



VAASAN AMMATTIKORKEAKOULU
VASA YRKESHÖGSKOLA
UNIVERSITY OF APPLIED SCIENCES

Marjo Annika Lillbacka

FEMALE LEADERSHIP MOTIVATION IN SMALL AND MEDIUM-SIZED ENTERPRISES

Business Economics and Tourism

2010

VAASAN AMMATTIKORKEAKOULU
UNIVERSITY OF APPLIED SCIENCES
Degree Programme of International Business

ABSTRACT

Author	Marjo Annika Lillbacka
Title	Female Leadership Motivation in Small and Medium-Sized Enterprises
Year	2010
Language	English
Pages	91 + 3 appendices
Name of Supervisor	Rosmeriany Nahan-Suomela

Leaders need to know what motivates their employees and how they can get their employees work their best. Women leaders are said to encourage and support their employees, which is essential for leadership motivation. Motivated employees improve enterprises' overall business performance and results.

The research is based on leadership, motivation and self-motivation in small and medium-sized enterprises in Ostrobothnia. The research problem is to find out how female leaders motivate their employees in order to get the best out of their employees. Which motivation strategies and motivational tools the leaders use in their organizations and also, how do the women leaders stay self-motivated for their job.

The empirical part of the study is conducted as a qualitative research design with in-depth interviews. The respondents represent different industries and positions in the case companies. The research is conducted only from the leader's perspective. The results of the study show that the case companies use different type of motivation tools and strategies depending on the organization and its leader.

Keywords	Motivation, Female leadership, SME, Self-motivation
----------	---

TIIVISTELMÄ

Tekijä	Marjo Annika Lillbacka
Opinnäytetyön nimi	Naisten motivaatiojohtaminen pienissä ja keskisuurissa yrityksissä
Vuosi	2010
Kieli	Englanti
Sivumäärä	91 + 3 liitettä
Ohjaaja	Rosmeriany Nahan-Suomela

Johtajien täytyy tietää mikä motivoi heidän henkilöstöään ja miten he saavat henkilöstönsä tekemään parhaansa. Naisjohtajien kerrotaan rohkaisevan ja tukevan työntekijöitään, mikä on keskeinen osa motivaatiojohtamista. Motivoituneet työntekijät parantavat yrityksen yleistä suoritusta ja tuloksia.

Tutkimus perustuu johtamiseen, motivaatioon, sekä itsensä motivointiin pienissä ja keskisuurissa yrityksissä Pohjanmaalla. Tutkimusongelmana on selvittää millä tavoin naisjohtajat motivoivat henkilöstönsä, jotta he tekevät parhaansa. Mitä motivointi strategioita ja motivointi työkaluja johtajat käyttävät organisaatioissaan, sekä millä tavoin naisjohtajat pitävät yllä omaa motivaatiota työtänsä kohtaan.

Empiirinen osuus opinnäytetyöstä suoritettiin kvalitatiivisena tutkimuksena syvähaastatteluina. Vastajat edustavat eri toimialaa sekä asemaa tutkimusyryksissä. Tutkimus on suoritettu ainoastaan johtajien näkökulmasta. Tutkimuksen tulokset osoittavat, että tutkimusyrykset käyttävät erilaisia motivointi työkaluja ja strategioita riippuen organisaatiosta ja johtajasta.

Asiasanat Motivointi, Naisjohtajuus, Pk-yritykset, Itsensä motivointi

“All that we are is the result of what we have thought.

The mind is everything.

What we think we become”

-Siddharta Gautama

TABLE OF CONTENTS

LIST OF TABLES	9
LIST OF FIGURES	10
1. INTRODUCTION	12
1.1. Aim of the Research and Research Problems	13
1.2. Research Limitations.....	13
1.3. Research Methodology.....	14
1.4. Structure of the Thesis	14
2. FEMALE LEADERSHIP	16
2.1. Defining Leadership.....	16
2.2. Leadership Skills.....	18
2.2.1. Communication	18
2.2.2. Planning and Organizing Skills.....	19
2.2.3. Personal Management Skills	19
2.2.4. Thinking and Learning Skills.....	19
2.2.5. Decision Making Skills	20
2.3. Leadership Styles	20
2.4. Female Leaders	22
2.4.1. Stereotypes Regarding Female Leaders	24
2.4.2. Glass Ceiling	25
3. FEMALE LEADERS IN SMES	26
3.1. Definition of SME.....	26
3.2. Female Entrepreneurs Internationally	28
3.2.1. Industry Sector	31
3.2.2. Age and Education	33

3.3. Female Entrepreneurs in Finland	35
3.3.1. Industry Sectors.....	36
3.3.2. Education and Age	37
3.3.3. Company Form	39
3.4. Female Entrepreneurs in Ostrobothnia.....	39
3.4.1. Industry Sector	40
3.4.2. Age	41
4. MOTIVATION	43
4.1. Motivation Theories	43
4.1.1. Hierarchy of Needs	43
4.1.2. Two-Factor Theory	45
4.1.3. Goal-Setting Theory.....	45
4.2. Leadership Motivation	46
4.3. Self-Motivation	48
4.3.1. How to Build Self-Motivation	48
5. HOW TO MOTIVATE OTHERS	51
5.1. Motivation Tools.....	51
6. MOTIVATION STRATEGIES	55
6.1. Job Designing Techniques	55
6.1.1. Job Rotation	55
6.1.2. Job Enlargement.....	56
6.1.3. Job Enrichment.....	56
6.2. Alternative Work Arrangements	56
6.2.1. Flexible Work Time	57
6.2.2. Job Sharing.....	57

6.2.3. Telecommunication.....	58
6.3. Rewards and Benefits in Motivation.....	59
6.3.1. Pay Structure	59
6.3.2. Variable-Pay Programs	60
6.3.3. Benefits	60
6.3.4. Employee Recognition Programs.....	61
6.4. Employee Involvement	61
7. EMPERICAL FRAMEWORK FOR THE RESEARCH.....	62
7.1. Research Methodology.....	62
7.1.1. Quantitative Research	62
7.1.2. Qualitative Research	63
7.2. Research Design.....	63
7.2.1. Data Collection.....	64
7.3. Reliability and Validity	65
8. ANALYSIS OF THE INTERVIEWS.....	66
8.1. Female Leadership	66
8.1.1. Leadership Style.....	68
8.2. Motivation in Small and Medium-Sized Enterprises	69
8.2.1. Motivation in Case Companies	70
8.3. Motivation Tools.....	71
8.3. Motivation Strategies	75
8.3.1. Alternative Work Arrangements	75
8.3.2. Job Designing Techniques	76
8.3.3. Rewards and Benefits.....	77
8.3.4. Employee Involvement	78

8.4. Self-Motivation	79
8.4.1. Self-Management	80
8.5. Problem Analysis	81
8.5.1. Recommended Solutions.....	83
9. CONCLUSION.....	85
9.1. Further Research Suggestions	86
REFERENCES.....	87

LIST OF TABLES

Table 1 Situational Leadership by Hersey and Blanchard (Modified from Pardey 2007, 20)	21
Table 2 Common Stereotypes of Women and Men Based on Psychological Research (Catalyst 2005)	24
Table 3 Small and Medium-Sized Enterprise Categories (European Commission 2009)	27
Table 4 Entrepreneurial Activity (Modified from GEM 2007)	30
Table 5 The Amount of Female Entrepreneurs and Percentage of All Entrepreneurs by Industry in 2008 (Modified from MoniNainen ja Uudistuva Naisyrittäjyys 2010)	37
Table 6 Female Entrepreneurs in Ostrobothnia by Industry (Modified from Ytyä Naisyrittäjyyteen 2013 kehittämisohjelma, 2007)	41
Table 7 U-STAR- model (Modified from Pardey 2007, 140)	53

LIST OF FIGURES

Figure 1 Structure of the Thesis	15
Figure 2 Leadership Model	17
Figure 3 Leadership Skills Model	18
Figure 4 Sectoral Distribution of Early Stage Entrepreneurship by Country Groups (Modified from GEM 2007).....	32
Figure 5 Sectoral Distribution of Established Business Ownership by Country Group (Modified from GEM 2007)	33
Figure 6 Age Distribution of Women Entrepreneurs by Country Group and Business Stage (GEM 2007)	34
Figure 7 Women Entrepreneurs Education Attainments by Country Group and Business Stage (GEM 2007)	35
Figure 8 Education level by Gender (Modified from Yrittäjyyskatsaus 2009)	38
Figure 9 Entrepreneurs' Age by Gender (Modified from Yrittäjyyskatsaus 2009)	39
Figure 10 Amount of Female Entrepreneurs (excluding agriculture and family members) by Regions in Finland 2006 (Modified from Ytyä Naisyrittäjyyteen 2013 kehittämisohjelma, 2007).....	40
Figure 11 Female Entrepreneurs in Ostrobothnia by Age (Modified from Ytyä Naisyrittäjyyteen 2013 kehittämisohjelma, 2007)	42
Figure 12 Hierarchy of Needs by Abraham Maslow (Robbins & Judge 2008, 88)	44
Figure 13 Self-Motivation Model	48
Figure 14 Motivation Tools Model	51
Figure 15 Example of Flextime Schedule (Modified from Robbins & Judge 2008, 109)	57
Figure 16 An Example of Job Sharing (Modified from Robbins & Judge 2008, 110)	58
Figure 17 Model of Rewarding	59
Figure 18 Leadership Definitions by Case Company	66

Figure 19 Leadership Skills by Case Company 67

Figure 20 Leadership Style by Case Company 68

Figure 21 Motivation Definition by Case Company 69

Figure 22 Motivation in Case Companies..... 70

Figure 23 Motivation Tools by Case Company 72

Figure 24 Work Arrangements by Case Company 75

Figure 25 Job Designing by Case Company 76

Figure 26 Rewards and Benefits by Case Company 78

Figure 27 Employee Involvement by Case Company..... 79

Figure 28 Self-Motivation by Case Company 80

1. INTRODUCTION

The thesis topic is about female leadership motivation in small and medium-sized enterprises (SME). The study concentrates only to the female leaders' perspective in the organizations. The aim of the thesis is to find out how the leaders can get the best of their employees. Getting the best of the employees is especially important during economic downturn and the leaders have to encourage their people to work their best. (Takas, 2008)

Female leaders are commonly described as encouraging, supporting and sharing power and information with others. Female leaders are also described to give more feedback and recognition to their employees and more socially sensitive than their male colleagues. (Lehto 2009) In motivation these are the essential qualities that leaders need when they want to improve their employees' motivation and job satisfaction. Leaders today want know how their leadership style affects to motivation that is, ultimately to the delivery of business performance. (Shirlaws Pty Ltd, 2007)

The micro, small and medium-sized enterprises are socially and economically important in the European Union since they represent 99 percent of all enterprises in the EU. (European Commission 2009) The situation in Finland is similar as in 2008, the amount of SMEs accounted for 99.7 percent of all enterprises. (Ministry of Employment and Economy 2009) Because the SMEs play such a big role in the economy the research takes a closer look on female leadership motivation in SMEs. The amount of entrepreneurs in Finland at the end of 2008 was 262 000 excluding agriculture, fishing and forestry. The amount of female entrepreneurs of the 262 000 was 80 000 which is approximately one third of the entrepreneurs. Approximately 70 % of these female entrepreneurs only employ themselves and only 4 % employ more than 10 employees. (Ministry of Employment and Economy 2009)

1.1. Aim of the Research and Research Problems

The aim of the research is find out how female leaders in small and medium-sized enterprises in the Ostrobothnia region motivate their employees. Motivation is something that drives an individual to achieve something. For leaders this means how they can affect to the drive that pushes employees to achieve their goals. Leaders need to know what makes their employees “tick” and give their best to the organization. Motivated employees eventually improve the organization’s business performance and productivity.

In order to know how women motivate their employees the thesis discovers the motivation strategies and tools that leaders can use in their organizations. The first rule of motivating employees is to be self-motivated. Self-motivation can be as demanding as motivating others; therefore the research also aims to discover how female leaders motivate themselves and how they stay self-motivated for their work. (Adair 2003, 67-68)

In order to discover how female leaders in small and medium-sized enterprises in the Ostrobothnia region motivate their employees the thesis consists of three research questions that the study will explore.

1. How female leaders in SMEs motivate their employees and what are the tools to do so?
2. Which motivation strategies do the leaders use in the organizations in order to get the best out of from their employees?
3. How do the leaders stay self-motivated for the work?

1.2. Research Limitations

The research is limited to the leader’s point of view in female leadership motivation; therefore the employees’ side of motivation is not included in this research. The research is limited to take into account only women leaders who are

operating in small and medium-sized enterprises. The research is further on restrained to the Ostrobothnia area in Finland. The enterprises chosen for the research in Ostrobothnia are Arkkitehtitoimisto Nurminen Antila & Co Oy and Backman-Trummer Oy.

1.3. Research Methodology

The research method to be used in this research is qualitative method. This method has the emphasis on understanding and giving more insight into the matter. The research is conducted with in-depth interviews with female leaders from two selected case companies. The in-depth interviews enable to obtain extensive and clear perspective of the respondents' opinions to the research questions.

1.4. Structure of the Thesis

The structure of the thesis can be seen in figure 1. The research begins with the introduction to the thesis by explaining the aim of the study, the research problems and limitations, and also the methodology to be used. Further on, the introduction describes the structure of thesis.

The topic of the thesis is female leadership motivation in small and medium-sized enterprises. Therefore, the theoretical framework is constructed about leadership, motivation and self-motivation. In addition, the thesis gives statistical information regarding female entrepreneurs internationally, nationally and in Ostrobothnia.

The leadership chapter of the thesis first introduces briefly the concept of leadership and what the main theories about it are. It will mainly emphasize female leadership and what the characteristics for female as leaders are. Further on, the research sees whether or not there are any stereotypes regarding men and women leaders in top management positions and if the glass ceiling affects women in top of the management in organizations.

The thesis explains the main theories about motivation and explains what motivation in working environment is about before it will continue to leadership motivation. The main emphasis of the thesis is on how women leaders can motivate their employees in the organizations to get the best out of them. For that, the research describes motivation strategies and motivational tools for leaders to use in organizations. The thesis also looks at how the female leaders motivate themselves and how they stay self-motivated for their jobs.

As the thesis is concentrating on female leaders in small and medium-sized enterprises the research provides information about the different industries and amount of enterprises run by women. The research also gives statistical information about the entrepreneurs' age and education.

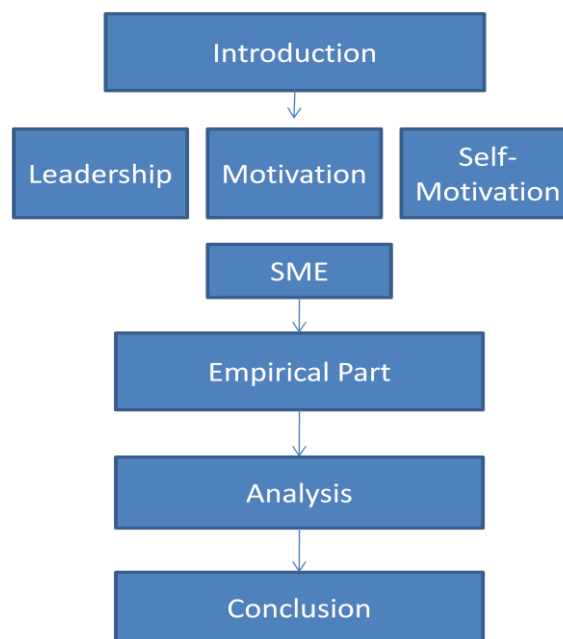


Figure 1 Structure of the Thesis

The empirical part of the research is conducted with the help of the qualitative research method where in-depth interviews are conducted. The findings concerning leadership, motivation and self-motivation from the interviews are then compared to each other and analyzed based on the theory. In the end of the thesis conclusions and further research suggestions are provided.

2. FEMALE LEADERSHIP

The chapter starts by defining the terminology of 'leadership' and 'leader' and what is behind these terms. Later on the chapter focuses on women as leaders and if the gender affects the leading style. It also explains the glass ceiling effect and the stereotypes regarding women in management position.

2.1. Defining Leadership

When defining 'leadership' it can be difficult to define what management is and what leadership is. If a person is a manager in an organization is she/he the leader as well? A good manager needs to lead in order to be effective and an effective leader needs to be able to manage. (Pardey 2007, 24) Organizations need both: strong leadership and strong management in order to be effective. (Robbins & Judge 2008, 184)

In order to distinct management and leadership John Kotter of Harvard Business School argued in 1990 in his article about management being "coping with complexity". According to this good management is about order and consistency which is achieved by formal plans, strict organizational structures and monitored results. Leadership is in contrast "about coping with change". Leaders set direction by developing a vision of the future, align people to the direction by communicating, building commitment and motivating. (Pardey 2007, 10 & Robbins & Judge 2008, 183)

There are numerous definitions about leadership in different contexts. David Pardey argues that leadership is "the ability to bring about movement or change in a group or organization, when there is risk or uncertainty, by inspiring others to head in a particular direction. "(Pardey 2007, 24) Stephen P. Robbins and Timothy A. Judge define leadership as "the ability to influence a group toward the achievement of a vision or set of goals". (Robbins & Judge 2008, 184) A similar definition to the previous one is where leadership is "a process of influence, usually by one person, whereby another individual or group is oriented toward

setting and achieving certain goals” by James L. Bowditch and Anthony F. Buono. (Bowditch & Buono 2000, 184-185) Of the above definitions we can see the common factors for defining leadership that are seen in figure 2.

