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What role does Motivation play in enhancing the performance of employees?  
A study in Lumene Oy

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## **1. Introduction**

Lumene Oy is a Finnish cosmetic medium sized company based in Espoo, Finland. It manufactures skin care products and color cosmetics. As a medium sized company, Lumene Oy has used very effective and useful motivational factors to motivate its employees. For Lumene Oy, employees are an integral part of their company and they believe they should start by empowering and motivating their employees to become a successful organization.

As Dwight D. Eisenhower's stated motivation is the 'art of getting people do what you want them to do because they want to do it' (Achim et al., 2013). From this statement, it can be generalized that motivation is a factor that helps both the company and the employee to benefit from. Employees can benefit from the motivational factor because they will feel happy about the job and on the other hand motivated workforce leads to greater productivity and innovative ideas, which will benefit the organization. Thus, managers should be able to identify and correlate organization's goal with the capacity, opportunity and needs of employees (Achim et al., 2013).

### **1.2 Key literature summary**

At this point a short review of the key literature relating to the importance of motivation and its theories can be introduced. Many theorists have defined the relation between motivation and employee's will to work towards a certain goal. Achim et al., (2013) identified that 'If employees feel good in my company, they will surely take ca-

re of my customers' ought to be one of the principles a manager should build his/hers motivational system upon.

The importance of motivation is not new, and has been around for many years. Different theorists have worked upon the definition of motivation and have identified various factors that can be used as a driver of motivation. Different theorists have identified motivation to vary from rewards and external happiness to engagement and internal satisfaction.

One of the major concepts in analyzing the motivational factor of any organization is the engagement and involvement of employees in the organization. Employee engagement is a concept that has been around for a long time but has been given a name and significance recently. Today, the importance of employee engagement compared to other motivational factors has been identified as it helps the organization to attract and retain high performance employees (Kordbache et al., 2014). Additionally, Kahn (1990) defined engaged individuals as those who 'employ and express themselves physically, cognitively and emotionally during role performances' and disengaged persons as those who 'withdraw and defend themselves' (Kordbache et al., 2014).

### **1.3 Research questions**

The following research questions have been reviewed for this study.

1. To study different history of motivational theories
2. To analyze the importance of employee engagement and involvement

3. To identify the motivational factors used by Lumene Oy
4. To examine the different motivational factors and identifying the most useful one.

## **2. Literature review**

### **2.1 Motivation**

Kretiner (1998) stated that the term 'Motivation' is derived from a Latin word 'Movere', which means to 'move' (Ramlall, 2005). The term motivation has been given many definitions by various individuals, however all of them considered motivation as a driver for an individual to work towards a certain goal. According to, Hellreiger (2004) Motivation is a special type of force acting within a person that leads the behavior of a person into a specific goal-directed manner. It can be stated that motivation, helps an individual to go beyond their usual limits and perform a task with their full capacity. Gomez (2004) states that motivation energizes, directs and sustains human behavior directed towards a specific goal (Honore, 2009). It can also be said that the level of energy, commitment and creativity added in a job by its employees determines the motivation he/she has towards the job. From the definition above, it can be concluded employee motivation plays a vital role in the success of the company, as it is one of the stones that help company to grow further.

### **2.2 Theories of motivation**

To dig deeper on the context of motivation, different theories of motivation have been further analysed. The period of 1950s was a rewarding period for the development of motivation concepts (Robbins, 2010). A number of different theories have been suggested to

explain the process and factors that motivates individuals at work. The factor of employee motivation varies from rewards and salary to engagement and involvement at work. Bassett et al., (2005) listed Maslow (1954), Herzberg et al. /1959), Vroom (1964), Alderfer (1972), McClelland (1961) and Locke et al. (1981) as few major researcher of motivation. Motivation theories can be categorized broadly into two parts: content theories and process theories of motivation (Bassett et al., 2005).

Content theories focus on motivation based on the needs of an individual. It explores the circumstances in which individuals respond to different types of internal and external stimuli (Bassett et al., 2005). The needs of an individual can be either primary or secondary. The primary needs deals with basic requirement of an individual such as food, sleep, water, etc. which can be easily identified. On the other hand, secondary needs are based on the psychology of an individual and can be different for each individual. Need of power, love and achievement are categorized, as secondary needs. The other category of motivation theory called process theory deals with the behavior of employees. They explore the process of 'how' employees are motivated to meet their needs and what type of behavior does that process leads to (Bassett et al., 2005). The two types of motivation are discussed further in the succeeding paragraph.

