2016
<http://search.proquest.com/docview/304714256?accountid=27304>

Kreitner, R. 1995. *Management* (6th ed.). Boston: Houghton Mifflin Company.

Lan, X. Z. 2014. Funding SMEs: Expansion of the new third board and easier access to market capital will ease financing woes.

Accessed 06.04.2016 http://webcache.googleusercontent.com/search?q=cache:http://www.bjreview.com.cn/business/txt/2013-12/30/content_587983_2.htm

Leach, F.J. & Westbrook, J.D. 2000. Motivation and job satisfaction in one government research and development environment. *Engineering Management Journal* 12, 4, 3-9.

Leontiev, D. A. 2012. *Motivation, Consciousness, and Self-Regulation*. Hauppauge, US: Nova.

Li, Y. 2015. *Human Resource Management and Exploitation of Construction Small and Medium Enterprises (SMEs) in China*. Zhejiang University of Technology

Liu, X. 2008. SME Development in China: A Policy Perspective on SME Industrial Clustering, in Lim, H. (ed.). *SME in Asia and Globalization*, ERIA Research Project Report. 2007, 5, 37-68.

Management Study Guide 2016. Reinforcement theory of motivation. Accessed 23.03.2016
<http://www.managementstudyguide.com/reinforcement-theory-motivation.htm>

Maslow, A. H. & Stephens, D. C. 2000. *The Maslow Business Reader*.

McGregor, D. 1960. *The Human Side of Enterprise*. New York: McGraw Hill.

McGregor, D. 1966. *Leadership and Motivation: Essays of Douglas McGregor*. Cambridge: The M.I.T. Press.

Mitchell, T. R. 1982. Motivation: New Directions for Theory, Research and Practice. *Academy of Management Review* 7, 1, 80-88.

Moorhead, G. & Griffin, R. W. 2004. *Organizational behavior: Managing people and organizations*. Boston: Houghton Mifflin Company.

Mullins, L. J. 2007. *Management and Organizational Behaviour*, Eight edition, Prentice Hall.

Nelson, D. L. & Quick, J. C. *Organizational Behavior: Science, The Real World, and You*. Mason, OH, USA : South-Western Cengage Learning.

Qualitative Research Consultants Association 2015. *The Place for Cutting Edge Qualitative Research*. Accessed 31.03.2016. <http://www.qrca.org/>

Redmond, B. F. & Cox, M. A. 2015. *Equity Theory*. Accessed 26.03.2016
<https://wikispaces.psu.edu/display/PSYCH484/5.+Equity+Theory>.

Shepherd, C. D. & Helms, M. M. 1995. TQM measures: Reliability and validity issues. *Industrial Management* 37,4,16-22. Accessed 27.03.2016. <http://search.proquest.com/docview/211619543?accountid=27304>

Singh, B. D. 2012. *Compensation and Reward Management*. Excel Books. Accessed 23.03.2016. <http://commons.emich.edu/honors/119>

The Future Place Consultancy 2016. How Do We Define Qualitative Research in a New Methodology Research World? Accessed 01.04.2016. <http://newmr.org/wp-content/uploads/sites/2/2014/11/Table.png>

Utley, D. R. & Westbrook, J. & Turner, S. 1997. The relationship between Herzberg's two-factor theory and quality improvement implementation. *Engineering Management Journal* 9, 3, 5-13.

APPENDIX 1. INTERVIEW

1. Your opinion about the importance of employee motivation in your company development ?
2. What kind of employee motivation your company has already taken into action?
- 3 . As a manager, do you think that punishment is also one of the ways of motivation ?
4. What's your opinion about the employee motivation problems that exist in SMEs how to improve it?
5. Is it the responsibility for the manager to motivate the employees?

APPENDIX 2. QUESTIONNAIRE

Hello, this is a questionnaire for my final thesis, following are some questions that related employee motivation, please spare some time to fill this questionnaire. Thanks for help.