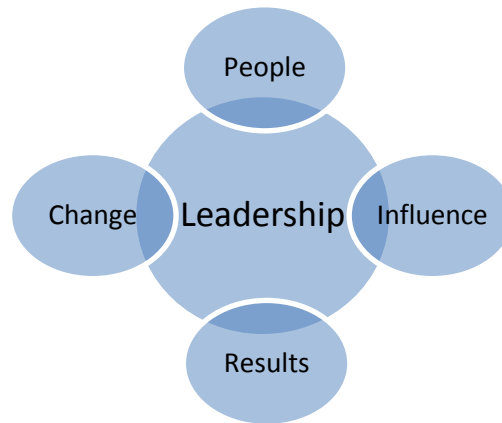


Figure 2 Leadership Model

First of all, in the definitions it is about the leader and the group or an individual. Leadership is something that people see and feel personally. Most importantly leadership is about the relationship between the leader and those being led. A leader is not a leader without the people. (Pardey 2007, 9-10)

Leadership is about influence on other people. A leader inspires and motivates others to follow the directions that are set to achieve the goals effectively. The right direction will lead to effectively reach goals; therefore leadership is also about the results. A manager always has the authority to lead people but it does not necessarily mean that the goals are achieved effectively, whereas a leader has the influence to commit people to the work and give something “extra” in it.

Change is an important factor when we are talking about “achieving the goals” or “achieving the vision of the future”. The leaders are the ones who set the directions and lead the change to achieve the organizations’ set of goals and vision. Change is an especially important factor in today’s dynamic world where changes around organizations are happening all the time.

2.2. Leadership Skills

Leadership skills can be divided according to figure 3 Leadership Skills Model. The model suggests that the main leadership skills include: communication skills, decision making skills, planning and organizing skills, personal management skills, and thinking and learning skills. (Pardey 2007, 61) All these skills are connected to each other as leaders need the skills in order to be an effective leader. There are naturally other skills that leaders need but these are the most critical skills that leaders need.



Figure 3 Leadership Skills Model

2.2.1. Communication

In order to understand what communication is it can be defined as: the process of transmitting a message from one person to another. The message can be (a) information, (b) an idea or concept, or (c) a feeling or emotion. (Pardey 2007, 61)

Leaders need to have excellent communication skills. Effective communication means that the message sent is received as close in meaning as possible to the message intended. Leaders need to be aware that it is not just what you say but how you say things. This is because according to Albert Mehrabian's research in

1967 on oral, face-to-face communication it was discovered that the content of message is received the following: 7 % by words, 38 % by tone of the voice and 55 % by the body language. (Pardey 2007, 64-65, 79)

For leaders active listening is in key part in communication. Active listening is about: what is being said, how is being said and why is it being said. It means hearing the message behind the words, confirming it through reflecting back what has been said, and if necessary, reframing it from negative to positive. (Pardey 2007, 66-67)

2.2.2. Planning and Organizing Skills

A leader has to fulfill a manager's and a leader's role. This means that managers are more concerned about measuring targets, reaching the objectives, evaluating the performance and progress. The leaders on the other hand motivate people to reach the targets, head for the goals and achieve the objects and operational standards by which the performance is measured. Leadership and management do not replace each other but, complement each other. (Pardey 2007, 68-69)

2.2.3. Personal Management Skills

Personal management is being aware of the strengths and weaknesses as a person, not just the work-related skills, but about the personality, values and emotions, and how to express oneself with others. The personal characteristics shape the behavior of the leader which is why it is important to know strengths and weaknesses of the own personality. (Adair 1997, 2-3 et Pardey 2007, 70-71)

2.2.4. Thinking and Learning Skills

Thinking and learning skills are both something that a leader can learn and improve. A leader should know where she/he is good at and where s/he is less good and to improve those skills and make the most of the abilities possible. (Pardey 2007, 73-75) According to David Rooke and William R Torbert "Leaders are made, not born, and how they develop is critical for organizational change"

(Rooke & Torbert, 2005) Basically this means that even though, some personalities are stronger than others and become naturally leaders in all aspects in their lives it does not mean that they cannot develop to become better leaders. Leaders learn from their experience and education both in their personal and private life and thus, develop their skill to become better leaders for organizations.

2.2.5. Decision Making Skills

Decision making is the act of choosing one alternative among a set of alternatives. Decision making is reaction to a problem, that is, a discrepancy exists between the current state and some desired state, which requires a leader to consider alternative courses of action. The decision-making process includes recognizing and defining the nature of the problem, interpreting and evaluating the information, identifying alternatives, choosing an alternative, and putting it into practice. (Robbins & Judge 2008, 60-61)

2.3. Leadership Styles

For leaders it is important to know what style they use and how can they develop their leadership skills to become an effective leader. One of the most widely used frameworks to define leadership style is “Situational Leadership” (1969) by Paul Hersey & Ken Blanchard’s (see table 1). According to the “Situational Leadership” theory there is not a one best style of leadership but the style should reflect the needs of the individual being led – the follower. In order to know what the most appropriate leadership style is the leader should assess the followers’ level of competence and commitment.

Situational Leadership			
Follower's development level		Leadership Style	
D1	Low in competence and commitment	S1	Directing
D2	Some competence but uncommitted	S2	Coaching
D3	Fairly competent but not fully committed	S3	Supporting
D4	Highly competent and committed	S4	Delegating

Table 1 Situational Leadership by Hersey and Blanchard (Modified from Pardey 2007, 20)

As seen in table 1 the follower's development levels are varying from D1 (low competence and commitment) to D4 (high competence and commitment). According to the theory there are four leadership styles (S1-S4) corresponding to each of the follower's development stage.

The leadership styles (S1-S4) can be further on defined by the following where "Directing" means that the leader tells and supervises the follower what to do. "Coaching" refers to a leading style where the follower is still being directed and allowed to participate more but decisions are made by the leader. "Supporting" on the other hand, means that the leader allows more freedom for the follower to decide what to do and how to do it, without being too controlling when supervising. And, lastly "Delegating" style is where the follower is left to make decision on their own; they decide what help they want from the leader. (Pardey 2007, 19-20)

Another used theory for leadership style is by Kurt Lewin who identified three different styles of leadership in his research in 1939. The styles that were identified in the research were: Autocratic, Democratic and Laissez-Faire. The "autocratic" style is when the leader makes all the decision without suggestions or initiatives from others and without any form of consultation. This type of style allows quick decision making and provides strong motivation to the manager as there is no need for input on the decision. The motivation of the people who carry out the subsequent actions of the decision is not affected whether they were or were not involved in the decision making. (ChangingMinds.org 2010)

A “democratic” leader involves the people in the decision making, consultation and participation of the people are part of the decision making process. The problem with the democratic style is when there is wide range of opinions and there is no clear way to reach to a final decision. The last style is the “laissez-faire” which means that the leader’s involvement in the decision-making is minimized. The people are allowed to make their own decisions, although they might still be responsible for the results. Laissez-faire style works when the people are motivated and capable to make their own decisions, and there is no need for central coordination. (ChangingMinds.org 2010)

2.4. Female Leaders

The growing presence of women in top management continues to motivate research on leadership styles of women, especially to determine if women have their own way to lead. Some women have chosen a leadership style from successful male leaders as their role model as the majority of top management positions have been occupied with men. Some other women “dare break the mold” and choose a style that openly reveal their feminine traits and behaviors in the organization. (Trinidad & Normore 2005)

The majority of traditional and best-know leadership style definitions do not remark the elements of gender, race and class, and other elements of social differences. In terms of gender, it is important to know that men and women’s approaches come from very different perspectives and therefore, have an effect to the leading style. (Trinidad & Normore 2005)

The gender roles are shared beliefs applied to individuals on the basis of their socially identified sex. Essential part of gender roles are “agentic” and “communal” attributes in terms of leadership. Agentic roles are usually stronger for men and communal roles tend to be stronger for women. According to agentic characteristics men are primarily described as assertive, controlling and confident tendency. In working environment this means behavior that includes competing for attention, influencing to others and making problem-focused suggestions. The

communal characteristics for women are described as a concern with the welfare of other people. In employment settings it means supporting others, not drawing attention to one-self and contributing to the solution of relational and interpersonal problems. (Eagly & Johannesen-Schmidt 2001, 783)

Female leadership styles are usually described as interpersonal-oriented, democratic and charismatic styles. This is because women are commonly being associated to being sensitive, warm, tactful and expressive (communal). These leadership styles represent encouraging participation, supporting, and sharing power and information with others in the working environment. Male leaders usually adopt autocratic and task-oriented leading style because men are commonly associated to being dominant and achievement-oriented (agentic). (Trinidad & Normore 2005 et Eagly & Johannesen-Schmidt 2001, 787)

In Finland similar results have been gathered in Quality of Work Life Survey (Työssäolotutkimus) in 2008 by Statistics of Finland. Women leaders were more supporting and encouraging than their male colleagues. Women leaders also gave recognition and feedback more often, were more inspiring, were sensitive with others feelings and also supported the employees to study and develop their skills. But in conflict handling, sharing the responsibility, communication, information flow, knowing the work tasks, or taking in to consideration of the elderly employees, there were no significant differences between women and men leaders. The Finnish survey gave a positive picture about women leaders and their management skills. Women leaders received overall better results than men leaders in all research areas concerning management. (Lehto 2009)

From these results we can see that men and women have different behaviors that are affected by the gender. Therefore the gender affects to the leadership style. Female leaders commonly have soft values and are people-oriented by taking care of their employees. Male leaders then again, are usually associated with attributes such as, competitiveness, toughness and achievement which are considered to be part of the traditional way of leading. However, the traditional way of leading is

not compatible anymore in globalizing business environment. Today the global business world needs leaders, who support and motivate their employees in a fast changing environment.

2.4.1. Stereotypes Regarding Female Leaders

Stereotypes, especially concerning gender, mean generalizations about how men and women differ from each other. The problem is that generalizations about people are commonly misleading and misrepresent the reality. The stereotypic beliefs regarding especially female leaders in the workplace are invisible and powerful threat. Many of these stereotypes suggest that women are lacking the essentials qualities that are associated with effective leadership and are not as qualified as their male colleagues. (Catalyst 2005)

Women's Traits	Men's Traits
Affectionate	Dominant
Appreciative	Achievement-oriented
Emotional	Active
Friendly	Ambitious
Sympathetic	Coarse
Mild	Forceful
Pleasant	Aggressive
Sensitive	Self-confident
Sentimental	Rational
Warm	Tough
Whiny	Unemotional

Table 2 Common Stereotypes of Women and Men Based on Psychological Research (Catalyst 2005)

Table 2 illustrates the common stereotypes of women and men's qualities in the U.S. culture that are frequently associated with men and women. Effective leaders are usually considered as self-confident, ambitious and achievement-oriented which are qualities that match with the stereotypes of men. Usually feminine qualities such as sensitivity, emotionality and friendliness are seen less vital to effective leadership. According to the Catalyst's research women are evaluated less positive than men for leadership positions.

Women and men have different behaviors and therefore, people have different prejudices based on gender. In the Catalyst's research on "Common Stereotypes of Women and Men Based on Psychological Research" it has to be taken on account that it is based on the U.S culture and it is not necessarily applicable to all cultures. The stereotypes regarding women are not negative assumption especially in a globalizing business world where feminine qualities are needed for organizational success. These feminine qualities, such as social sensitivity, strong emotionality and friendliness are components that enable international success.

2.4.2. Glass Ceiling

The "Glass Ceiling" term means the invisible artificial barriers that block women from top executive jobs. The "glass" is used in term because the limitations are invisible and transparent, there is no formal rule to block the advancement of women in the organization to the top management, hence the "ceiling". Another term used is "sticky floor" which describes the forces that keep women stuck at the bottom of the economic pyramid. (Wirth 2002, 2)

The problem exists around the world. National governments, businesses, trade unions and different women's organizations are working to overcome that attitudinal and institutional discrimination that bars women from certain jobs and positions and hinders women's career development. (Wirth 2002, 2)

In Finland there is an act on "Equality between men and women" 8.8.1986/609 that aims to prevent discrimination based on gender and to promote gender equality. (609/1986) Also, in the EU the gender equity is one of the fundamental principles of Community Law. The European Union's objectives on equality between men and women are to ensure equal opportunities and equal treatment for both genders and to combat any form of discrimination on ground of gender. (Europa)

3. FEMALE LEADERS IN SMES

The chapter defines small and medium-sized enterprises according to European Commission Recommendation 2003/361/EC. It introduces female leaders in SMEs in internationally, nationally and in the Ostrobothnia region.

SMEs (micro, small and medium-sized enterprises) are a central part of the European economy. These companies represent the major role of entrepreneurial skills, innovation and employment. In European Union with all 25 member countries over 23 million SMEs account 99 percent of all enterprises and offer 75 million jobs. Of this total amount female entrepreneurs in Europe account only for 30 percent of all entrepreneurs. (European Commission 2009)

3.1. Definition of SME

European Commission Recommendation 2003/361/EC have been used since 1st of January 2005 to define small and medium-sized enterprises. In the EU is it essential to have a common definition for SMEs in order to improve the consistency and effectiveness between the companies and limit the risk of distortions of competition in the Single Market. The Recommendation is applied to all the policies, programs and measures that the European Commission operates for SMEs. For all the 25 Member States the definition is voluntary but the Commission together with European Investment Bank and European Investment Fund is highly recommending applying the definition as widely as possible. (European Commission 2009)

According to the Recommendation “the category of micro, small and medium-sized enterprises (SMEs) is made up for enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro”. (European Commission 2009)

The first step to be qualified as an SME is to be considered as an enterprise which is defined as “any entity engaged in an economic activity, irrespective of its legal form”. (European Commission 2009) The next step is to establish the data of the enterprise according to following three criteria: staff headcount, annual turnover, and annual balance sheet. The data from these criteria will define whether the enterprise is a micro, small or medium-sized enterprise. (European Commission 2009)

In table 3 the different categories that define whether the enterprise is medium-sized, small or micro can be seen. It is worthwhile to notice that the enterprise has to meet the staff headcount ceiling but the SME may choose to meet either the annual turnover or the annual balance sheet ceiling. It does not need to meet both and may exceed one of them without losing the SME status.

Enterprise Category	Headcount	Annual Turnover	Annual Balance Sheet
Medium-Sized	< 250	≤ € 50 million	≤ € 43 million
Small	< 50	≤ € 10 million	≤ € 10 million
Micro	< 10	≤ € 2 million	≤ € 2 million

Table 3 Small and Medium-Sized Enterprise Categories (European Commission 2009)

The enterprise should obtain the data for the above staff and a financial calculation from the enterprise’s last approved annual accounts. If the company is a newly established enterprise and does not yet have annual accounts it should make realistic and authentic estimates of the data during the course of the financial year. (European Commission 2009)

Moreover, the Recommendation gives three different categories of enterprises: autonomous, partner and linked. These categories define the relationship to which an enterprise can have with another. This distinction is essential to in order to give

a realistic picture of the company's economic situation and to exclude those who are not genuine SMEs, and thus benefit from the SME support schemes. (European Commission 2009)

Most of the enterprises are *autonomous* which means that they are either completely independent or have one or more minority partnerships (each of which under 25 %) with other enterprise. If the holding is more than 50 percent the relationship is between *partner* enterprises. Above 50 % ceiling, the enterprises are *linked*. Depending on these categories the enterprise has to calculate data including staff headcount and financial thresholds set by the definition in order to meet the qualifications set by the Recommendation. (European Commission 2009)

3.2. Female Entrepreneurs Internationally

One of the research programs about women entrepreneurship is Global Entrepreneurship Monitor (GEM) that publishes reports on "Women and Entrepreneurship". The latest report is from 2007. In this report the data was collected from 41 different countries in order to see the differences in the entrepreneurial activity, uncover the factors that lead to entrepreneurial behavior and suggest policies that may improve entrepreneurial activities. In the research the countries are divided to three country groups: (1) low/middle- income Europe and Asia, (2): low/middle-income Latin America and Caribbean countries, and (3): high-income countries. The division is done by GDP and as well, by region and culture. (GEM 2007)

According the division the low/middle-income Europe and Asia countries are: China, Croatia, Hungary, India, Kazakhstan, Latvia, Romania, Russia, Serbia, Thailand, and Turkey. Low/middle-income Latin America and Caribbean group consists of: Argentina, Brazil, Chile, Colombia, Dominican Republic, Peru, Uruguay, and Venezuela. The last group which is the high-income countries: Austria, Belgium, Denmark, Finland, France, Greece, Hong Kong, Iceland, Ireland, Israel, Italy, Japan, Netherlands, Norway, Portugal, Puerto Rico, Slovenia, Spain, Sweden, Switzerland, United Kingdom, and United States.

(GEM 2007, 5)As seen from the above majority of European Union Members States are part of the High-Income group.