### **2.3 Content theories**

Content theories deals with 'what' motivate people and are based on the needs of an individual. Numerous theorists such as Maslow, Herzberg and McCelland have conducted research and provided



theories to explain different needs, which acts as a source of motivation. In the following paragraph a brief description of different motivation theories have been given.

### **2.3.1 Abraham Maslow- hierarchy of needs**

According to Maslow (Wilson, 2005 cited by Honore 2009) ‘ employees have five levels of needs: psychological, safety, social, ego and self- actualizing.’ Maslow believed if the basic needs of an individual are not satisfied, there is a risk of an individual being ‘psychologically disturbed’ (Lester, 1993). Maslow based his theory on the fact that every individual have some kind of need that forces him or her to work. The different hierarchy of needs depends on each individual, as some are motivated to work to fulfill their basic psychological needs while others want to fulfill their inner satisfaction. The psychological needs are the basic needs that are vital for everyday life such as food, water and air. The next hierarchy of need is security where Maslow believed, people need to feel secure in order to be motivated at work. Affiliation is the third level in the hierarchy where an individual is given a sense of belonging in a group. The fourth level of the hierarchy is Esteem where personal feelings of achievement, self-worth and recognition are important for an individual to be motivated. The last need in the hierarchy is Self-Actualization, which is the need for growth. The first four levels are considered basic needs. Once these needs are met they go away- or no longer cause anxiety. However the needs for growth do not easily go away and individuals strive to find new ways to satisfy those needs. To conclude, the implication of the need theory has provided many helpful tips to the managers and organizations. Managers were able to find

ways to motivate the employees by providing benefits and developing programs that met the emerging or unknown needs of employees. Kreitner (1998) explained another implication of the need theory was to provide support program and focus groups. Such programs would help employees in dealing with stress during challenging tasks. This could also help the employers understand the inner desire of the respective employees (Ramlall, 2004).

### **2.3.2 Herzberg's theory**

Psychologist Frederick Herzberg proposed the two-factor theory (Wilson, 2005 cited by Honore, 2009): 'motivators and hygiene's' to remove the weak correlation between financial reward and job satisfaction (Bassett, 2005). The 'motivator' factor is based on the job itself and includes variables such as recognition, the work itself, achievement and responsibility (Ramlall, 2004) that produces job satisfaction. On the other hand, factor that produces job dissatisfaction are called 'hygiene' factor and includes non-job related variables such as salary, company policies, coworker relations and supervisory styles (Steers, 1983 cited by Ramlall, 2004). In general, hygiene needs are those factors that provide dissatisfaction at work if they are not met and motivators are the things that get an individual working because of the intrinsic reward they get from the work itself. This theory relates intrinsic factors to job satisfaction and associates extrinsic factors to job dissatisfaction. In conclusion, managers who seek to motivate employees will have to focus more on satisfying them through opportunity for achievement, recognition, responsibility and advancement.

**2.3.3 McClelland Need theory** David McClelland proposed the need theory or achievement motivation model, which focuses on three needs of an individual: achievement, power and affiliation (Ramlall, 2005). According to Hellreigel (2004), McClelland stated that, ‘people are motivated according to the strength of their desire to compete or to fulfill needs’ Honore (2009). The need for achievement is defined as the drive to excel, to become successful and surpass the usual limits (Ramlall, 2005). It is also believed that people with high achievement needs like to challenge themselves and will thus avoid easy tasks, which are not so challenging. Furthermore, they will also avoid high-risk challenges because the chances of success are low. Achievers like regular feedbacks so that they know they are succeeding. Additionally, the need for power was defined as the need to make others behave in a way in which they would not have behaved otherwise (Ramlall, 2005). These individuals strive to direct the actions of others to promote the goals of an organization. The need for affiliation was defined as the desire for friendly and close interpersonal relationships (Ramlall, 2005). These individuals enjoy working as a team and tend to perform well in roles where there is considerable social interaction and a harmonious working environment. Furthermore, according to McClelland’s theory (Hellreigel, 2004), every individual have their own daydreams and those daydreams a way to test an individual’s personal goal. Therefore, employers should be able to identify those daydreams and change it according to the organizations goal and help the employees meet them.