1. Your Gender :

- a)Male b)Female

2. Your Age :

- a)Under 25 b)Between 25 and 35 c)Over 35

3. Educational level:

- a) Junior college and below
- b) Junior college
- c) Bachelor degree
- d) Master degree and above

4 Your work experience :

- a) 1-2 years
- b) 3-5years
- c) Over 6years

5. Do you know your company's employee motivation policy?

- a) very well
- b) To some extent
- c) I do not know
- d) The company does not have motivation system

6. Which of the following factors motivates you the most?

- a) Salary
- b) Holiday Leave
- c) Recognition

- d) Motivational talks
- e) Other, what _____

7. How often you got praise or encouragement from your boss?

- a) Frequently
- b) Has received some, but not often
- c) Occasionally
- d) Never

8. What motivation policies does your enterprise have? (multiple answer)

- a) Pay Reward
- b) Performance Incentive
- c) Time-off-with-pay
- d) Travel Reward
- e) Honor Reward
- f) Employee promotion
- g) Verbal or written Praise
- h) Training Programs
- i) Others_____
- j. My company does not have any motivation policy

9. How are you satisfied with the frequency that your manager communicates with you?

- a) Very satisfied
- b) Satisfied
- c) Neutral
- d) Not satisfied
- e) not satisfied at all

10. Are you happy about the way of supporting motivation in the company?

- a) Very happy
- b)Happy
- c)Neutral
- d) Not happy
- e) Not happy at all

PART 2:

Please give corresponding rate for the following questions (5 = very satisfied, 4 = satisfied, 3 = Neutral, 2 = not satisfied, and 1 = not satisfied at all)

How are you satisfied with the following factors in your company	Rating scale				
	1	2	3	4	5
Individual improvement and development					
I am satisfied with my salary and reward					
The rewarding policy of my company are based on fairness and your performance					
I have good relationship with other staff members					
Fair promotion opportunities					
Comfortable work environment					
My ability and work ethic is recognized by my company					
Learning and training opportunities					
My boss realizes my extra effort I put in work.					
The welfare system of your company					

APPENDIX 3. QUESTIONNAIRE (CHINESE-VERSION)

您好，这份调查问卷是我毕业论文所需的，以下的问题都是和员工激励有关的问题，希望您在百忙之中抽出一点时间协助我完成问卷，感谢您的配合

1. 您的性别:

- a)男 b)女

2. 您的年龄 :

- a)25岁以下 b)25-35 c)35岁以上

3. 受教育程度

- a) 高中以下
b) 高中及专科
c) 大学
d) 研究生及以上

5 工作年限 :

- a) 1-2 年
b) 3-5 年
c) Over 6 年

5. 您对您们的公司的员工激励政策了解吗？

- a) 非常了解
b) 了解一点
c) 并不了解
d) 我们公司没有员工激励

6. 以下哪些因素最能激励您？

- a) 工资
- b) 假期
- c) 被认同
- d) 与上司间的谈话
- e) 其它

7. 您一半多久可以接到来自您上司的鼓励或者表扬

- a) 经常
- b) 会受到表扬，但不是很频繁
- c) 偶尔
- d) 几乎不

8. 你们公司现有的员工激励政策有哪些（多选）

- a) 薪酬
- b) 绩效评估
- c) 带薪休假
- d) 旅游
- e) 授予荣誉
- f) 职位晋升
- g) 口头或者书面表扬
- h) 员工培训
- i) 其它_____
- j. 我们公司没有任何员工激励政策

9. 您对你们上次与员工之间交流的次数满意吗？

- a) 非常满意
- b) 满意
- c) 一般
- d) 不满意
- e) 一点儿不满意

10. 您对你们公司员工激励满意吗

- a) 非常满意
- b) 满意
- c) 一般
- d) 不满意
- e) 一点儿也不满意

PART 2:

请你给以下相关问题给出你得评分 (5 是非满意 , 4 是满意 , 3 是一般 , 2 是不满意 , 1 是一点儿也不满意)

你对你们公司以下因素的打分	打分				
	1	2	3	4	5
自我提升及发展					
我非常满意我的工资及奖励					
我们公司的奖励政策是基于公平和你的表现					

我和同事间关系很融洽					
公平的晋升机会					
舒适的工作环境					
我老板认同我的工作态度及能力					
参与培训及学习机会					
老板知道我对工作付出很多					
公司的福利很好					