The women's entrepreneurial activity in 2007 can be seen in table 4. The table shows prevalence rates of entrepreneurial activity across countries by gender. The figures from European countries are marked in bold. The table is divided to three categories that are: early stage entrepreneurial activity, established business owners, and overall business owners. (GEM 2007, 11-13)

The early stage entrepreneurial activity means entrepreneurs who own and manage, alone or with others a nascent business, or a business that has been operating for 42 months or less. An established business owner refers to entrepreneurs who own and manage, alone or with others, a business that has successfully operated over 42 months. The last category overall business owners, refers to nascent, new and established businesses. (GEM 2007, 6)

	Early Stage Entrepreneurial Activity		Established Business Owners		Overall Business Owners	
	Male	Female	Male	Female	Male	Female
Argentina	17.52%	11.34%	15.78%	4.16%	33.30%	15.50%
Austria	3.06%	1.84%	7.25%	4.78%	10.31%	6.61%
Belgium	4.30%	1.98%	1.86%	0.93%	6.16%	2.91%
Brazil	12.73%	12.71%	12.70%	7.24%	25.43%	19.95%
Chile	16.45%	10.43%	11.89%	5.59%	28.33%	16.02%
China	19.27%	13.43%	9.66%	7.04%	28.93%	20.47%
Colombia	26.91%	18.77%	15.49%	7.84%	42.41%	26.60%
Croatia	9.44%	5.13%	5.79%	2.67%	15.23%	7.80%
Denmark	6.21%	4.56%	8.54%	3.43%	14.75%	8.00%
Dominican Republic	18.91%	14.50%	8.96%	6.12%	27.88%	20.62%
Finland	8.96%	4.81%	10.31%	4.80%	19.27%	9.60%
France	4.14%	2.21%	2.52%	0.95%	6.66%	3.16%
Greece	7.96%	3.46%	14.59%	12.04%	22.56%	15.51%
Hong Kong	14.33%	5.82%	7.51%	3.75%	21.84%	9.56%
Hungary	9.29%	4.52%	5.88%	3.81%	15.17%	8.33%
Iceland	17.40%	7.44%	13.43%	3.98%	30.83%	11.42%
India	9.51%	7.49%	8.69%	2.18%	18.21%	9.66%
Ireland	10.57%	5.87%	12.66%	5.38%	23.22%	11.25%
Israel	7.12%	3.75%	3.61%	1.10%	10.72%	4.84%
Italy	6.69%	3.30%	8.87%	2.17%	15.56%	5.48%
Japan	3.47%	5.22%	8.72%	8.57%	12.20%	13.79%
Kazakhstan	11.17%	7.64%	6.80%	4.80%	17.97%	12.44%
Latvia	7.70%	1.41%	4.90%	2.02%	12.60%	3.43%
Netherlands	6.64%	3.70%	8.59%	4.07%	15.24%	7.77%
Norway	8.59%	4.28%	8.20%	3.50%	16.79%	7.78%
Peru	25.74%	26.06%	18.07%	12.40%	43.80%	38.46%
Portugal	11.70%	5.92%	9.79%	4.44%	21.49%	10.36%
Puerto Rico	3.16%	2.97%	4.05%	0.89%	7.21%	3.87%
Romania	4.95%	3.09%	3.34%	1.70%	8.30%	4.79%
Russia	3.79%	1.64%	1.63%	1.73%	5.41%	3.37%
Serbia	12.11%	5.06%	7.74%	2.83%	19.85%	7.88%
Slovenia	6.84%	2.68%	6.84%	2.31%	13.69%	4.99%
Spain	9.75%	5.48%	8.17%	4.57%	17.92%	10.06%
Sweden	5.78%	2.47%	6.87%	2.48%	12.65%	4.95%
Switzerland	7.59%	4.92%	8.56%	4.60%	16.15%	9.52%
Thailand	27.78%	25.95%	23.22%	19.47%	51.00%	45.42%
Turkey	8.65%	2.41%	9.47%	1.32%	18.12%	3.73%
United Kingdom	7.41%	3.60%	7.59%	2.55%	15.00%	6.15%
United States	11.98%	7.25%	6.47%	3.48%	18.45%	10.73%
Uruguay	17.33%	7.19%	8.63%	4.54%	25.96%	11.73%
Venezuela	23.50%	16.81%	5.87%	4.90%	29.37%	21.71%

Table 4 Entrepreneurial Activity (Modified from GEM 2007)

As seen in table 4 the entrepreneurial activity is varying across countries but regardless of the gender the early stage entrepreneurship is higher in low/middle

income countries compared to European countries and rest of the high income countries. On average, the low/middle income countries have moderate GDP but have faster growing economies compared to high-income countries. But, when it comes to gender differences between the entrepreneurial activities in all three groups the differences are apparent. In general, men are overall more involved in entrepreneurial activities than women.

In European countries the early stage entrepreneurial activity chart shows that there are fewer women starting their business than men. This means that there are less women willing and able to undertake a new venture creation. In established businesses which have been operating at least 3.5 years the differences are even greater. The amount of women who have established business ownership indicates that their business activity has proven to be sustainable. As the table shows there is no country where women would exceed the male entrepreneurs in established business or overall business ownership. (GEM 2007, 11-13)

3.2.1. Industry Sector

In the GEM research International Standard Industry Codes (ISIC) are used to analyze the sectors where female entrepreneurial activity and business ownership takes place. Female entrepreneurs run their business in a variety of broad industrial sectors of extraction, transformation, business services and consumer-oriented products.

In early stage entrepreneurship (see figure 4) the majority of female entrepreneurs are in consumer oriented business sector in all three country groups. However, in the Latin America and Caribbean countries over 70 percent of the female entrepreneurs are in the consumer oriented business compared to European high-income countries where the figures are slightly over 50 percent. The smallest proportion in all country groups under 10 percent are in the extractive business sector. This sector refers to physical extraction of metals, oil, gas and minerals.

In the transforming business sector the amount of women entrepreneurs is not varying a lot between different country groups. While in the business services there is more variation. As we can see this sector is has the most entrepreneurs from high-income countries (27 %) compared to low/middle income countries where the figures are under one tenth of the female entrepreneurs.

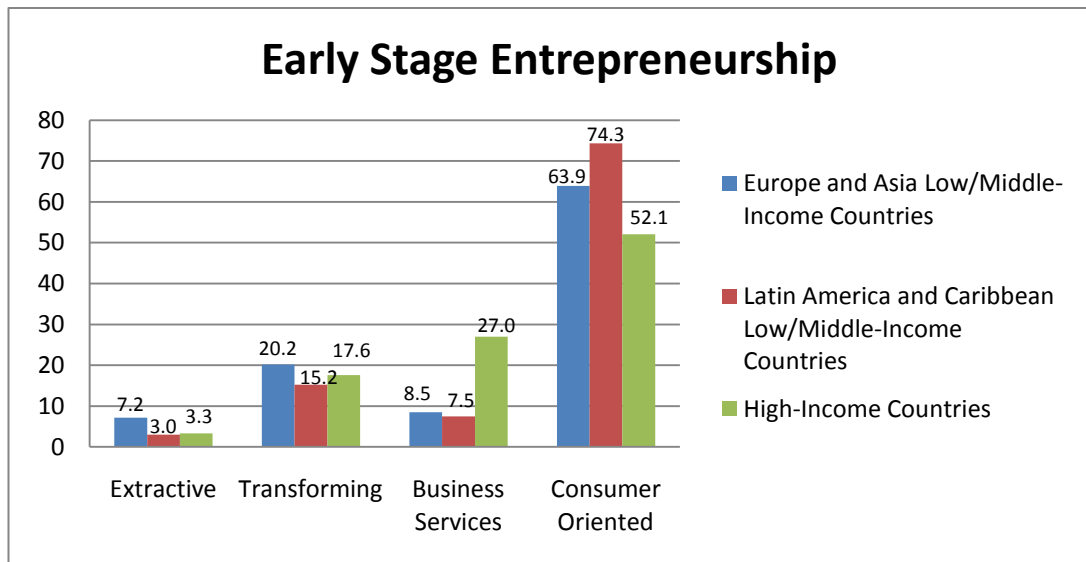


Figure 4 Sectoral Distribution of Early Stage Entrepreneurship by Country Groups (Modified from GEM 2007)

Female entrepreneurs on established business ownership by country division can be seen in figure 5. When the above figures are compared to the early stage entrepreneurship the figures are quite similar within the three country groups. The most visible change is that the amount of entrepreneurs in the consumer oriented business sector has decreased in all country groups. Changes in high income countries can be seen in the increased amount of women in extractive and transforming business sectors. The figures in the business services sector have however, decreased in high income countries.

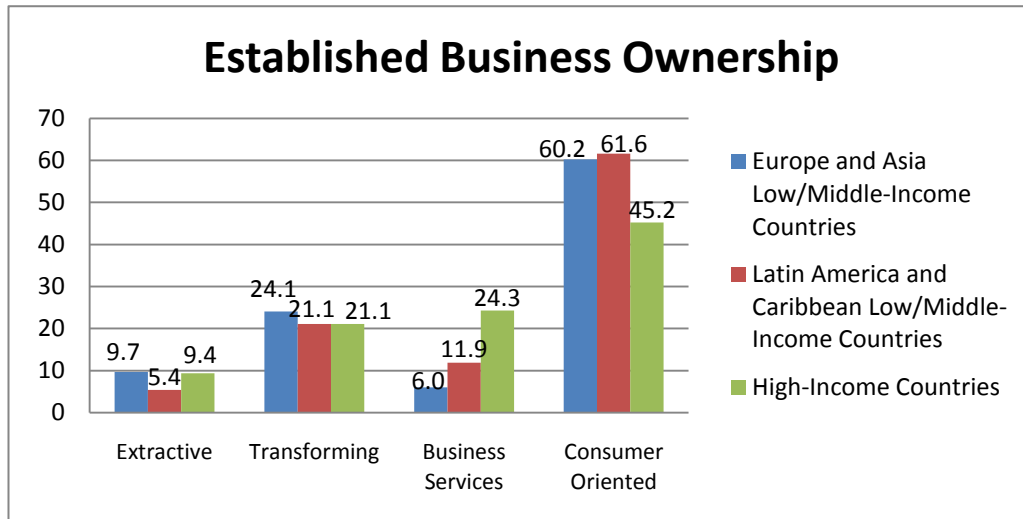


Figure 5 Sectoral Distribution of Established Business Ownership by Country Group (Modified from GEM 2007)

In low/middle income countries all the three business sectors except, the consumer oriented, the figures have increased. The only exception is Europe and Asia low/middle income countries in business services.

3.2.2. Age and Education

The age distribution of female entrepreneurs is seen in figure 6 below. The table is divided into five age groups and as well, by business stage and country group. (GEM 2007, 30) As seen a majority of women start their business venture at the age of 25-34 in all country groups. In the established business ownership stage the largest proportion of women are in their 45-54 year old in all country groups.

In low/middle-income countries women are likely to start their business in the age of 25 to 34 and become established business owners between 45 to 54 years. Whereas, in high-income countries the starting age is a bit broader from 25 to 44 years old and they become established business owners between 35 to 54 years.

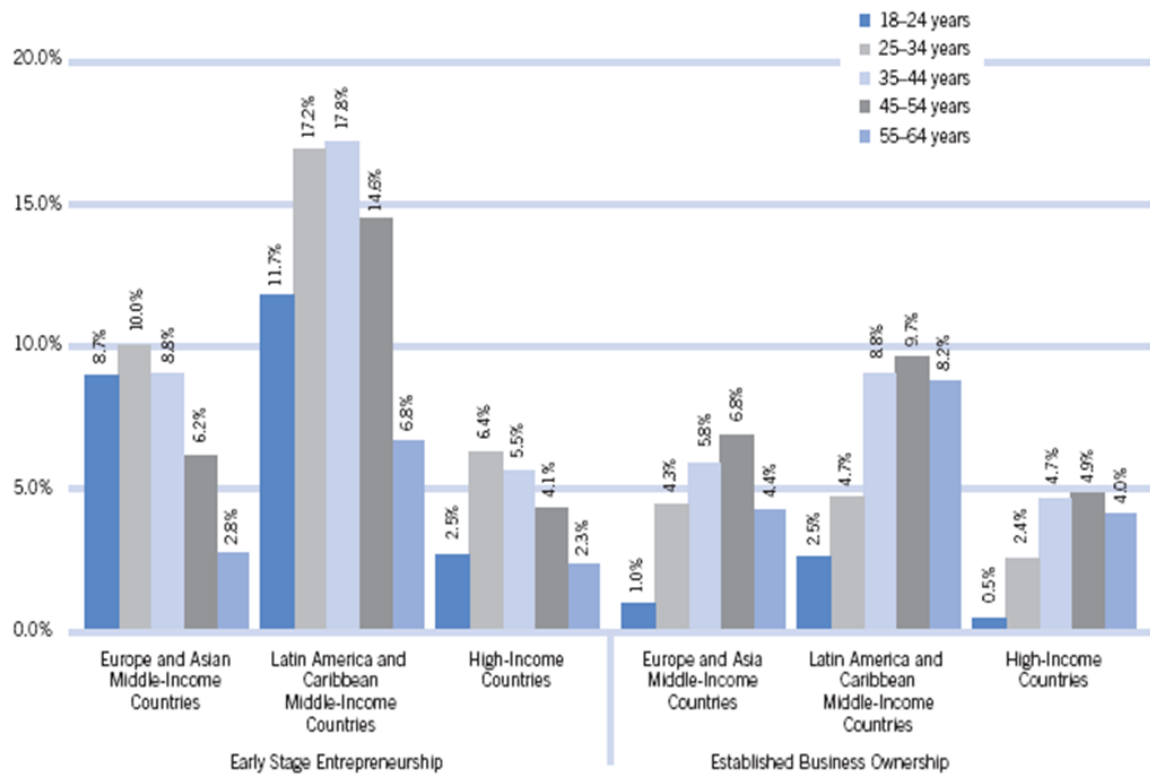


Figure 6 Age Distribution of Women Entrepreneurs by Country Group and Business Stage (GEM 2007)

The education of female entrepreneurs is seen in figure 7. The figure shows the relationship between women’s education level and entrepreneurial activity in three country groups. (GEM 2007, 29-30)

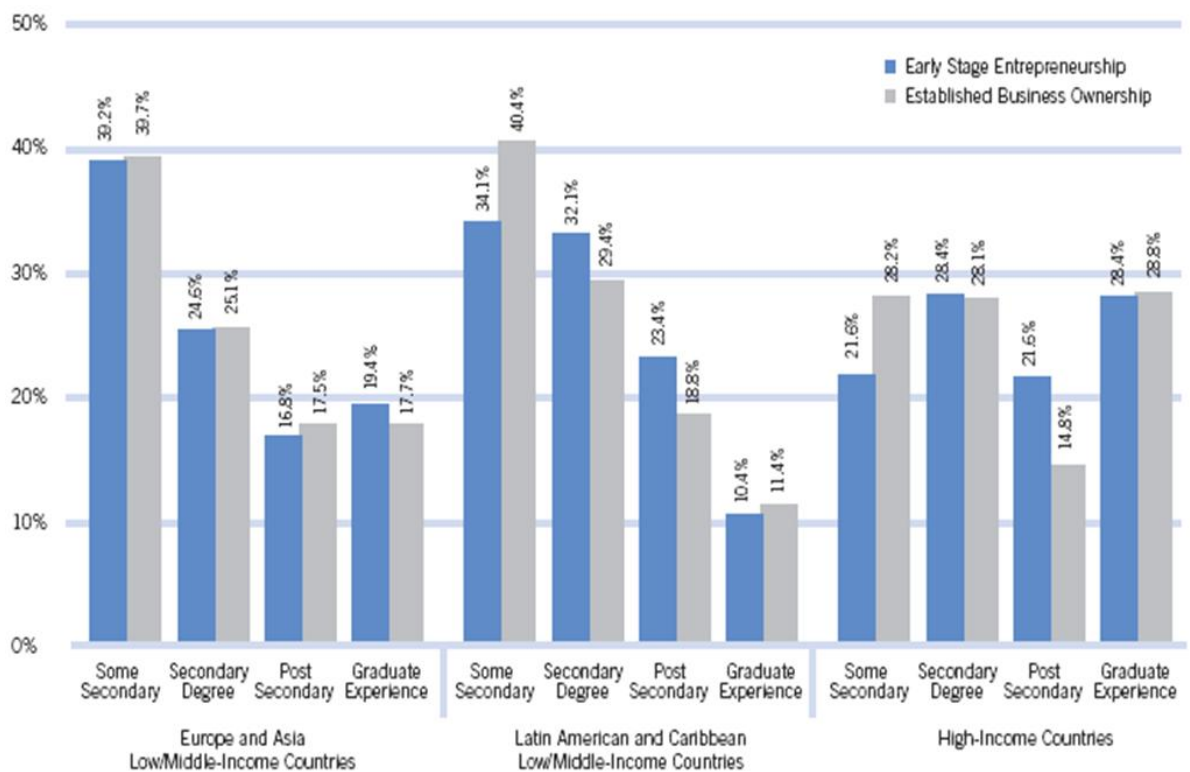


Figure 7 Women Entrepreneurs Education Attainments by Country Group and Business Stage (GEM 2007)

On average, women in high-income countries tend to have higher educational level than in low/middle-income countries. In high-income countries the majority (28.4 %) of women in the early stage entrepreneurship have secondary degree compared to low/middle-income countries where 39.2% to 34.1 % have some secondary education. In established business ownership the level of education is not significantly higher compared to early stage of entrepreneurship in none of the country groups, except for women with only some secondary education. The education level is the same or higher for early stage entrepreneurs compared with established business owners. (GEM 2007, 30)

3.3. Female Entrepreneurs in Finland

According to Ministry of Employment and the Economy Yrittäjyyskatsaus 2009 (TEM 54/2009) research in Finland in 2007 there were approximately 252 700 enterprises excluding the agriculture, forestry and fishing. The amount of SMEs

was 99.7 percent of all enterprises. Of these SMEs 93 percent are enterprises employing fewer than 10 persons. The majority of SMEs (total of 165 000) are micro enterprises employing fewer than two persons. These are private entrepreneurs and temporary employers that form almost two-thirds of the Finnish enterprise base. (Yrittäjyyskatsaus 2009, 32)

The amount of entrepreneurs in 2008 was 239 900 excluding agriculture, forestry and fishing, and the supporting family members. (Yrittäjyyskatsaus 2009, 90) Of this total amount in 2008 there were 79 000 female entrepreneurs. The statistics do not show the amount of women as minority stakeholders in limited liability companies or who are working in family businesses beside their family members. (Yrittäjyyskatsaus 2009, 104)

3.3.1. Industry Sectors

The increase of female entrepreneurship has been stable since 2000. In 2008 the amount of new women entrepreneurs has increased by five thousand compared to the previous year. The amount of entrepreneurs has especially increased in retail, hotel and restaurant sectors where women entrepreneurs form over half of all entrepreneurs. The renewal of tax credit for domestic help in 2009 has increased the amount of private household services providing enterprises. The majority of female entrepreneurs operate in human health and social work activities, retail and in personal service sector e.g. hairdressers and household services (see table 5). In industry sector (including, manufacturing, construction and energy supply) women accounted only 10 percent. (MoniNainen ja Uudistuva Naisyrittäjyys 2010, 18)

Industrial Classification	Women Entrepreneurs (no.)	All Entrepreneurs (%)
Personal service activities	20 000	65.1
Business activities	11 800	30.8
Retail	9 200	52.9
Human health activities	7 800	66.7
Social work activities	5 900	88.1
Accommodation and food service activities	5 000	50.5
Consumer goods	3 700	68.5
Real estate activities and cleaning	3 400	37.4
Transport	2 600	12.4
Wholesale and agency	2 100	20.8
Construction	2 000	4.8
Education	1 200	44.4
Other industry	3 200	15.4
Other service activities	1 500	10.1
TOTAL	79 400	32.9

Table 5 The Amount of Female Entrepreneurs and Percentage of All Entrepreneurs by Industry in 2008 (Modified from MoniNainen ja Uudistuva Naisyrittäjyys 2010)

3.3.2. Education and Age

According to Yrittäjyyskatsaus 2009 the educational level between men and women (excluding agriculture) in 2007 can be seen in figure 8. Women entrepreneurs are in average more educated than their male colleagues. A majority of the women entrepreneurs (45.5 %) has an upper secondary degree e.g. qualifications in matriculation examinant, vocational qualifications in 1-3 years and further vocational qualifications. (Statistics Finland) Almost one third of women (26 %) have a lower-degree level tertiary education which refers to university of applied sciences or lower university degree. Whereas 11.7 percent of women and only 9.6 percent of men hold a higher-degree level tertiary education e.g. master degree in university.