## **2.4 Process theories**

Process theory is focused more vastly on the individual performance, available rewards and the possible work outcomes. Motivation theorists such as Vroom, Porter & Lawler, Adams and Locke have studied the process theory of motivations.

#### **2.4.1 Victor Vroom's expectancy theory**

According to Robbins et al., (2010), the expectancy theory by Vroom suggests that individual work in a certain way because they expect that the work will provide them with particular and attractive outcome they have been expecting. Vroom believed that after every performance employees expect some form of reward and when the reward is positive they are more likely to get motivated to do better. On the other hand if the reward is negative the motivation level will decrease (Wilson, 2005 cited by Honore, 2009). In addition, Vroom also argued that individuals attempt to maximize pleasure and minimize pain. Another assumption by Vroom (1964) was that 'the choices made by a person among alternative courses of action are lawfully related to psychological events occurring contemporaneously with the behavior' (Ramlall, 2005). In other words, people's choices are based on their beliefs, perception and psychological process.

The three most important feature of Vroom's theory (1964) are valence, instrumentality and expectancy (Ramlall, 2005). Vroom (1964) defined the term valence as affective (emotional) orientations people hold with regard to outcomes (Ramlall, 2005). In other words, valence is described as an emotional connection people attach to a given outcome. A valence can be either positive or negative, for example receiving praise can be a positive valence while job that

cause too much stress or tiredness can be a negative valence. Another component of the theory is called expectancy. Expectancy refers to whether or not people expect that they will be able to achieve a given role or task. The third feature, instrumentality, describes the belief that performance will lead to a certain reward (Hsu et al., 2014). Kenworthy- U'Ren (2000) described 'if the outcomes are attractive, instrumental towards achieving other goals, and expected via attainment of the goal..then the individual will be highly motivated to achieve the goal" (Hsu et al., 2014).

#### **2.4.2 Porter & Lawler**

Layman Porter and Edward Lawler III studied further on the expectancy theory of Vroom (Ramlall, 2005) and proposed a model of intrinsic and extrinsic work motivation (Gagne et al., 2005). The model attempted to 1). Identify the source of people's valences and expectancies and 2) link effort with performance and job satisfaction (Kretiner, 1998 cited by Ramlall, 2005). The model proposed by Porter & Lawler; intrinsic and extrinsic work motivation dealt with a very new concept on motivation. Intrinsic motivation was described as a factor that made individual happy about their work and gave spontaneous satisfaction from the work itself (Gagne et al., 2005). On the other hand, extrinsic motivation required an outside factor such as tangible or verbal reward through which satisfaction occurred rather than the job itself or because it leads to a separable outcome (Vallerand, 2000)

In addition, Porter and Lawler (1968) created a working environment where effective performance would lead to both intrinsic and extrin-

insic rewards to produce total job satisfaction (Gagne et al., 2005). Intrinsic reward is the feeling of worthwhile accomplishment, sense of meaningfulness, competence and progress that comes from inside an individual (Slocum, 1970). On the other hand, extrinsic rewards are quantitative factors such as wages; fringe benefits, bonuses and promotions that motivate employees to work better for the organization (Gagne and Deci, 2005). The model was further examined into a new theory of self-determination theory and cognitive evaluation theory (Vallerand, 2000).

### **2.4.3 Self- determination theory**

Self-determination theory revolves around the distinction between autonomous motivation and controlled motivation (Gagne and Deci, 2005). Philosopher Dworkin (1988) explained autonomy as endorsing one's actions at the highest level of reflection (Gagne and Deci, 2005). Intrinsic motivation, which indicates doing a task because it is interesting or enjoyable, is an example of autonomous motivation. Whereas controlled motivation refers to completing a task with the pressure of having to be engaged in certain actions (Gagne and Deci, 2005). The common example of controlled motivation is extrinsic motivation, which involves an outside factor such as promotion, wages and bonuses to motivate an individual to complete the task.

### **2.4.4 Cognitive evaluation theory**

It has always been believed that external rewards are effective motivators compared to intrinsic, however cognitive evaluation theory argued differently. Cognitive evaluation theory explains that the introduction of external and tangible rewards, deadlines (Amabile, De-

Jong & Lepper, 1976), surveillance (Lepper & Greene, 1975), and evaluation (Smith, 1975) tend to diminish feelings of autonomy (Gagne, 2005). In other words, when a factor of external rewards is introduced to someone who has been intrinsically motivated to do the job, the intrinsic interest in the task declines (Robbins, 2010). It is believed that with the addition of external reward in the job, individual lose control over their behavior and thus the intrinsic motivation declines. A new approach has been suggested that the verbal external reward such as praise can have a different impact in the intrinsic motivation than the tangible reward such as money. It has been proposed that the challenging activities and verbal rewards tend to increase intrinsic motivation because individual get a sense of responsibility (Gagner and Deci, 2005). On the other hand, Deci and Ryan (1985a) suggested negative feedbacks weaken both intrinsic and extrinsic motivation, leaving people demotivated (Gagne and Deci, 2005). Additionally, it was confirmed by Deci et al (1999) that rewards given to individuals that are not related to the specific task or unanticipated rewards doesn't undermine intrinsic motivation. Furthermore, when rewards were given for a high quality performance or when the working environment is supportive rather than pressuring, tangible rewards increased intrinsic motivation (Gagne and Deci, 2005).

#### **2.4.5 Adam's theory**

According to Adam's theory 'employees strive for equity between themselves and other workers. Wilson (2005) suggested that equity is achieved when the ratio of employee outcomes over inputs is equal to other employee outcomes over inputs' (Honore, 2009).

Therefore, employees compare the level of input (for example education, experience, effort) to the output (rewards, salary, bonus, recognition) they get from the organization and balance the two. In this way, the situation is perceived to be equal for both the organization and the employees.

#### **2.4.6 Locke's theory**

Edwin Locke's theory is also known as goal-setting theory, which suggests that if an individual has high goals, they will work harder to achieve those goals compared to goals which are not so challenging (Locke et al., 2006). According to Locke, high goals lead to greater effort than easy goals, which in turn will lead to better performance. Locke et al., (2006) also argued that goal motivates individuals to use their existing skills and also search for new knowledge and ways to meet the goals. However, one should understand, the key moderators of goal setting are feedback- which helps individuals to track their progress and work further towards the goal.

In summary, with the analysis of different motivation theory it can be concluded that the motivation plays a vital role in an employees working life. Different theorists have suggested different motivation techniques employers can use to motivate their employees. However, most of them agreed to the fact that employee engagement and involvement plays a key role in motivation.

#### **2.5 Employee involvement and engagement**

The last conceptual issue that requires discussion within the literature is the importance of employee involvement and engagement in



motivation. Employee Engagement is considered as an important factor because engaged employees have higher contribution and are more loyal to the organization. In addition, employee engagement has been linked to different factors such as satisfaction, job satisfaction, organizational commitment and job involvement (Macey et al., 2008).

Harter et al., described engagement as the 'individual's involvement and satisfaction with as well as enthusiasm for work.' Whereas Towers-Perrin (2003) suggested engagement as 'the emotional factors tie to people's personal satisfaction and the sense of inspiration and affirmation they get from their work and being part of the organization.' Engagement is also defined as organizational commitment; for instance, Wellins and Concelman (2005) suggested that 'to be engaged is to be actively committed to a cause.' In addition, Brown (1996) described that 'a state of involvement implies a positive and relatively complete stage of engagement of core aspect of the self in the job.' (Macey et al., 2008). Job involvement has been identified as a factor where employee relates their job psychologically.

The definition of employee engagement above gives an insight on the importance of employee engagement in an organization. Thus, managers should focus on promoting a sense of meaning and purpose in the work, which will help to create productivity in the organization (Morrison, Burke & Green, 2007 cited by Kordbacheh, 2014). Additionally, employees should be constantly assured that their views are valued by giving them feedbacks and comments and building trust upon them (Nolan, 2011).