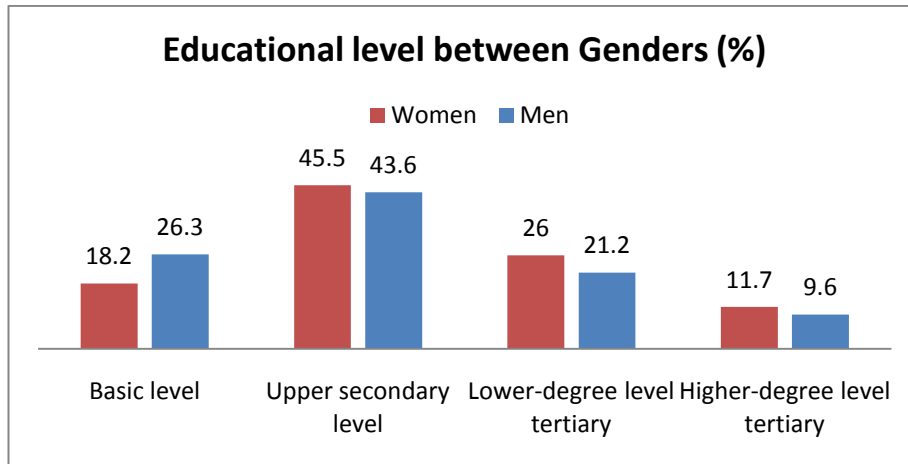


Figure 8 Education level by Gender (Modified from Yrittäjyyskatsaus 2009)

Female’s higher educational level can be explained by the fact that women in general hold a higher degree in education than men. Also the industries and sectors where majority of the female entrepreneurs operate require higher education e.g. in health care activities. Whereas such industries as construction where vast majority of entrepreneurs are men a lower education is qualified. (Yrittäjyyskatsaus 2009, 107)

Age differences between men and women have started to increase since 2000 when also the amount of women entrepreneurs began to rise. On average, women are younger entrepreneurs than men and nearly one fifth of women entrepreneurs are under 35 years old. From figure 9 the increase of women entrepreneurs can also be seen on the other end of the age segment where there are fewer women than men. On average, women entrepreneurs in Finland are slightly older than in rest of the Europe. The below research does not include entrepreneurs from agriculture. (Yrittäjyyskatsaus 2009, 106-107)

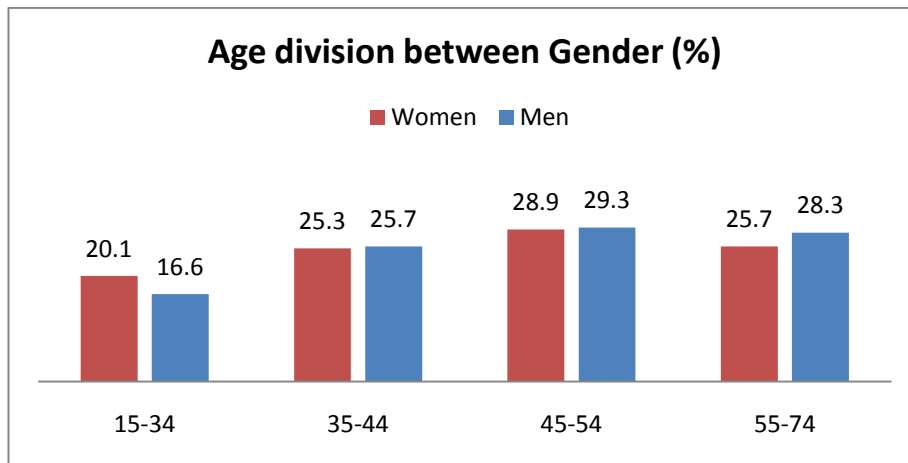


Figure 9 Entrepreneurs' Age by Gender (Modified from Yrittäjyyskatsaus 2009)

3.3.3. Company Form

Approximately 70 percent of women entrepreneurs are working under registered trade name whereas the proportion of men under registered trade name is 60 percent. The high figures of the amount of female entrepreneurs who are self employed can be explained with the fact the largest amount of enterprises are in the service field e.g. hairdressers, masseur, cosmetologists and other personal service activities. Limited liability enterprises run by a women is accounted 11 percent. There are only four percent of women's enterprises employing more than 10 persons. (MoniNainen ja Uudistuva Naisyrittäjyys 2010, 19)

3.4. Female Entrepreneurs in Ostrobothnia

The amount of female entrepreneurs in Ostrobothnia in 2006 was 36.2 percent (excluding agriculture and helping family members) which was the sixth highest in the country. The average percentage of female entrepreneurs from all entrepreneurs in Finland was 32.1 percent. Rest of the female entrepreneurs by region in Finland can be seen in figure 10 below.

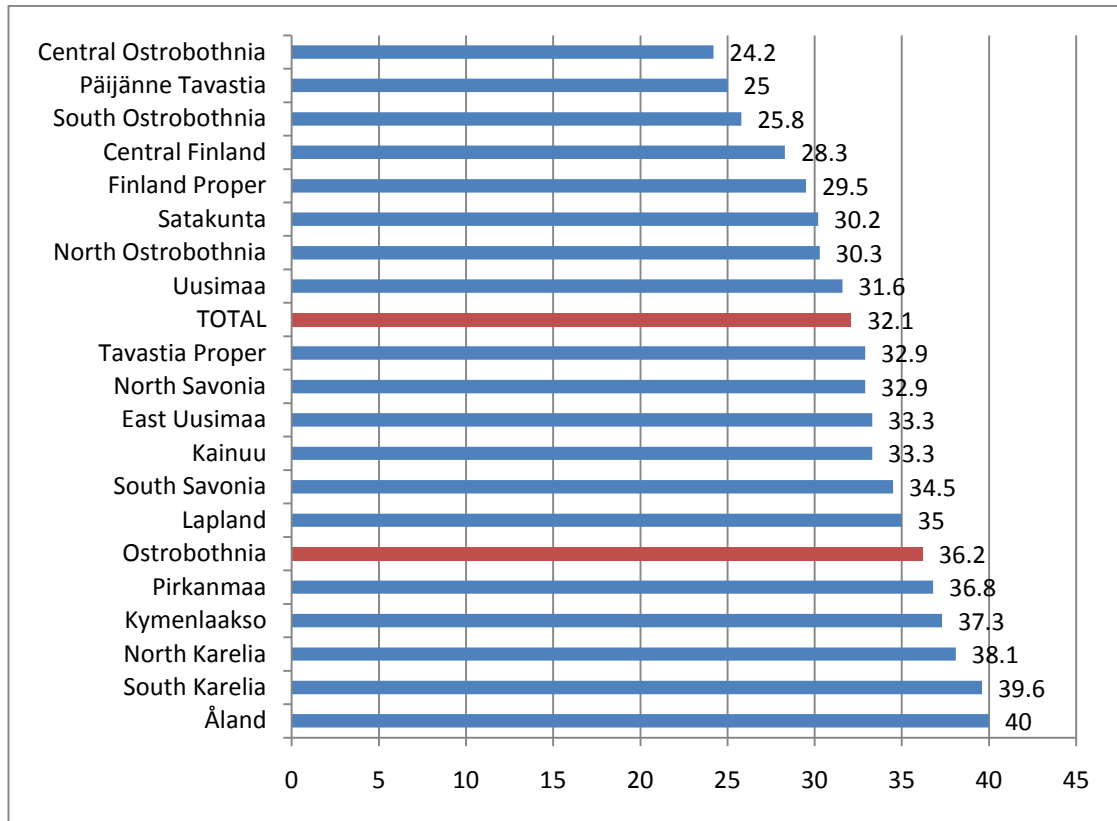


Figure 10 Amount of Female Entrepreneurs (excluding agriculture and family members) by Regions in Finland 2006 (Modified from Ytyä Naisyrittäjyyteen 2013 kehittämissuunnitelma, 2007)

3.4.1. Industry Sector

Table 6 below shows female entrepreneurs (incl. agriculture) in Ostrobothnia by industries. (Ytyä Naisyrittäjyyteen 2013 kehittämissuunnitelma, 2007) As the table shows the biggest industry for female entrepreneurs is agriculture where almost half of the women are employed. Outside the agriculture industry the major industry where over 15.1 percent of the women are working is the other community, social and personal services. After that are healthcare and social work activities with 14.9 percent, followed by accommodation and food service activities 13.7 percent.

Industry	Ostrobothnia %
Agriculture, hunting, fishing and forestry	46.2
Industry	4.5
Construction	1.1
Wholesale and retail trade	11.1
Hotels and restaurants	13.7
Transport, storage and telecommunication	2.0
Financial Intermediation	0.01
Business activities	6.6
Education	0.13
Health and social work	14.9
Other community, social and personal service activities	15.1
Industry unknown	4.6
TOTAL	100

Table 6 Female Entrepreneurs in Ostrobothnia by Industry (Modified from Ytyä Naisyrittäjyyteen 2013 kehittämisohjelma, 2007)

The figures are similar compared to female entrepreneurs in Finland in general. Majority of women both in Ostrobothnia and in the entire Finland are working in health and social work activities, and in personal service sectors.

3.4.2. Age

Female entrepreneurs' (excluding agriculture) age in Ostrobothnia can be seen in figure 11. As can be seen over 60 percent of women are 40-59 years old. Compared to the average age of female entrepreneurs in Finland the Ostrobothnian women entrepreneurs are in the similar age groups. Young female entrepreneurs from 15-29 are forming almost one fifth of all female entrepreneurs. On the other end of the sector; female entrepreneurs who are over 60 years old are almost account for 7 percent. (Ytyä Naisyrittäjyyteen 2013 kehittämisohjelma, 2007)

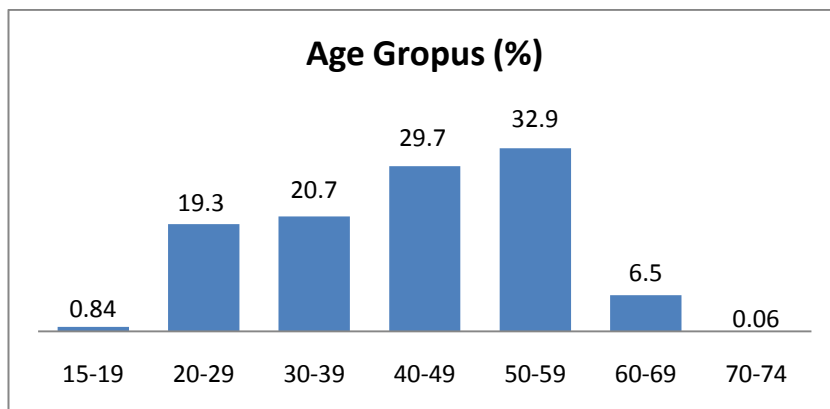


Figure 11 Female Entrepreneurs in Ostrobothnia by Age (Modified from Ytyä Naisyrittäjyyteen 2013 kehittämisselma, 2007)

4. MOTIVATION

The chapter defines motivation with the help of three different motivation theories in order to gain full understanding of motivation in working environment. The chapter also describes leadership motivation in terms of John Adair's theory. It also explains why self-motivation is important when it comes to motivating others and how can leaders improve their self-motivation.

Motivation is one the most fascinating and perplexing areas in leadership. It can be defined as a "process that account for an individual's intensity, direction, and persistence of effort to toward attaining a goal". (Robbins & Judge 2008, 86) Similar definition to motivations is also given by Bowditch and Buono when they define three essential key questions about the process of motivation:

1. What energized human behavior?
2. What channels or directs that behavior?
3. How can certain behaviors be sustained or maintained over time?

(Bowditch & Buono 2000, 63)

4.1. Motivation Theories

4.1.1. Hierarchy of Needs

One of the most well-known theories about motivation is by Abraham Maslow (1943) "Hierarchy of needs". The theory suggests that the needs of every human being exist in a hierarchy of five needs. The needs that can be seen in figure 12 are (1) Physiological, such as hunger and thirst (2) Safety, such as security and protection (3) Social, needs for affection and friendship (4) Esteem, needs such as status, recognition and achievement and (5) Self-actualization, the ultimate fulfillment of one's potential as person. (Robbins & Judge 2008, 87-88 et Bowditch & Buono 2000, 65-66)

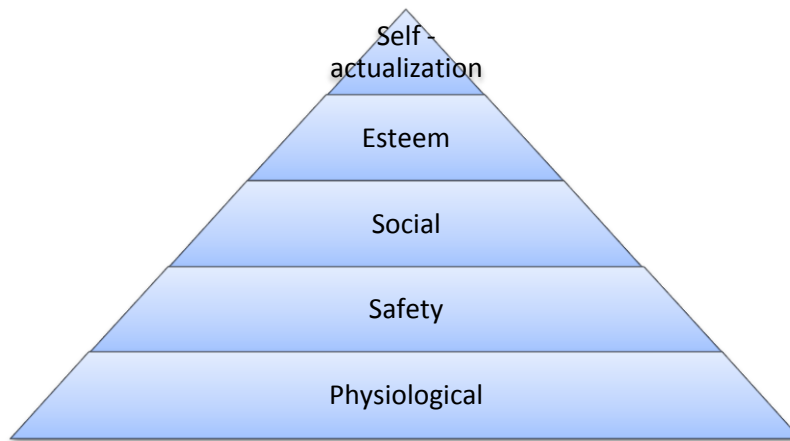


Figure 12 Hierarchy of Needs by Abraham Maslow (Robbins & Judge 2008, 88)

The five needs are further on divided to higher and lower orders. Basically, when the physiological needs such as hunger and thirst are satisfied the person becomes concerned about the safety and shelter. These two form so called lower-order needs which are satisfied predominantly externally, such as pay and tenure. The social, esteem and self-actualization needs form the higher-order needs that are satisfied internally within the person. (Robbins & Judge 2008, 87-88 et Bowditch & Buono 2000, 65-66)

The theory implies when each of these needs becomes substantially satisfied, the next need becomes dominant. Even though no need is ever fully satisfied, a substantially satisfied need no longer motivates. For a leader according to Maslow's theory it is important to know in which level of hierarchy a person currently is and focus on satisfying the needs at that level or above. But the leader must remember that individuals in the organization are at different stages of the hierarchy and therefore cannot be motivated in the same way. Even though the theory and the terminology are still widely known there is a little evidence that needs structures are organized along the dimensions proposed by Maslow. (Robbins & Judge 2008, 87-88 et Bowditch & Buono 2000, 65-66)

4.1.2. Two-Factor Theory

Another classical motivation theory is by psychologist Frederick Herzberg's (1959) "Two-factor theory" which is also known as "Motivation-Hygiene Theory". In his research Herzberg investigated question "What do people want from their jobs?" and asked the people to describe in detail situations in which they felt good and bad about their jobs. The responses were categorized into motivation factors and to hygiene factors. Those factors leading to extreme job satisfaction (motivation factors) were significantly different from the replies leading to extreme dissatisfaction (hygiene factors).