## 2.6 Literature Summary

In summary, the literature review gave insights into various aspects of the topic area. Motivation is considered as one of the important element in an employee's relationship with the organization. The period of 1950s is considered to be a rewarding period for the development of motivational concepts (Robbins, 2010). Different motivational theories have suggested different ways to motivate the employees. Bassett et al. (2005) has listed few major motivation theorists as Maslow (1954), Herzberg et al., (1959), Vroom (1964), McClelland (1961) and Locke et al. (1981). Additionally, Bassett et al. (2005) categorized motivational theory as content theories and process theories. Content theories deals with 'what' motivates individuals whereas process theories deals with 'how' motivation occurs. Theorists such as Maslow, Herzberg and McClelland have discovered factors that help employers to identify the needs of employees. Maslow identified five hierarchies of needs that should be met in order to motivate its employees (Honore, 2009). In addition, Herzberg discovered two factor theory of 'motivators' and 'hygiene's', which can act as job satisfaction and dissatisfaction, respectively (Ramlall, 2004). Furthermore, David McClelland proposed the need theory or achievement model, which focuses on the three needs of an individual: achievement, power and affiliation (Ramlall, 2005). The theorists who have worked on the process theories of the motivation are the following. Victor Vroom discovered the expectancy theory, which suggested that individual work towards a goal due to the expectation of positive and attractive outcome (Robbins et al., 2010). Vroom ca-

tegorized the theory into three important features: valence, instrumentality and expectancy (Ramlall, 2005). Porter and Lawler further studied Victor Vroom's theory and a model of intrinsic and extrinsic work motivation was discovered (Gagne et al., 2005). Intrinsic motivation was described as factor that made individual happy about their work and gave spontaneous satisfaction from the work itself (Gagne et al., 2005). On the other hand, extrinsic motivation requires outside factors such as tangible or verbal reward to get satisfied from the job (Vallerand, 2000). Self-determination theory deals with distinction between autonomous and controlled motivation (Gagne & Deci, 2005). Furthermore, cognitive evaluation theory explains that the introduction of external and tangible rewards tend to diminish the feelings of autonomy (Gagne & Deci, 2005). The last two theories discussed in the literature review are the Adam and Locke's theory. Adam's theory focuses on the fact that, employees attempt to create equity between what they can offer to the company and what they are getting as outcome (Wilson, 2005). Moreover, Locke's theory suggested that individuals strive for higher goals and will work harder to achieve those goals compared to vague and easy goals (Locke et al., 2006). The literature review also gave some insight on the importance of employee engagement and involvement in an organization. This was considered as an important part of motivation because employee engagement is related to: job satisfaction, organizational commitment, satisfaction and job involvement (Macey et al., 2008). In addition, this paper aims to explore and identify if the theories have been applied to the company and what other factors has been implemented that has proved out to be beneficial.

### **3. Methodology**

#### **3.1 Research approach**

The main research approach followed in this research project for data collection was deductive approach. According to Bryman (1988) in deductive research, a hypothesis is formed and theory is applied to test the hypothesis further. Hyde (2000) explained deductive reasoning as a research process where an established theory is tested by analyzing the relationship between the theory and the research findings. Creswell and Plano Clark (2007) described deductive research as the process of working from a theory to hypothesis that might oppose or verify the theory (Soiferman, 2010). Hyde (2000) also argues with the use of deductive procedure the usage of qualitative research findings by individuals can increase. Case study (Yin, 1994) and pattern matching (Campbell, 1975) are considered to be similar to deductive approach (Hyde, 2000). Case study is a more in depth study of a particular topic whereas pattern matching concludes with independent review by applying different explanations and case evidence. The alternative to the deductive research approach is to gather data and then identify relevant issues and discovering subjects that can lead to new findings. However, Saunder, Lewis and Thornhill (2009) consider this approach to be difficult as it is more time consuming and the risk of failure is high. On the other hand, Saunder, Lewis and Thornhill (2009) consider deductive approach as more organized and structured compared to inductive approach. However, Hyde (2000) states with deductive approach, researcher should be able to accept the initial findings can sometimes be false and should not hesitate to look for alternative explanations.

To conclude, in deductive approach, theories are identified as independent outcomes that are tested to occur.

In this research project, data collection tools such as primary and secondary research as well as qualitative and quantitative (mixed methods) research techniques are all used. The primary research is given the higher priority as it is up to date and the targeted issues are personally addressed however they are time and money consuming. Nevertheless, secondary research is also equally important in giving more effective information. In the following paragraph, the data collection methods are briefly described.

### **3.2 Data collection and Analysis**

Quantitative data was collected and analysed by collecting sample surveys, company profile and information gathered via interviews and questionnaire. Surveys and questions were mainly focused on the employee's perception and company's view on motivation.