Factors leading to job satisfaction were such as, achievement, recognition, responsibility and advancement. Factors leading to job dissatisfaction were characteristics such as, supervision, pay, company policies and working conditions. According to this Herzberg suggested that factors leading to job satisfaction are separate and distinct from those leading to dissatisfaction. The managers who want to motivate their employees should according to Herzberg emphasize factors associated with the work itself or with outcomes derived from it, such as promotion, opportunities for personal growth, recognition and achievement. Because even though managers would eliminate the factors that lead to dissatisfaction it would not necessarily motivate the employees, but it may bring peace to the workplace. Even though Herzberg theory is widely spread, it has received criticism of being contradictory. For instance, salary and pay can be seen both a motivation and hygiene factor. (Robbins & Judge 2008, 89-90 et Bowditch & Buono 2000, 68-70)

4.1.3. Goal-Setting Theory

The third theory about motivation is more contemporary by Edwin Locke's "Goal-Setting Theory". In the late 1960's Locke suggested that "intentions to work toward a goal are a major source of work motivation". (Robbins & Judge 2008, 93) The theory emphasizes the value of goal. Especially specific and difficult goals increase the performance more than easy goals. Locke also

emphasized the importance of feedback leading to higher results. Feedback acts as a guide to behavior because it helps to identify discrepancies between what have been done and what is wanted to be done. (Robbins & Judge 2008, 93)

Specific goals are said to lead higher results than generalized goals “do your best” goals. This is because a specific goal itself acts as an internal stimulus. Difficult goals, if accepted by an employee, will lead to higher performance. The employee can be expected to exert a high level of effort to try to achieve the difficult goal. The reason why difficult goals motivate better than easy goals is because difficult goals will help to stay focused and away from irrelevant distractions. They also make employees to work harder and stick with trying to attain the goal. And most importantly, difficult goals, can lead to new strategies and solutions to perform the task more effectively. (Robbins & Judge 2008, 93)

4.2. Leadership Motivation

Motivation is especially important in leadership during economic downturn. The leaders want to know how their leadership style affects motivation, that is, ultimately, to the delivery of business performance. (Shirlaws Pty Ltd, 2007) Another report says that leaders nowadays, more than ever, have to win people’s cooperation. Leaders cannot simply order people around and expect them to do what the leader wants. For leaders motivating is about moving people to act in a way that achieves specific and immediate goals. Motivation is not just something that professional speakers use but motivation is a tool that leaders should use on their everyday basis to bring out the best in their people. (Witt 2009)

According John Adair motivation can be formulated by “fifty per cent of motivation comes from within a person and 50 per cent from his or her environment, especially from the leadership encountered there”. (Adair 2006, 38) The 50:50 rule does not claim to identify different proportions in equation exactly. It is more to identify that a substantial part of the motivation is within the person and on the other hand, a substantial part is beyond the person’s control. This is a reminder to leaders that they are in the key role when it comes to motivating the

employees. It is as well, fortunately or (unfortunately) that the motivation is not alone depending on the leader, but motivation is also part of self-motivation in various degrees of the employees. Therefore, it is very important to remember that the contribution of each party is substantially needed. The leader has to get his/her part right before criticizing the quality of contribution of the other party (individual employee or team) (Adair 2006, 39-40)

Motivation is what occurs internally in individual in terms of wanting to do something and also, what occurs externally as the individual is being influenced by others or by circumstances. When a leader motivates the employee she/he is consciously or unconsciously trying to change the strength and/or direction of the individual's motive energy. This raises an ethical issue, as people are depending on external stimulations in all aspects of their life, including motivation, can this human dependency of others be used to our own ends. What is the difference between legitimate influencing and manipulating others to the leaders own benefit? (Adair 2006, 41-42)

In simple rule, the difference between manipulating and motivating is that in manipulation someone is get to do something because someone tells to do it; whereas motivation is getting someone to do something because they themselves want to do it. (Denny 2006, 16) The manipulatory practices should not be used by strong personalities to dominate the weaker ones. Leadership is not about exercising the power but it is about relationships based on mutual trust and respect. (Adair 2006, 41-42)

Adair's fifty-fifty theory on motivation compared to Abraham Maslow's "Hierarchy of Needs" and Frederick Herzberg's "Two-Factor Theory" emphasizes the leader's meaning. Maslow and Herzberg concentrate in their theories to the individual needs in motivation. In Edwin Locke's "Goal-Setting Theory" there is more meaning towards the leader who can give the specific goals for the employees. As conclusion of the motivation theories, leader's meaning in motivation is essential as the leader always sets an example for others to follow.

Leaders are also the ones, who can affect to the working environment and employees well being, and therefore have an impact to the employee's work motivation.

4.3. Self-Motivation

In motivation the first and golden rule of motivation is self-motivation. Only motivated leaders can motivate others. Leaders are always setting example for others which is why it is critical that the leaders are highly motivated to the things what they do. Self-motivated leaders create trust among employees because it shows that the leaders believe in what they do and are excited about it. Excitement, and also enthusiasm and inspiration, are qualities that self-motivated leaders should have. These qualities are contagious among people and therefore; it is worth to say that enthusiasm creates enthusiasm. However, if a leader is lacking out of motivation she/he should ask what the reasons are behind it and how they can be overcome. (Adair 2006, 91)

4.3.1. How to Build Self-Motivation

According to the below figure 13 leaders can build their self-motivation by increasing their self-confidence, managing their self-discipline, setting clear goals and by choosing the right company both in personal and working life.



Figure 13 Self-Motivation Model

Self-confidence in terms of self-motivation has a visible link between personal motivation and self-belief. Confidence builds self-belief which is foundation for inner self-motivation. There are some tips according to Richard Denny how leaders can build their individual self-confidence. For instance, leaders should get rid of all excuses which most of the time unjustified and untrue, and thus hold people back from achieving their goals. Leaders should also visualize clear ideas what they want to achieve in both personal and carrier wise life. Clear ideas what leaders want to achieve and positive thinking will increase the self-confidence. (Denny 2006, 49-50)

Most importantly, leaders should not be afraid of failure since fear of failure decreases confidence and thus, self-motivation. Leaders should in that case consider what the worst thing is that could happen when facing a new challenge or an opportunity and make plans how to handle that situation. The fear of failure makes people unhappy and unconfident as they never try anything new and cannot develop themselves. (Denny 2006, 50-51)

According to Richard Denny appearance also builds confidence which means that the outside of the individual should look good and healthy in order for the inside of the individual to come out and develop. (Denny 2006, 52) The appearance especially for women in management positions still creates pressure in working life. The women in high management positions feel that in order to be convincing and to be taken seriously in the organization they should hide their femininity. The higher the position the more masculine style should be adopted to create more credibility. (Ilmoniemi 2009)

The second part of self-motivation is *Self-discipline* that has a major role in leader's self-motivation. An effective leader must be able to manage also oneself correctly and effectively, not only other people. Self-discipline is about working on the right things, whereas self-motivation is about keeping you working. A leader must make realistic assessments about the value and urgency of specific tasks. Self-discipline is about doing the things that are not the favorite and most

pleasant ones, but tasks that must be done. With a great self-discipline a leader can prioritize and do the first things first. (Bernard 1988)

The third part of self-motivation is about setting *Clear Goals*. Majority of people do not know what they want when it comes to goals and achieving something. Most of the people want to achieve something in general terms such as being “happy” or “successful” but do not know what they really want and therefore, are unhappy because they do not have it. (Denny 2006, 54) Leaders can achieve their goals by realistically listing what they want to achieve personally and career wise in short and long term. By setting clear goals instead of general ones leaders can achieve what they want and thus, increase their self-motivation and results.

The last part of self-motivation is also the *Right Company* because in order for the leader to stay motivated she/he should consider the other people who are around. If these people are constantly negative and complaining about everything it will eventually start to affect the person no matter how positive she/he is. The affect is reverse, in order to stay motivated one should meet and be with people who are positive, enthusiastic and thus, motivated. (Denny 2006, 63)

5. HOW TO MOTIVATE OTHERS

Motivation is something that drives the individual to achieve something. For the leader it is vital to know how she or he can affect the motivation and get them to work on their best and thus, improve the business performance. There are numerous ways how to motivate others, some leaders offer rewards while others issue threats. Even though, the leader is in the key role when it comes to motivating others, the power to motivate is limited. Motivation is also depending on the individual's needs.

5.1. Motivation Tools

In order to get the best out of employees the “Motivation Tools Model” summarizes the following aspects that the leader should consider when motivating employees. The figure 14 shows the most relevant tools that leaders can use in their organizations when motivating employees.



Figure 14 Motivation Tools Model

As has been stated earlier in this thesis motivating of others is starting from *Self-motivation*. That is why the “Motivation Tools Model” starts from self-motivation. The first rule of motivation is that the leader must be motivated

him/herself. Motivated leaders create motivation in others. Enthusiasm and full commitment shows the employees that the leader believes in what she or he is doing and is expecting the same from the employees. (Adair 2006, 91)

The next one is *Individualism* in a sense that it is one of the biggest challenges for leaders to understand what makes the individual “tick” and how to get the best out of individuals. (Pardey 2007, 121) Most likely one employee is motivated with a completely different drive than another, which creates a challenge for the leader to recognize these differences and adjust his/her leadership behavior to match the individual personalities and thus motivate each person individually. Also, the individual employee’s motivation changes over time as the environment, career and other circumstances keep on changing. An effective leader knows how to treat employees individually and equally without treating everyone the same, but according to the employees specific needs. (Pardey 2007, 125 et Tasker 2001).

Leaders who can set *Clear Goals* that are realistic and challenging for the employees can easily motivate their employees. Also according to Edwin Locke’s “Goal-Setting Theory” clear and challenging goals are more motivating than general goals. (Robbins & Judge 2008, 93) If the objectives are too easy they do not inspire the employees, but on the other hand, if the targets are too challenging and totally unrealistic it de-motivates the people. The leader must find a balance to the level of targets. The targets have to be agreed and accepted by the people who will carry out the task. That means that the leader should share decisions in that sense that the employees feel that they are part of the process. (Adair 2006, 97)

One of the motivation tools that leaders can use is *Progression*. Employees are more motivated when they know that they are moving towards the goals and thus, it can increase their efforts to reach the goals. In order to know that employees are progressing they need feedback from their leader. Without feedback the employees do not know if they are heading to the right direction at right speed. (Adair 2006, 99)

Feedback improves performance and helps employees to reach their goals and objectives. Feedback can be used to:

- recognizing and encouraging good performance
- acknowledging hard work or effort
- help to improve poor performance by advising or providing training
- searching reasons for low levels of effort, in means of showing the concern of employee's commitment. (Pardey 2007, 139)

Feedback has to given in a proper way in order to be effective, meaning that feedback should be adjusted to the person and the cause. Leaders can use U-STAR –model (table 7) to give feedback.

U	Understandable
S	Specific
T	Timely
A	Accurate
R	Relevant

Table 7 U-STAR- model (Modified from Pardey 2007, 140)

As the model suggest the feedback should be in an understandable language so that the employee knows what was good/bad and how to improve if necessary, it should specific so that people know which aspects in the performance are referred in the feedback. Feedback should also be given as soon as possible after the performance and to the correct person who was actually responsible and in relation to what she/he actually did. The feedback should also be relevant to the individual who performed the task. (Pardey 2007, 139-140)

Rewards and Recognition are also major part of motivation. Employees need both reward and recognition in order to be motivated. When it comes to *rewards* it should be remembered that all work is about balancing what we give with what we expect to receive. The fairness in this is that the return should be equivalent to the employee's contribution. If financial remuneration is poor employees will put less effort to their jobs therefore the organization must be careful with the reward schemes. The fairness to the rewards must be perceived by the employee

otherwise it will cause lack of motivation. Unfair rewards will work against motivation. (Adair 2006, 103-104) Even though, rewards are important *recognition* is often even more powerful motivator than money. In general people have the thirst for the recognition by their peers, colleagues and supervisors and need the esteem of others. Leaders should use every opportunity to give recognition to the employees and show the appreciation of the people's work and contribution. (Adair 2007, 106-107)

Motivating Environment is also a motivating tool in a sense that leaders can create an environment that motivates others even though they only have limited amount of power. Leaders can try reducing the factors that are de-motivating. For instance, organizational culture that is over controlling and bureaucratic does not motivate people. The employees should have a proper input the decisions that affect their working lives, especially if there are substantial changes. The employees should also understand the effect of their job on others and what the significance of it is. (Adair 2006, 101)

6. MOTIVATION STRATEGIES

There are different motivation strategies and concepts to increase work motivation and job satisfaction. Organizations can use job designing techniques and alternative work arrangements to increase motivation. Part of motivation strategies for organizations is to consider how the employees are paid and rewarded in the organization. But also, how much the employees are part of the decision making in the work place.

6.1. Job Designing Techniques

Job design can make jobs more motivating for the employees. The job design techniques that organizations can use include job rotation, job enlargement and job enrichment.

6.1.1. Job Rotation

Job rotation or also known as *cross-training* refers to a periodic shifting of an employee from one work activity to another. The job rotation is used when the work activity is not challenging anymore for the employee so the employee is rotated to another job. The rotation is normally to a job which is on the same level and has similar skill and talent requirement. The main benefit for the employee from job rotation is that it decreases boredom, increases motivation and helps to understand how their work contributes to the organization. The negative side of job rotation to the employees is that members of the work group have to adjust to the new employee and also, supervisors may have to spend more time with the new rotated employees. (Robbins & Judge 2008, 107)

Job rotation from the management point of view increases the flexibility for the organizations since it increases the employees' range of skills and therefore, helps the organization in scheduling work, adapting to changes, avoiding lay-offs and filling vacancies. The biggest drawbacks are the training costs and also the

possible decrease of productivity when employees are being moved to new positions. (Robbins & Judge 2008, 107)

6.1.2. Job Enlargement

Job enlargement refers to expanding jobs horizontally. It means that the number and variety of work tasks are increased in order to enhance the diversity of the employee's job. The tasks added to the job through job enlargement are usually requiring the same level of skills and requirements. From the employee's side the benefit of job enlargement is that it will decrease the monotony of the job and create more variety to work tasks. From the organization's point of view job enlargement increases the flexibility of their workforce.

The drawbacks for organization are the possible time and financial costs to train the employees for the new jobs. For the employees on the other hand, job enlargement may be also de-motivating and lead to job dissatisfaction after a period of time have passed when even the enlarged job role becomes mundane. Employees may also feel that instead of one mundane job they now have two mundane jobs through the enlargement. (Robbins & Judge 2008, 107-108 et BusinessDictionary)

6.1.3. Job Enrichment

Job enrichment is about expanding jobs vertically. It means that the employee can control the planning, execution, and evaluation of his/her work. That way job enrichment increases the employee's authority, autonomy, and control over the way the job is accomplished. (Robbins & Judge 2008, 108 et BusinessDictionary)

6.2. Alternative Work Arrangements

The alternative work arrangements are one of the strategies how to increase the employee motivation. According to Robbins and Judge there are three alternatives for work arrangements which are flextime, job sharing and telecommunication. (Robbins & Judge 2008, 109)

6.2.1. Flexible Work Time

Flexible work time or for short flextime, allows employees to some extent to decide when they arrive at work and when they leave. This means that employees have to work a certain amount of hours in a week but they are free to vary the hours of work within certain limits. An example of flexible work time is seen in figure 15 where the employee is required to work on common core times, but is able to accumulate the hours required before and/or after the common core time. Some organizations allow employees to turn the accumulated extra hours to free days.



Figure 15 Example of Flextime Schedule (Modified from Robbins & Judge 2008, 109)

The benefits of flextime programs are seen in reduced absenteeism, tardiness, overtime expenses, and in hostility toward management but also the traffic around work sites is decreased. The benefits are also seen in increased productivity, autonomy and responsibility for employees that can increase employee's job satisfaction. The biggest benefit for employees is that they can themselves schedule their work hours according to their personal demands. (Robbins & Judge 2008, 109)

6.2.2. Job Sharing

The second alternative work arrangement is *job sharing* which means that two or more individuals split a traditional 40-hour-a-week job. This alternative allows an organization to draw on the talents of more than one individual in a same job. For instance, as shown in figure 16 person A works two days in a week and the person B works the rest three days of the week.