Understanding employee's perception on what factors keep them motivated to work for the company is one of the important issues. Therefore surveys were mainly focused on those perceptions. A self-administrated survey questions were formed and distributed among the employees of Lumene Oy. The main motive behind the survey was to gain an insight on how motivated employees are at the workplace with the current company policy and what they believe should change. In this research traditional paper survey had to be used because of the time constraint. Additionally, the employees were also busy with the new recruitment process going on in the

company. Self-administered questionnaires are considered to be very useful in the research project as they assure a high response rate, accurate sampling and minimum bias (Akbayrak, 2000). With the benefit of personal contact and questionnaires the researcher was also able to gather reliable and necessary information. A mixture of open ended and close-ended questions were used to gather the answers. In addition, nominal style and ordinal or Likert style were used to structure the questionnaire. The nominal method is used to identify rather than measure whereas, ordinal is designed to measure a person's attitude towards a certain concept or statement.

The probability sampling method was followed, where the probability of each element being selected from the population is non-zero (Baker, 2002). The sample size was around 30 individuals, which was quite appropriate looking at the number of employees in Espoo, Finland. Random sampling method was used to conduct the survey. The sample was stratified randomly chosen, where the population is divided into groups that differ in different factors and are related to research in certain aspects (Mayer 1965 cited by Baker, 2002). Thus, from Lumene, samples were chosen from the employees who were available to answer the questions. Additionally, the sample was also randomly selected from different level of hierarchy such as managers, HR employees and general employees to offer diversity. It is mostly argued that non-random selection might lead to the data and survey being more biased and therefore produces inaccurate results. However, in this research employees who were able to give different perspectives on motivation were required. Additionally, the

motivation also differs in each hierarchy as their needs differ from the job.

The sample size was also very small which created limitation in the research however, it was important to select limited individuals from all hierarchy who were able to give more valuable and in- depth information. Furthermore, even though the researcher had some connections to the individuals in the organizations the sample was not selected on the ground of personal relationship. However, as the researcher was absent during the completion of the survey and the busy schedule of employees of Lumene, employees were randomly pre-selected for variety in the answers.

Quantitative data of the survey were presented and evaluated in graphs or charts with a description of the studied data. Graphs and charts are a form of visual displays that help to summarize large amounts of information into easily understandable formats that are clear and easy to understand.

In addition, secondary research was conducted by collecting information through company websites, books and journals. The benefits of conducting secondary research are that, they are time and cost effective because of the amount of information available and research conducted beforehand. However, one of the drawbacks of secondary research is that they might not be updated and can sometimes be incomplete.

Furthermore, two face to face interviews were conducted, one with the Human Resource manager and another with the general staff of the company who could provide in-depth information related to the subject. Interview questions were designed in semi-structured formats to allow flexibility in the answers. Semi-structured interview questions are predetermined open-ended questions, with other questions emerging from the dialogues between interviewer and interviewee/s (DiCicco-Bloom and F Crabtree, 2006). The benefits of semi-structure interviews are, flexibility, accessibility, intelligible and capable of disclosing important and hidden information (Q. Qu and Dumay, 2011). They are considered to be the most effective and convenient means of gathering information (Kvale and Brinkmann, 2009). On a negative note, semi structures interviews are thought to be time consuming and expensive. It is also believed in such interviews, there are high chances of interviewer guiding the interviewee to expected answers by giving unconscious signals. Interviews can be conducted in different stages of the research and in this case, interview was used to evaluate and validate data collected from the survey and secondary research.

Interview questions and survey questions were quite similar to each other to help the author to form reliable conclusion from the findings. The interview answers were collected through written notes rather than recordings as it keeps the author more alert and interviewees can also change their answers and spot their mistakes from the written notes. Furthermore, only two individuals were interviewed, as it is very time consuming to conduct an interview. However, interviews are considered to be an effective way to collect qualitative and relia-



ble data. In addition, both individuals were from different hierarchy, thus gave different insight in the definition of motivation. None of the individuals who were being interviewed have personal relationship with the author, thus professionalism was maintained through out the interview, which also reduced the biasness. The information gathered from the interviews was used in the data analysis of the report.