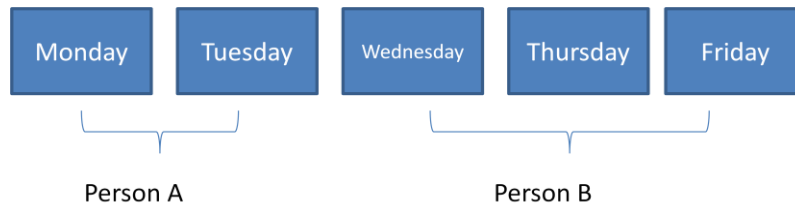


Figure 16 An Example of Job Sharing (Modified from Robbins & Judge 2008, 110)

Job sharing is a great opportunity to employees, for instance for women with young children or retirees, who are not able to work on a full-time basis. Job sharing increases flexibility and thus, increases motivation and job satisfaction. The biggest drawback for organizations is to find compatible pairs of employees to successfully coordinate their tasks of the job. Another problem from the management's side is to find employees who are willing to fully commit to their job and work with someone else. (Robbins & Judge 2008, 110)

6.2.3. Telecommunication

Telecommunication is the third option for alternative work arrangement. Telecommunication means that employees work from their homes at least two days a week on a computer that is linked to their office. Also, “*virtual office*” is a related term that refers to employees who work at home on a relatively permanent basis. Telecommunication has been identified as most appropriate in three categories: routine information-handling tasks, mobile activities, and professional and other knowledge-related tasks. (Robbins & Judge 2008, 110)

The major benefits of telecommunication for the organization is that it allows a larger labor pool from which to select, less turnover, higher productivity, improved morale, and also, reduced office-space costs. On the other hand, telecommunication makes it hard for the management to supervise, and in team-focused workplace the coordination of teamwork is more difficult. From the employees' point of view telecommunication increases flexibility in working hours, there is no commuting, and few or no interruptions from colleagues. The negative side of telecommunication is that it may increase the feeling of isolation

and thus, reduce job satisfaction. The employees may also feel the “out of sight, out of mind” effect as the management may overlook or undervalue the telecommuters work contribution. (Robbins & Judge 2008, 110-111)

6.3. Rewards and Benefits in Motivation

Even if money is not key factor in motivation, it is important for the organizations not to underestimate the importance of pay when it comes to keeping the top talent. As stated earlier according to John Adair all work is about balancing what individuals give with what they expect to receive. (Adair 2006, 103) Robbins and Judge suggest that management has to think what to pay and how to pay for individual employees, what benefits they can offer and also, what kind of employee recognition programs they will have. The strategic decisions concerning rewards can be seen in figure 17. (Robbins & Judge 2008, 112)

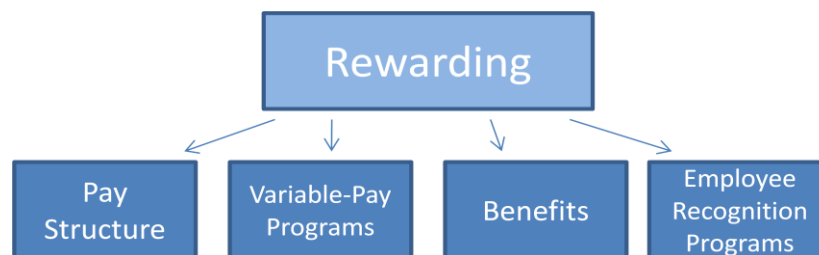


Figure 17 Model of Rewarding

6.3.1. Pay Structure

The first thing to consider is what to pay for the employees. There are many different ways to pay for individuals, therefore organizations should establish Pay Structure. The level of pay is balancing between the internal and external equity. Internal equity refers to the worth of the job to the organization which usually established through job evaluation, whereas the external equity refers to the external competitiveness of an organization’s pay compared to pay elsewhere in the same industry. The best possible pay system pays the employees what it is

worth (internally) while also paying competitively to the labor market. (Robbins & Judge 2008, 112)

A carefully structured pay system pays off to the organizations since with high pay the qualified employees will be more motivated and will stay longer with the organization. But the drawback is that pay is usually the highest operation cost for the company which means that the company's products/services may become too expensive to cover the labor costs. (Robbins & Judge 2008, 112)

6.3.2. Variable-Pay Programs

The second question for the organizations is how to pay for the employees. Organizations and businesses are moving from paying solely on credentials or time of the work more towards using *Variable-Pay Programs*. The pay on variable-pay structures is based on a proportion of an employee's pay on some individual and/or organizational measure of performance. There are seven major types of variable-pay programs: (1): Piece-Rate Pay, (2): Merit-Based Pay, (3): Bonuses, (4): Skill-Based Pay, (5): Profit-Sharing Plans, (6): Gainsharing, and (7): Employee Stock Ownership Plans (ESOPs). (Robbins & Judge 2008, 112-115)

Organizations and companies have started to use these variable-pay programs because employees are more motivated and are performing better when their work is based on their performance. For instance, an employee may ask himself why he would give anything "extra" when he is paid is the same no matter what. The variable-pay programs have especially been popular among salespersons and executives. (Robbins & Judge 2008, 112-115)

6.3.3. Benefits

Benefits are also something that is part of the organizations rewards and where the strategic decisions have to be made. Organizational rewards should be something that is linked to each individual employee's goals. Flexible benefits are something that are tailored to meet the specific needs of an employee's age, marital status,

spouses' benefits status, and number and age of dependents. An average organization provides fringe benefits that are worth approximately 40 % of an employee's salary. (Robbins & Judge 2008, 115-116) In Finland common employee benefits include car and phone benefits, recreation activities and training provided by the company. (Kauhanen 2006)

6.3.4. Employee Recognition Programs

The last section in rewarding is the Employee Recognition Programs. Organizations should construct employee recognition programs where important work rewards can be both intrinsic and extrinsic. Rewards are intrinsic in form of employee recognition program and extrinsic in form of compensation systems. (Robbins & Judge 2008, 116)

Intrinsic rewards which can be for example, simple private "thank you" from the supervisor, "employee of the month" rewards, and widely public formal programs for recognition. These nonfinancial rewards are according to studies more motivating in the long run than financial rewards in the short term. The biggest advantage of intrinsic rewards is that they are inexpensive or even free. This has caused great increase in popularity in employee recognition programs. The problem with the programs is that they are highly susceptible to political manipulation by the management. This is because the job performance criteria are not always self-evident and therefore, the managers can manipulate the system and recognize their favorite employees. (Robbins & Judge 2008, 116-117)

6.4. Employee Involvement

Employee involvement is something that is defined as "a participate process that uses the input of employees to increase their commitment to the organization's success". (Robbins & Judge 2008, 111) When organizations involve employees to the decisions that affect them it increases the feeling of autonomy and control over their working life. Employee involvement also increases commitment to the organization, productivity and job satisfaction. . (Robbins & Judge 2008, 111-112)

7. EMPIRICAL FRAMEWORK FOR THE RESEARCH

The empirical framework of the research introduces the research methodology and how it is implemented in the thesis in terms of qualitative research method. Moreover, the data collection of primary and secondary data is described in this section of the thesis.

7.1. Research Methodology

The research methodology determines the approach the researcher investigates the subject. In the main, there are two main research methods; quantitative research and qualitative research. In the quantitative research method the results are received in numerical data. The results are evaluated objectively with the help of mathematical and statistical techniques. The qualitative research on the other hand gives data in form of descriptions. The results are analyzed in qualitative research more subjectively with non-mathematical procedures by interpreting and explaining the results. The researcher should adopt the methodology that best suits the background, interest, and most importantly, to the research problem and the purpose. Although, researchers usually choose one method, it is possible to combine quantitative and qualitative research method in the same study as they complete not replace one another. (White 2000, 24-25 et Ghauri & Grønhaug 2005, 108-109)

7.1.1. Quantitative Research

The quantitative research approach is based on collection of facts and observable phenomena by describing, explaining and testing relationships. This type of method generates numerical data that is analyzed with mathematical terms and statistical forms. The main emphasis is on measurement and testing as numbers are involved. The data can be interpreted with different kind of computer programs such as, SPSS or Minitab. The data collection techniques for quantitative research are surveys, interviews, questionnaires and experiments. (White 2000, 46- 55)

7.1.2. Qualitative Research

The qualitative research method is a descriptive, non-numerical method to collect and interpret information. It is emphasizing on understanding the way people react, work, live and manage their lives. The researcher is often part of the research and thus, every research is unique as there are no two similar research situations. (White 2000, 28-29) The qualitative research also gives a subjective “insider view” and closeness to the data. The orientation is based on exploration. (Ghuri & Grønhaug 2005, 110) The qualitative research data collection methods are interviews, focus groups, observations, case studies, and action research. (White 2000, 29-43)

7.2. Research Design

The research method to be used in this research is qualitative method. This method has the emphasis on understanding and giving more insight into the matter. Qualitative method also enables the respondents to give personal point of view to the topic. (Ghuri & Grønhaug 2005, 110, 202) This method is chosen for this particular research because female leaders can personally give their opinions about the topic in in-depth interviews. These interviews allow gaining accurate and extensive picture of leaders’ position and behavior. The leaders can freely answer to the questions according to their own thinking, not according to the ready-made alternatives. The interviews also allow the researcher to ask elaboration to the answers and attitudes in order to understand the topic more completely.

The data received from the respondents in the interviews is analyzed and interpreted based on the respondents’ personal views. The in-depth interviews are conducted in two small and medium-sized enterprises in the Ostrobothnia region. The results are compared to each other as the respondents are working in very different type of organizations in different industries and positions. Although the number of respondents is low in this qualitative research, the in-depth interviews enable to really go deep into the subject. The aim is to study to the topic in the

selected case companies; therefore there is no need to form a general picture of the topic with a high number of respondents.

7.2.1. Data Collection

The *secondary data* about leadership, motivation and self-motivation is collected from various sources to provide wide range of views to the topic. The data has been collected from different authors in printed sources and as well, from journals and business articles. The statistical data concerning female entrepreneurs in SMEs in Finland and Ostrobothnia is gathered especially from Statistics Finland and from Ministry of Employment and the Economy Yrittäjyyskatsaus 2009. Whereas, the report from Global Entrepreneurship Monitor (GEM) on “Women and Entrepreneurship” from 2007 was used to collect the data from abroad.

The *primary data* concerning female leadership motivation in small and medium-sized enterprises is collected with in-depth interviews with two female leaders working in SMEs in the Ostrobothnia area. The interviews were structured in such a way that it is possible to compare the results of these two leaders. Before the interview structured open-ended questions were prepared that can be found from appendix 1. The time for the interview was limited to approximately to one hour.

In order to find the respondents for the interviews the first contact was made with the CEO Tuula Töyli from Vaasan Yrittäjät who suggested female leaders operating in various business fields in the Vaasa area. After the contacts received from Tuula Töyli the possible respondents were contacted by phone for the interviews. The following female leaders were chosen for the research because they can give different views and opinions as they represent different positions in different industries.

The first interview was a face-to-face interview with the CEO Hilikka Maija Antila from Arkkitehtitoimisto Nurminen Antila & Co Oy in the company’s premises in Vaasa. The second interview was a phone interview with Business Controller

Taru Gammelgård from Backman-Trummer Oy. Information concerning the case companies and the respondents can be found from appendices.

7.3. Reliability and Validity

In the research design validity and the reliability of the research has to be considered by the researcher. The reliability of the research refers to the consistency and research. It means whether it is possible for another researcher to obtain similar research findings with the same research design. But it does not mean that the interpretation and conclusions will be the same as each researcher has their personal judgment to the matter. The validity on the other hand, means how well the research questions and objectives are answered and achieved with research design. The aim is to obtain valid knowledge that makes the findings “true”. (White 2000, 25)

This research is considered to be valid because the research questions were answered and achieved according to the research design. Qualitative research method was chosen to this research in order to fully understand the matter and to solve the research problems. In the qualitative research method the reliability and consistency is harder to prove as there are no mathematical measurements that can be used to prove it. However, this thesis is still considered to be reliable, as both of the respondents were asked the same questions in the interviews. Therefore, it is likely that another researcher can obtain the same results with the same research design even though; the interpretation and judgment of the results might be different. The findings that were obtained from the interview population are considered to be valid and reliable as the respondents have years of experience and knowledge behind them.

8. ANALYSIS OF THE INTERVIEWS

The findings from the interviews are analyzed in this chapter. The interviews were constructed into four different sections that were: background information about the respondent and the company, leadership, motivation and self-motivation. However, the main emphasis was on motivation and the different tools and strategies and how they are implemented in the organization. In the analysis the responses from the two respondents are compared to each other and it is analyzed what the differences are in the two case companies. The problem analysis and the possible solutions are also provided at the end of this chapter.

The interviews were conducted in two different case companies in the Vaasa area. Company A is Arkkitehtitoimisto Nurminen Antila & Co Oy where Hilikka Maija Antila was interviewed and Company B is Backman-Trummer Oy where the interview was conducted with Taru Gammelgård. The interview questions as well as, the information regarding the respondents and the case companies can be found from appendices.

8.1. Female Leadership

In the interviews respondents were asked to define what leadership means to them in their own words. The definitions of the respondents from the case companies are seen in figure 18.

LEADERSHIP DEFINITION	
Company A	Company B
<ul style="list-style-type: none">-Necessary part of the work-Taking the responsibility-Part of the personality	<ul style="list-style-type: none">-Realization of the management's strategy-Enables employees to carry out their task and be satisfied to their jobs

Figure 18 Leadership Definitions by Case Company

Hilkka Maija Antila from Case Company A who is the chief executive and main stakeholder of the company leadership means a necessary part of the work in her position. Leadership means also taking the responsibility. For her leadership is also something that is very natural for her and is part of her personality. The respondent adds that leadership is a typical characteristic for architects as they have the passion for their own work. Respondent from Company B says that leadership is for her the realization of the strategy that the management of the company has determined. She adds that leadership also makes possible for the employees to carry out their tasks and to be satisfied to their job where they have been hired for.

In the interviews the respondents were asked to state which qualities are most important for the leaders (see figure 19). Leader from Case Company A names flexibility and coordination of co-operation as the most important leadership skills. By this she means that it is important to coordinate the employees' professional skills and to fit in them into the organization. It is especially important in an architect office that is an expertise consultation organization, where are many different personalities working closely together.

LEADERSHIP SKILLS	
Company A	Company B
<ul style="list-style-type: none"> -Flexibility -Coordination skills -Consistency -Honesty 	<ul style="list-style-type: none"> -Planning and organizing skills -Management skills -Monitoring -Reporting

Figure 19 Leadership Skills by Case Company

Respondent from Company B gives similar results, as she names planning and organizing as the most important skills in order to find the right tools and procedures for each employee in the organization. She names also management skills important especially in her team that consists only of women. Other skills that the respondents gave were preciseness, honesty and consistence by leader

from company A. Respondent from company B also named listening skills but also, monitoring and reporting to the top management.

8.1.1. Leadership Style

The female leaders in the case companies have different leadership styles that can be shown in figure 20. Antila describes herself more as a fact based leader rather than an empathy leader. She emphasizes in her leading values such as communication and interaction. These values are important in expertise consulting organizations where there is a lot of interaction with different interest groups.

LEADERSHIP STYLE	
Company A	Company B
-Fact based leader -Values: •Interaction and communication	-Sharing and forwarding knowledge -Values: •Employees' well-being •Innovation •Corporation's requirements

Figure 20 Leadership Style by Case Company

Taru Gammelgård explains that at the moment in her leading she is sharing and forwarding her knowledge inside the organizations. Her aim is that she is not alone responsible but there is knowledge and skills also elsewhere in the organization. She names employees' well being as one of the most important values. As a third value she names innovation which is important in order to gain new prospects and customers also, in terms of sustainable development. Also, she highly values the requirements that the corporation have determined for the organization.

The interviews with the respondents concerning leadership confirm the theory that female leaders commonly are described as democratic leaders who take care of their employees and share the knowledge in the work place. The values that the

leaders described in the interviews also confirm the theory that female leaders communicate, and encourage and support their employees.

In the interviews the topic of stereotypes and prejudices against women leaders were discussed with the respondents. In the media and business articles there is lot of information regarding the stereotypes and glass ceiling affect that would stop women to reach the top management positions. However, neither of the respondents has felt any prejudices or stereotypes regarding their position as woman leader. Antila clarifies by explaining that in the architects' field the experience, education and the vision matters, not the gender.

8.2. Motivation in Small and Medium-Sized Enterprises

In the motivation section of the interview the respondents were at the beginning asked to define in their own words what motivation means to them. The comparison of the definitions is shown in figure 21. Hilkka Maija Antila (Company A) describes that motivation is the reason to do something. She specified her definition by saying motivation is more the reason why someone wants to do something. This is because some things have to be done but because of motivation it is more when someone wants to do something not because they have to do it.

MOTIVATION DEFINITION	
Company A	Company B
Reason why someone wants to do something	-Something to look forward to -Flexible and active information between management - employees

Figure 21 Motivation Definition by Case Company

Gammelgård describes motivation as something to look forward to and she compares this to looking forward to for example, a holiday or a trip. By this she means that the meaning of waiting for something can be as meaningful as the event itself. Different motivational tools keep the employees motivated in their

work and they have something to keep up the interest towards the work. Taru Gammelgård also explains that flexible and active information between management and employees is important in motivation.

8.2.1. Motivation in Case Companies

The case companies have slightly different motivational tools as the case companies are very different and operate in different fields. The leaders' responses are seen in figure 22 according to the case companies.

MOTIVATION IN CASE COMPANIES	
Company A	Company B
<ul style="list-style-type: none"> -Salary -Phone benefit -Free car parking in Toriparkki -30min paid lunch break -Occupational health care -Health care insurance -Christmas bonuses 	<ul style="list-style-type: none"> -Phone benefit -TYKY -Theater evenings (1-2/year) -Budget for personnel's recreational activities

Figure 22 Motivation in Case Companies

In case company A Arkkitehtitoimisto Nurminen Antila & Co Oy the biggest motivational factor for the employees is salary according Hilikka Maija Antila. This is especially because the majority of the employees are paid hourly not monthly. Antila explains that there was no collective agreement for architects until last autumn but her employees have been paid according to the collective agreement the midweek holidays. She adds that the hourly paid employees have been treated the same way as the monthly paid employees. The company also pays other bonuses that are not necessarily being paid in other architect offices.

As other motivating tools she names 30 min paid lunch break, occupational health care and health care insurance. In addition to these, employees have phone benefit, free car parking in the city center in Toriparkki. Antila says that these motivation tools are not really seen in the organization since the employees

become accustomed so easily to any extra benefits and soon take them for granted.

Taru Gammelgprd explains that in Backman-Trummer motivations tools that are used include TYKY days (recreational maintaining the ability to work days) and one to two times a year organized theater evening with dinner with the employees. The personnel in Backman-Trummer can decide themselves how the budget is used for recreational activities such as, gym, cultural activities or to trying different sports.

The results on what “Motivation in Case Companies” show the organizations motivate their employees in variety of ways. Each individual employee is likely to be motivated of different things depending on the personal and working life that keep changing over time. Both of the case companies take into account this by motivating the employees with variety of benefits and financial remuneration.