### **3.3 Ethical considerations**

To maintain moral and ethical behavior, all the required methods have been followed in this research project. As Drew, Hardman & Hosp (2008) stated that the procedure of the survey should be outlined and individuals involved in the survey should be aware of the possible harm (Connelly, 2014). In this research project, interviewees were previously informed about the topic area and anonymity was maintained for all the answers taken from the survey and interview. Additionally, consent was maintained were individuals could choose whether or not they wanted to participate in the survey and interview. The participation was strictly based on the voluntary basis. Thus, the privacy and confidentiality of individuals participating in the survey were maintained through out the research (Saunders, Lewis and Thornhill, 2009). The researcher should inform the participants about the purpose, methods used in the study, the risks involved and the demands placed upon them as participants (Best & Kahn, 2006; John & Kottler, 2006). Furthermore, the participants were also given the choice to withdraw from the survey at any time and to view the report after completion.

### **3.4 Limitations**

There were some limitations in the research projects. The main limitation existed in the sample group, as it was quite small. Therefore, the diversity in the answers could have been limited. Additionally, it took a lot of time and effort for the author to deal with the company so that they would contribute in the research project. Furthermore, the time frame also created a problem as the research project was during a period of 5 months. The author was able to conduct primary research only on the duration of a month because the company was based in Finland and the author was residing in United Kingdom. It is argued that survey with time constraints limits the responds, as they feel overloaded with work (Delva et al., 2002 cited by Simon & Goes, 2013). Moreover, there was always a risk of insufficient response to the survey. However, the response rate was quite good, where 25 out of 30 people answered.

In summary, variety and appropriate research methods were used to complete the project. The next chapter helps to analyze the data collected using the techniques and methods from the methodology.

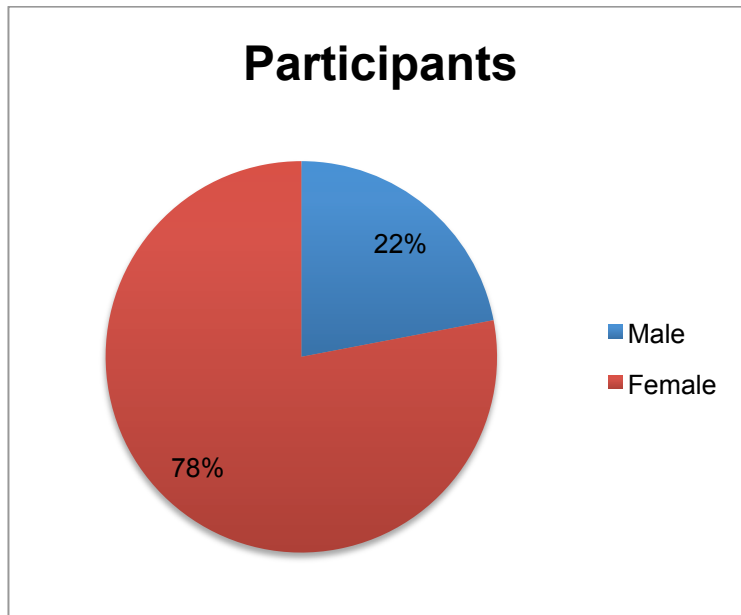
## **4. Data presentation and analysis**

### **4.1 Presentations of the finding from the survey**

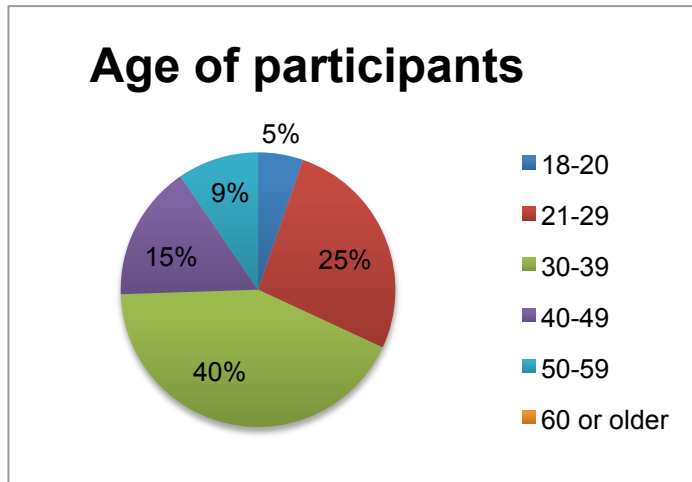
#### **4.1.1 General information on participants**

The findings below are the general information on the survey created for this project. 25 out of 40 responded to the survey, thus the response rate was quite good.