8.3. Motivation Tools

In the interview different motivational tools were discussed with the respondents. In the discussion in terms of motivation feedback, employee individualism, autonomy, and progression were discussed, as well communication and interaction and working atmosphere in the organization. But also, about recognition and the clear responsibilities and goals for the employees were discussed. The summary of the results can be seen in figure 23.

MOTIVATION TOOLS		
	Company A	Company B
Communication	Unofficial	(Un)official
Feedback	Positive publicly Negative privately	Positive publicly Negative privately
Individuality	High	High
Working Atmosphere	Depends from person and situation	Co-Operations affected to the atmosphere
Clear Goals	In projects	Top management determines
Progression & Recognition		Incentive pay
Autonomy	Leader resources employees to projects	In terms working hours and days

Figure 23 Motivation Tools by Case Company

Antila says that the *communication* is unofficial between her and the employees. She interacts with the employees in the office and the employees are also welcomed to her office room. Antila specifies that in many other architect offices the communication can be quite strict and official due to the autocrat leading style. In Case Company B the communication is (un)official in that sense that there is both kind of communication. Gammelgård explained that the company organizes few times in a year general information meetings which are seen as official communication with the management and the employees. But Gammelgård says that there is more communication and interaction between the employees and the manager in the smaller department and team based meetings which again are seen as unofficial communication. Gammelgård also says that she always welcomes the employees to her office if they want to discuss with her. From the interview it is clear that she reacts very positively towards employee interaction.

Communication and interaction between employees and leader were quite similar in the case companies when it came to communication with the respondent.

Communication is essential in motivating as leaders need to actively listen and interact with the employees in order to know what motivates them individually.

In *feedback* to employees both of the respondents give negative feedback personally in private. Gammelgård says the positive feedback is given publicly so that also the team hears about it. Feedback is important in the case companies as it improves motivation and helps the employees reach their goals and objectives. Feedback also informs the employees if they are going to the right direction or if something needs to be changed.

When it came to knowing the employees as *individuals*, Gammelgård and Antila said that due to stable employee turnover they know their employees very well and are in contact with them on an ongoing basis. Antila also wants to keep the employee turnover low because the employees are part of organizations valuable capital. Gammelgård mentioned that the majority of employees in her team have been working nearly ten years in the team already. For leaders it is important to know the employees as individuals in order to motivate them according to their specific needs but also, to lead and support them according to their skills.

The *working atmosphere* in Backman-Trummer has been affected by co-operation negotiations (YT-neuvottelut) according to Taru Gammelgård. But at the moment after negotiations the working atmosphere is becoming more positive, which can be seen from the employees who are working in the company after the negotiations. She says that every two years the company conducts a survey concerning the employee welfare and the working environment. Antila explains the working atmosphere in the office is changing from time to time. She also adds that it is depending on the person how she/he perceives the atmosphere in the office. Antila describes that sometimes there are problems between the employees and sometimes all the employees are working efficiently closely together. She says that in case of problem in the office, she tries to solve the problem so that all the employees can move on. Working atmosphere and environment are important

for the leader to pay attention in that sense that they can try to create an environment that motivates the employees and decrease the de-motivating factors.

When talking about *clear goals and responsibilities* in the case companies both respondents say that they have clear goals and responsibilities for the employees. Gammelgård specifies that the goals are from the top management and they need to be reported on evenly basis to the management. Whereas, Antila says that the main goal in each customer project is to accomplish the quality and technical requirements. Antila's goal is also to reach the deadline on time as well as it is possible. The responsibilities are divided in the projects so that Antila and the project architect are the responsible ones on the project. As a result from the respondents' replies it can be seen that the employees in the case companies have clear goals which is to motivate the employees. Clear goals motivate the employees better than general instructions what to do. This is because clear and challenging goals keep the employees also better focused to the work.

The employee *progression and recognition* are quite different in the case companies. Due to fact that that work in the architect office is based on projects the employee progression and recognition are challenging for the leader. The projects are very different from each other and individual employees' tasks are thus varying as well. This makes it difficult to have common measurements that would be equal towards all employees in term of progression and recognition. Gammelgård on the other hand, says that the employee progression is supported by incentives in the operating side of the company. The best incentive is rewarded and all participants are part of lottery. The progression and recognition are not in full extend used in the case companies even though, these tools are inexpensive for the organization to use. Recognition from the leader and by colleagues increases the employee's self-esteem and is then likely to work harder to reach the goals.

The employee *autonomy* according to Gammelgård is seen for instance, in terms that employees have flexible hours and if they want they can do shorter days at

work. Employees can also choose themselves how the budget concerning the recreational activities is used. In Antila’s office the employees have as well flexible working hours. But Antila says that when it is about autonomy in choosing which project to work with she herself does the employee resourcing and chooses always the best possible employee to the project. The autonomy was discussed in the interviews in order to know how much freedom and independency the employees have in the organizations.

8.3. Motivation Strategies

8.3.1. Alternative Work Arrangements

The alternative work arrangements that include flexible hours, telecommunication and job sharing can be seen in figure 24 below by case companies.

WORK ARRANGEMENTS		
	Company A	Company B
Flexible Hours	X	X
Telecommunication	X	
Job Sharing	X	X

Figure 24 Work Arrangements by Case Company

Flexible hours used in Arkkitehtitoimisto Nurminen Antila & Co Oy allow employees to have two hours flextime during working day. But according to Antila in practice they are flexible with the working hours as long as there is someone at the office during office hours. In Backman-Trummer flexible hours are also in practice and the employees have the freedom to choose their working time. In Backman-Trummer employees can also choose if they want work shorter days. The flexible working hours increase employees’ motivation as they can schedule themselves the working hours according to their needs and wants in the personal life. The organizations benefits from flexible hours in sense that employees’ productivity and effectiveness increases whereas, absenteeism and overtime expenses are decreased.

Telecommunication is used in Antila's enterprise. Antila explains that the employees have the possibility to work from home. She tells in detail that part of the staff who work further away from Vaasa are working two-three days in a week from home. Antila herself also works at home which she says is part of being entrepreneur. Telecommunication possibilities for Antila's employees increase their autonomy as they have the freedom to choose their working hours. It also increases the productivity as there is no interruption from colleagues in the office. In Backman-Trummer telecommunication is basically possible according to Gammelgård for her subordinate in her team. But the possibility is not fully applied yet. She sees telecommunication as motivation tool especially for employees in management positions.

The job sharing and team work are also used in Backman-Trummer and in Arkkitehtitoimisto Nurminen Antila & Co Oy. Antila tells that since the work is based projects the team works together and depending on the schedule there can be many employees working on the same work in the project. Gammelgård also explains that her team is working very efficiently together at the work. Job sharing is seen to increase flexibility of the employees in the work place as same employees can work together with the same tasks and thus increase their range of skills.

8.3.2. Job Designing Techniques

Parts of job designing techniques are job rotation, job enlargement and job enrichment. These job designing techniques can be seen in figure 25 by Case Company.

JOB DESIGNING TECHNIQUES		
	Company A	Company B
Job Rotation	X	X
Job Enlargement	X	x
Job Enrichment	X	X

Figure 25 Job Designing by Case Company

Taru Gammelgård explains that they are using job rotation which makes her team very flexible as each employee in the team can work with each other team members' tasks. She adds that due to the internal recruitment in the consolidated corporation employees can shift from one job to another. The recruitment for new positions is done through public announcement and, as well as in notice boards in the corporation.

Hilkka Maija Antila describes the different job designing techniques that are possible in the organization due to the fact that the work is on based customer projects. The projects enables the employees to work on different tasks within the education and experience limitations that are required for certain projects. Job rotation is also possible for project architects if for some reason the project architect moves from ongoing project to new one, and a new project architect comes to fill the old architect's position. Antila said that job enrichment and job enlargement are basically all possible due to the project work but within the education, experience and qualification limits that are needed for certain technical and quality requirements.

The job designing techniques that are being used in the case companies from the management point of view increase the flexibility of the employees. This means that the employees' range of skills are increased which helps the organization to resource the employees and adapting to chances. For employees these techniques lead to higher motivation and job satisfaction as the variety of tasks changes. Also, with the help of job enlargement and job enrichment the autonomy and responsibility of the work can lead to employees' greater motivation. The biggest drawback of the job designing techniques for the case companies are the financial and time costs to train the employees to new tasks.

8.3.3. Rewards and Benefits

In the interviews the respondents explained about their rewarding and pay system. These can be seen in figure 26 below. The benefits are mentioned earlier in the Motivation in Case Companies figure.

REWARDS AND BENEFITS	
Company A	Company B
<ul style="list-style-type: none"> -3/10 monthly salary -7/10 hourly wage -Bonuses 	<ul style="list-style-type: none"> -Incentive pay (operational side)

Figure 26 Rewards and Benefits by Case Company

In Arkkitehtitoimisto Nurminen Antila & Co Oy the total number of employees is ten including the chief executive. Of these ten two employees in addition to Antila are paid monthly, and the rest of the seven are paid hourly. The employees in the organizations receive bonuses which is a fixed percentage of the salary to all employees. Christmas bonus is depending on the organization’s financial situation each year. Gammelgård explains that they are using incentive pay structure in the organization in the operational side. This means that during the year the incentives are paid according to the accomplished quality and financial goals.

Rewarding is always a strategic decision for organizations and they have to consider what to pay and how to pay for the employees. The case companies pay differently to their employees. As seen in the Case Company A the employees are paid either by monthly or hourly. In Case Company B incentive pay is applied on the operative side of the company. Part of rewarding is also different recognition programs where the rewards can be both intrinsic and extrinsic. Especially the intrinsic rewards, such as simple ‘thank you’ or public recognition of employee of the month are inexpensive options in rewarding. The case companies have not fully applied the option of intrinsic rewards in their strategic decision of rewarding in the organization.

8.3.4. Employee Involvement

Employee involvement is last part of the motivation strategies. The employee involvement means how well the leader takes on account the employees in decision making. The leaders’ views about employee involvement in the organizations are shown in figure 27.

EMPLOYEE INVOLVEMENT	
Company A	Company B
Issues concerning working tools, working environment, training and courses	Employees' opinions and views are considered before decisions

Figure 27 Employee Involvement by Case Company

Antila explains that in decision-making that involves employees' working environment and working tools she takes on account employees opinions to the matter. Also, she listen personnel's opinions when the organization is planning to have courses and training for the staff. The decisions that concern the company Antila makes the decision together with other stake holders. Gammelgård tells that she listen to employees' opinions and views about the matters when she is making the decisions.

Both the leaders from the case companies take in account the employees opinions and in that way involve them in the decision-making process. This increases the employees' autonomy and control over their working life. Therefore, the employees are also more committed and motivated towards their work.

8.4. Self-Motivation

In self-motivation both of the leaders gave similar results when it came to different ways of self-motivation (see figure 28). Both of the leaders emphasized the meaning of training seminars and education that increases their motivation for their work. Training also gives new ideas to work and inspiration for the leaders. Both of the case companies organized training where leaders can attend. Training does not only increase leaders' motivation but both of them see it also the best way to maintain their professional skills up-to-date.

SELF-MOTIVATION	
Company A	Company B
<ul style="list-style-type: none"> -Success motivates -Training and education -Spirit Network -Irrational things 	<ul style="list-style-type: none"> -Specific goals -Training and education -Spirit Network

Figure 28 Self-Motivation by Case Company

Both of the leaders are also part of Spirit network that consist of women entrepreneurs and leaders. The respondents emphasized the meaning of the network to them because it enables to be in contact with other women entrepreneurs from different fields and have new ideas from them. This network also organizes training courses and education for its members. Antila also educates herself by attending courses organized by The Levón Institute which is the Center for Continuing Education and Research of the University of Vaasa.

In the interviews, in addition to training and education, the leaders gave many other things that increase their self-motivation. Gammelgård said that she is motivated when she reaches her goals that she has set for herself. This confirms the fact that clear goals motivate people more than general instructions. Antila explained that success motivates her. By this she means that she is motivated when the office is being successful. Antila also said that she can be motivated by other completely irrational things and as an architect; she can be also motivated by interesting sights and attractions.

8.4.1. Self-Management

Self-management is also major part of self-motivation. In the interviews respondents were asked to explain how they manage themselves, and in detail how they deal with work prioritization and time management in their work.

Antila explains that part of her self-management is to study self-management and time management. In self-management she also emphasizes that it is important to respect oneself and others and to be proud of the expertise that one has. Moreover, she says that for leaders it important to know what her strengths and weaknesses

are. Gammelgård says that in self-management it is very important to manage her own wellbeing. She says that changing the environment to something completely different gives her strength and increases the well being. She states that the goals that she has set for herself are also part of the self-management.

In *work prioritization* there were some differences between the respondents. Gammelgård emphasizes that in her work prioritization list the personnel are on the top of the list. She says that it is important that every employee has the chance to discuss with her. Gammelgård continues that in her prioritization after the personnel are different objectives and goals that must be reached. By the objectives she means different statutory issues that must be handled monthly but also, she is responsible of the executive board's minute book distribution. Antila, on the other hand, is saying that things must be done according to the priority of the projects. The aim is to accomplish the customers' deadlines as well as possible, even though they can be sometimes postponed regardless of the office's operations to reach the deadlines.

Time management was important to both of leaders as they both are part of many activities in their free time as well. Antila tells that her day at work is filled with different activities of which she cannot always herself affect. Gammelgård highlights the meaning of electronic calendar to her time management. She says that for her stress means badly organized calendar where all the activities are not marked and therefore, must be kept on mind all the time. Well organized schedules in the electronic calendar mean for her the way to handle things.

8.5. Problem Analysis

The research problem in the thesis was to find out how female leaders in SMEs motivate their employees and what the tools to do so are. Which motivation strategies the leaders use in the organization in order to get the best out of them? How do they stay self-motivated to the work?

The interviews with leaders confirm that female leaders as commonly described are democratic leaders who take care of the employees' well-being and share the knowledge in the work place with others. The respondents described the values that they see important in their leadership. These values are compatible with the theory that female leaders appreciate communication, want to encourage and support their employees. These leadership qualifications are essential part of leadership motivation in organizations.

The female leaders in the selected case companies motivate the employees in variety of ways. There were differences on motivation in the case companies. In Arkkitehtitoimisto Nurminen Antila & Co Oy there is more variety in terms of different kind of benefits. In Backman-Trummer Oy the employees have more freedom to decide about the benefits in term of the budget for employees' recreational activities.

The case companies use multiple motivation strategies of which the most used ones are job designing techniques and alternative work arrangements. The job designing techniques for employees decrease the feeling on mundane work as there are new tasks to work with. These techniques help employees to understand how their work contributes to the organization. For the organization the job techniques increase the flexibility of the workforce and the range of work pool.

The alternative work arrangement further on lead to higher productivity and effectiveness as the employees can themselves schedule their work days in terms of flexible hours and telecommunication. Job sharing and team work increase the employees' flexibility and range of skills as employees can effectively work together with the same tasks. The motivation strategies overall decrease the employee absenteeism and sick leaves, increase the organizations' adaptation possibilities to new changes, avoid lay-offs and help to fill new vacancies from the current workforce.

Employee rewarding in terms of salary and bonuses are applied differently in the case companies. This is mainly due to the fact the organizations are from different

industries and therefore, the salary paid according to the industry and cannot be comparable. Also, the employee involvement in the case companies are applied to certain extends and the employees' opinions are taking into consideration. In this way the employee commitment and job satisfaction are increased when the employees feel that they can contribute to their work conditions in the organization.

The leaders from the case companies stay self-motivated to their work with the help of training and education but also by taking care of their well-being. The courses provide new ideas and concepts that leaders can apply in their work but also, help them to keep their professional skills up-to-date. Respondents also emphasized the meaning of taking care of their own well-being in order to stay self-motivated and to eventually motivate their employees.

One of the problems that were found out during the study as Hilikka Maija Antila mentioned was that employees become easily accustomed to the extra benefits that are part of motivation tools. Employees take the benefits soon for granted and do not value them anymore as much than at the beginning.

8.5.1. Recommended Solutions

Motivation tools do not have to expensive for the organizations because usually the less expensive ways are the ones that motivate the most in the long run. One solution to keep the employees motivated is to try to change the motivational tools and strategies if possible. Inexpensive or even free ways to improve motivation are to increase the amount of feedback and paying attention to the employees' progression in the work place, and to apply recognition programs if possible in the organization.

Feedback is to help the employees to know that they are going to the right direction and at the right speed on the schedule. The feedback increases the motivation as the employees know that they are doing their work correctly and are being recognized by their leader. Leaders can use the U-STAR –model (see table

7) to give feedback. Feedback can be given on specially tailored meetings with employees on one-to-one or team based meetings. On the other hand, feedback can also be given freely in spur of the moment for the employees when they are progressing even in minor issues relating to the work. Also, in Arkkitehtitoimisto Nurminen Antila & Co Oy case the feedback can also be given in team-based meetings after each customer project ends with the employees who were involved with the project. Feedback also helps to see the employees' progression. Progression motivates when employees know that they are moving forward towards goals and thus, increase their efforts to obtain them.

Another solution is to increase recognition in the organization. Recognition from leader and work colleagues increase the person's self-esteem. Therefore, leaders should use every opportunity possible to give recognition to the employees. Recognizing the contribution and work well done shows employees the leader's appreciation and that she cares for her employees. The recognition can be a simple thank you by the leader or work colleague or more complex widely public programs in the organization or inside the working team.

9. CONCLUSION

As a conclusion of the research on small and medium-sized enterprises can be said that it has been very interesting and challenging. The research was challenging especially in terms of finding the respondents for the qualitative in-depth interviews within the research limitations. The study was very interesting in that sense that motivation in working environment is not only financial benefits but leaders can affect employees' motivation also with inexpensive ways that do not include monetary benefits.

Motivation in small and medium-sized enterprises is varying a lot depending on the industry, the amount of employees, but also about the financial situation of enterprise. Also, the position of the leader affects to the leadership motivation. The perspectives were somewhat different because one of the respondents is the CEO of the enterprise whereas the other one is hired leader of the company.

The differences were also seen due to the size of enterprise. Gammelgård operates as Business Controller in Backman-Trummer that is further on a part of a group of companies within the KWH Group and therefore the responsibilities are also different when there are many companies involved, whereas Antila's responsibilities are very different as she is the CEO of the company and the main stakeholder and is responsible of the whole company not just her own team.

For leaders it is also important to take care of their own well being and their own motivation. It is true that only motivated leaders can motivate others as they always set example for others. Leaders mainly increased their own self-motivation by attending training seminars and courses.

As a conclusion of the research the main issue is that the leader should know her employees as well as possible. When the leader knows individually her employees she knows how lead them and give the specific needed support for the employee in order for them to carry out the work effectively and efficiently. The same rule goes to motivating the employees as each employee can be motivated by different

factors. The motivation of the employee is also changing over time as the career wise and personal life are changing.

9.1. Further Research Suggestions

For further research the both male and female leaders from small and medium-sized enterprises could be included to the research. In this way the differences between men and women leadership motivation can be compared. Also, further research can be done in different type of organizations. This means if there are differences in public, private and non-governmental organizations in leadership motivation, motivation tools and strategies, and how the possible differences are shown.

In this research the employees' points of view were not included. Another further research suggestion would be to consider the employees opinions and views how they consider the motivation tools and strategies in the case companies.

REFERENCES

Adair John 1997. Leadership Skills: Training Extras. London. Institute of Personnel and Development

Adair John 2003. Concise Adair on Leadership. London. GBR: Thorogood

Adair 2006. Leadership and Motivation. London GBR. Kogan Page, Limited

Bernard Gene 1988. Act Like You Own the Place. SuperVision. Nov 1988, 49, 11 p. 8

Bowditch James L. & Buono Anthony F. 2000. A Primer on Organizational Behavior. New York. John Wiley & Sons, Inc.

BusinessDictionary. Job Enlargement. [online]. [Referenced 24.03.2010]. Available in [www-form:<URL: http://www.businessdictionary.com/definition/job-enlargement.html>](http://www.businessdictionary.com/definition/job-enlargement.html)

BusinessDictionary. Job Enrichment. [online]. [Referenced 24.03.2010]. Available in [www-form:<URL: http://www.businessdictionary.com/definition/job-enrichment.html>](http://www.businessdictionary.com/definition/job-enrichment.html)

Catalyst 2005. Women "Take Care," Men "Take Charge:" Stereotyping of U.S. Business Leaders Exposed. [online]. [Referenced 12.02.2010]. Available in [www-form: <URL: http://www.catalyst.org/file/53/women%20take%20care,%20men%20take%20charge%20stereotyping%20of%20u.s.%20business%20leaders%20exposed.pdf>](http://www.catalyst.org/file/53/women%20take%20care,%20men%20take%20charge%20stereotyping%20of%20u.s.%20business%20leaders%20exposed.pdf)

ChangingMinds.org 2010. Lewin's leadership styles. [online]. [Referenced 14.02.2010]. Available in [www-form: <URL:http://changingminds.org/disciplines/leadership/styles/lewin_style.htm>](http://changingminds.org/disciplines/leadership/styles/lewin_style.htm)

Denny Richard 2006. Motivate to Win. Third Edition. London. Kogan Page, Limited

Eagly Alice H & Mary C. Johannesen-Schmidt 2001. The Leadership Styles of Women and Men. *Journal of Social Issues*. Vol 57, No. 4. pp. 781-797.

Europa. Summaries of EU Legislation. Equality between men and women. [online]. [Referenced 11.02.2010]. Available in www-form: <URL: http://europa.eu/legislation_summaries/employment_and_social_policy/equality_between_men_and_women/index_en.htm>

European Commission 2009. Fact and figures about the EU's Small and Medium Enterprise (SME) [online]. Updated 12.12.2009. [referenced 25.01.2010]. Available in www-form: <URL: http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/index_en.htm>

European Commission 2009. The New SME Definition. User guide and model declaration [online]. Updated 12.12. 2009. [referenced 25.01.2010]. Available in www-form:

<URL:http://ec.europa.eu/enterprise/policies/sme/files/sme_definition/sme_user_guide_en.pdf>

European Commission 2009. Encouraging women entrepreneurs [online]. Updated 12.12.2009. [referenced 25.01.2010]. Available in www-form: <URL: http://ec.europa.eu/enterprise/policies/sme/promoting-entrepreneurship/women/index_en.htm>

Ghauri Pervez and Kjell Grønhaug 2005. *Research Methods in Business Studies. A Practical Guide*. Third Edition. London. Prentice Hall.

Global Entrepreneurship Monitor. 2007 Report on Women and Entrepreneurship. Babson. Allen I. Elaine, Elam Amanda, Langowitz Nan, Dean Monica

Ilmoniemi Maija 2009. Voiko bisneksessä olla uskottava, jos on kaunis? *Kauppalehti.fi* blog 09.11.2009. [online]. [Referenced 26.02.2010]. Available in www-form: <URL: <http://viivanalla.blogit.kauppalehti.fi/blog/14176>>

Kauhanen Juhani 2006. Strategiasta tekoihin. Miten työstä palkitaan. Suomen Palkitsemiskeskus Oy. Tampere 10.10.2006. [online]. [Referenced 20.04.2010]. Available in [www-form:<URL: http://www.worklifeability.fi/aineisto/Kauhanen.pdf>](http://www.worklifeability.fi/aineisto/Kauhanen.pdf)

Lehto Anna-Maija 2009. Naiset valtaavat esimiespaikkoja. Hyvinvointikatsaus 3/2009. [online]. [Referenced 12.02.2010]. Available in [www-form:<URL: http://www.stat.fi/artikkelit/2009/art_2009-09-30_005.html?s=0>](http://www.stat.fi/artikkelit/2009/art_2009-09-30_005.html?s=0)

Ministry of Employment and Economy 2009. Yritysten määrä kasvoi edelleen vuonna 2008 [online]. Updated 03.11. 2009. [referenced 25.01.2010]. Available in [www-form:<URL: http://www.tem.fi/?s=3586>](http://www.tem.fi/?s=3586)

MoniNainen ja Uudistuva Naisyrittäjyys 2010. Ministry of Employment and Economy Publication. Naisyrittäjyyden profiili. [online]. [referenced 03.02.2010]. Available in [www-form:<URL: http://www.tem.fi/files/25810/TEM_4_2010.pdf>](http://www.tem.fi/files/25810/TEM_4_2010.pdf)

Pardey David 2007. *Introducing Leadership*. Oxford. Butterworth-Heinemann

Robbins Stephen P, Timothy A Judge, 2008. *Essentials of Organizational Behaviour*. Tenth Edition. New Jersey. Pearson.

Rooke David, William R Torbert. *Seven Transformations of Leadership*. Harvard Business Review. April 2005.

Shirlaws Pty Ltd, 2009. *Motivation and Leadership Styles*. Article August 2007. [online]. [Referenced 17.02.2010]. Available in [www-form:<URL: http://www.shirlawsonline.com/editorials/51-motivation-and-leadership-styles>](http://www.shirlawsonline.com/editorials/51-motivation-and-leadership-styles)

Statistics Finland. Educational level. [online]. [referenced 03.02.2010]. Available in [www-form:<URL: http://www.stat.fi/meta/kas/koulutusaste_en.html>](http://www.stat.fi/meta/kas/koulutusaste_en.html)

Takas Joe, 2008. *Motivation Is Needed Now More Than Ever: 4 Steps That Work*. Principal's Report. New York:Dec 2008. Vol. 08, Iss. 12, p. 1,11-13

Tasker Claudia 2001. Leadership that motivates. New Zealand Management. Auckland:May 2001. Vol. 48, Iss. 4, p. 36-38

Trinidad Cristina & Normore Anthony H 2005. Leadership and gender: a dangerous liaison? Leadership & Organization Development Journal. Bradford: 2005. Vol. 26, Iss. 7/8; pg. 574-590. [online]. [Referenced 14.02.2010]. Available in www-form: <URL: http://proquest.umi.com/pqdlink?did=966512971&sid=9&Fmt=6&clientId=46965&RQT=309&VName=PQD>

White Brian 2000. Dissertation Skills for Business and Management Students. London. South-Western CENGAGE Learning.

Wirth Linda, 2002. Breaking Through the Glass Ceiling: Women in Management. First International Conference. Pay Equity between Women and Men: Myth or Reality? Luxembourg. 4 February 2002. [Referenced 11.02.2010]. Available in www-form: <URL: http://www.gouvernement.lu/salle_presse/actualite/2002/02/04jacobsbiltgen/wirth.pdf>

Witt Chris 2009. Motivating and Inspiring Your People in Difficult Times SuperVision. Burlington: Sep 2009. Vol. 70, Iss. 9; pg. 11, 2 pgs

Yrittäjyyskatsaus 2009. Työ- ja elinkeinoministeriön julkaisuja. Työ - ja yrittäjyys. 54/2009 [online]. [referenced 03.02.2010]. Available in www-form:<URL: http://www.tem.fi/files/25013/TEM_54_2009_tyo_ja_yrittajyys.pdf>

Ytyä naisyrittäjyyteen 2013 kehittämisohjelma, 2007. [online]. [Referenced 03.03.2010]. Available in www-form: <URL: http://www.kpakk.fi/data/tiedoteliitteet/ytya_naisyrittajyyteen_2013_-kehittamisohjelma.pdf>

609/1986. Laki naisten ja miesten välisestä tasa-arvosta. [online]. [referenced 11.02.2010]. Available in [www-form:<http://www.finlex.fi/fi/laki/ajantasa/1986/19860609#a609-1986>](http://www.finlex.fi/fi/laki/ajantasa/1986/19860609#a609-1986)

Taustatiedot/Background information:

Nimi/Name:

Ikä/Age:

Koulutus/Education:

Työkokemus ja aikaisempi esimieskokemus/Work experience and previous managerial experience:

Yritys/Company:

Perustamisvuosi/Founded:

Henkilöstömäärä/Amount of employees:

Asiakkaa/Customers:

Johtajuus/Leadership:

1. Mitä johtajuus tarkoittaa sinulle?/What does leadership mean to you?
2. Mitkä ovat mielestäsi johtajan/esimiehen tärkeimpiä ominaisuuksia?/ What are the most important leadership skills on your opinion?

- Miten tärkeänä pidät alla olevia johtajan ominaisuuksia ja miten ne ilmenevät työssäsi?/How important do you think the following leadership skills are and how can they be seen in your work?:

1. Kommunikointi ja vuorovaikutustaidot/ Communication skills
2. Päätöksentekotaidot/Decision-making skills
3. Itsensä johtaminen/Self-management skills

4. Suunnittelu ja organisointitaidot/*Planning and organizing skills*
5. Oppimistaidot ja kehittymistaidot/*Learning and development skills*

3. Miten kuvailisit johtamistyyliäsi?/*How would you describe your leadership style?*

- Mitkä arvot ovat tärkeitä johtamisessa sinulle?/*Which values are important to you in leadership?*

4. Oletko kohdannut ennakkoluuloja/stereotypioita naisjohtajia kohtaan, jos kyllä, minkälaisia ja missä tilanteissa?/*Have you faced any stereotypes regarding female leaders, if yes, what kind of and in which situation?*

Motivaatio/Motivation:

1. Määrittely/Definition:

- Mitä motivaatio tarkoittaa sinulle omin sanoin kuvailtuna?/*What does motivation mean to you in your own words?*

2. Motivointikeinot/Motivation Tools:

- Millä tavoin motivoit henkilöstöäsi?/*How do you motivate your employees?*
- Millä tavoin seuraavat motivointitavat näkyvät yrityksessä?/*How are the following motivation tools seen in your company:*
 1. Palautteen antaminen/*Feedback*
 2. Työntekijöitten kehityksen/edistyksen huomioiminen/*Employee Progression*
 3. Alaisten tunteminen yksilöllisesti/*Employee Individualism*
 4. Viestintä ja vuorovaikutus yrityksen sisällä/*Communication and interaction*

5. Palkitseminen ja tunnustukset/*Rewards and Recognition*
6. Motivoiva työympäristö (yrityksen sisäinen ilmapiiri)/ *Motivating Environment (organizational atmosphere)*
7. Selkeät tavoitteet ja vastuut/ *Clear Goals and Responsibilities*
8. Henkilöstön itsenäisyys/oma päätäntävalta/ *Autonomy*

3. Motivointi strategiat/*Motivation Strategies:*

- Mitä alla olevia motivointi strategioita käytät ja millä tavoin ne näkyvät yrityksessäsi?/*Which of the following motivation strategies are used and how they can be seen in the organization?*

1. Joustavat työjärjestelmät/*Alternative Work Arrangements:*

- Joustava työaika/*Flexible Hours*
- Etätö mahdollisuus/*Telecommunication*
- Työn jakaminen ja tiimityö/*Job Sharing*

2. Työn muotoilu/*Job Designing Techniques:*

- Työn kierto/*Job Rotation*
- Työn laajentaminen/*Job Enlargement*
- Työn rikastaminen/*Job Enrichment*

3. Työntekijöitten vaikutusmahdollisuudet/ *Employee involvement:*

- Henkilöstön osallistuminen päätöksentekoon/ *Employee involvement in decision making*

4. Palkitsemis- ja tulospalkkiojärjestelmä/*Rewards and Benefits:*

- Palkkausjärjestelmä/*Pay Structure*
- Henkilöstöedut ja bonukset/*Bonuses and Employee Benefits*
- Tunnustukset/ *Recognition Programs*

Itsensä motivointi/*Self-Motivation:*

1. Millä tavoin motivoit itseäsi?/*How do you motivate yourself?*

2. Millä tavoin johdat itseäsi?/*How do you manage yourself?*

- Millä tavoin huolehdit alla olevista/*How do you take care the following:*

1. Töiden priorisointi/*Work Prioritization*

2. Ajanhallinta/*Time Management*

3. Ammattitaidon ylläpito/*Maintaining professional skills*

Muuta huomioitavaa/ *Additional Information:*

APPENDIX 2

CASE COMPANY A: Arkkitehtitoimisto Nurminen Antila & Co Oy

The interview was with the CEO of the case company Arkkitehtitoimisto Nurminen Antila & Co Oy. The interview was held with Hilikka Maija Antila as a face-to-face interview in the company's premises on 27th of April 2010. The interview was recorded with the permission of the respondent. The time for the interview was limited to one hour.

Information of the Respondent:

Hilikka Maija Antila, born in 1954, is the chief executive and the main stakeholder (70%) of the company. Antila graduated from Otaniemi University School of Science and Technology as an architect. She has been working in different architecture offices during her studies and after graduation. Before she started her first own office she also had a temporary position for approximately one year as the city architect for the city of Lapua.

Antila started her first architecture office 'Hilikka Maija Antila Ky' in between the years 1988 and 1989. The company started the operations in January in 1989. The company was operating until the beginning of 1998 when Hilikka Maija Antila Ky and Arkkitehtitoimisto Nurminen & Co Oy joined their forces.

Information of the Company:

The architecture office Nurminen & Co Oy has a long history as they started their operations at the beginning of the 1970's in Ostrobothnia. In 1998 Nurminen & Co Oy and Hilikka Maija Antila Ky joined together and formed the present company Arkkitehtitoimisto Nurminen Antila & Co Oy where Hilikka Maija Antila is the CEO. The company has two offices; the main office is located in Vaasa and a branch office that is in Helsinki.

Arkkitehtitoimisto Nurminen Antila & Co Oy operates in various fields in residential, office and industrial building. The major customers include companies

such as Wärtsilä, ABB, Halli Oy but also, but also customers from the public side such as the City of Vaasa and Senaatti-Kiinteistöt Oy.

The amount of employees in the firm has been quite stable during the last ten years. The amount of personnel has been varying from eight to twelve employees and in addition to the CEO. At the moment the total amount of employees is ten including the chief executive.

APPENDIX 3

CASE COMPANY B: Backman-Trummer Oy Ab

The interview was with the Business Controller Taru Gammelgård of the case company Oy Backman-Trummer Ab. The interview was held on the respondent's request as a phone interview on 5th May 2010. The time for the interview was limited to approximately one hour.

Information of the Respondent:

Taru Gammelgård is Business Controller in Oy Backman-Trummer Ab. She is 55 years old and has the vocational qualification in Business and Administration. Later she has been taking supplementary courses at the university in accounting. Mrs. Gammelgård has been in managerial position since 1989 in Backman-Trummer. At the moment she has eight persons in her team; one subordinate and seven employees.

Information of the Company:

Oy Backman-Trummer Ab is part of KWH Logistics that consists of Backman-Trummer Group and KWH Freeze. Backman-Trummer Group operates in the fields of port operations, freight forwarding and international transports. The Group is present at 10 Western Finland ports.

Oy Backman-Trummer Ab has the head office in Vaasa and a branch office located in Kokkola. The amount of employees in Vaasa and Kokkola is 43 employees. Backman-Trummer Oy Ab is a limited liability company that was founded in 1882.