*Figure 1:*



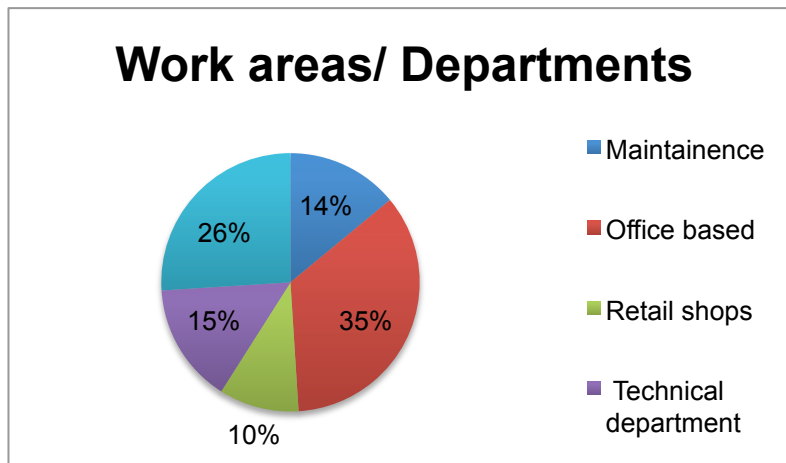
*Figure 2:*



The majority of participants were female compared to male, which is more reasonable in the cosmetic industry. Only 22% of the employees in Lumene Oy are male, and the only division that is completely filled with men is the maintenance team. The age of the participants in the survey is more wide spread, ranging from 18- 59 years old, with the majority age group being between 25-45 years. It can be assumed that each age group had an equal contribution in the survey.

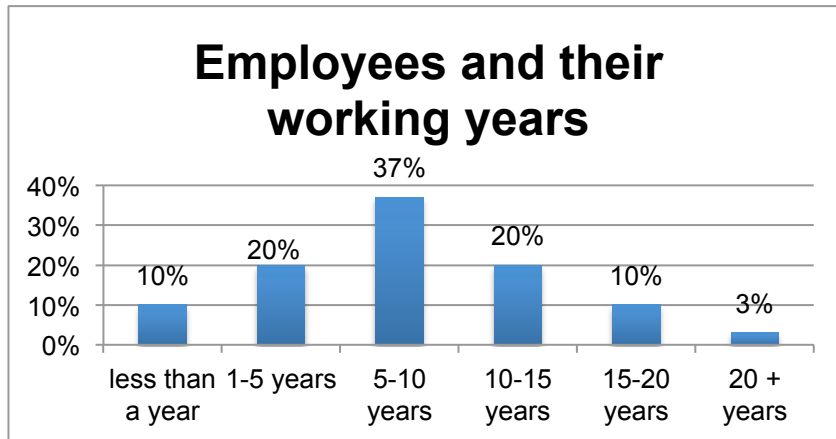
The work areas and departments of the organization are also represented in this survey to determine the variation of employees in different sectors. Figure 3 determines, the majority of employees are from the office based sectors and chemical departments, 35% and 26% respectively. The office-based sectors include jobs such as marketing, management and operations. Additionally, as Lumene Oy is cosmetic, chemical department plays an important role.

*Figure 3:*



As it can be seen from the above data, the participants are widely spread from all the departments and age group. The main aim behind selecting different sectors individuals was to offer variation in the project. Additionally, in the survey employees who are new to the organizations and employees who have seen the organization grow over time were also involved. This helped to observe different perspectives of employees. As it can be seen, employees in Lumene Oy have been loyal to the organization, as majority has spent more than 5 years in a single job. With the increasing trend of people shifting jobs due to lack of motivation, Lumene Oy can be categorized as a successful company to hold on to its employees for such a long time.

Figure 4:



In the following paragraph, employees perception on what factor keeps them motivated are further analysed.

#### **4.1.2 Motivational factors**

As discussed above, motivation plays an important role in the success of the company; employees of Lumene Oy had similar views on the aspect of motivation. They believed motivation plays an equal importance in both employers and employees working life. The employer should be able to motivate its employees to be able to generate productivity and engagement from them. This, in turn, will help the company to grow and succeed further. On the other hand, employees should be able to motivate themselves at work because it will help them grow and keep interested at work.

The individuals who voted that the external factors play an important role in the success of the company were higher than those who voted for the internal factors. Individuals who have worked for the company for more than 10 years believed they are intrinsically moti-

vated to work for Lumene Oy and feel connected to the organization as a whole.

Figure 5:

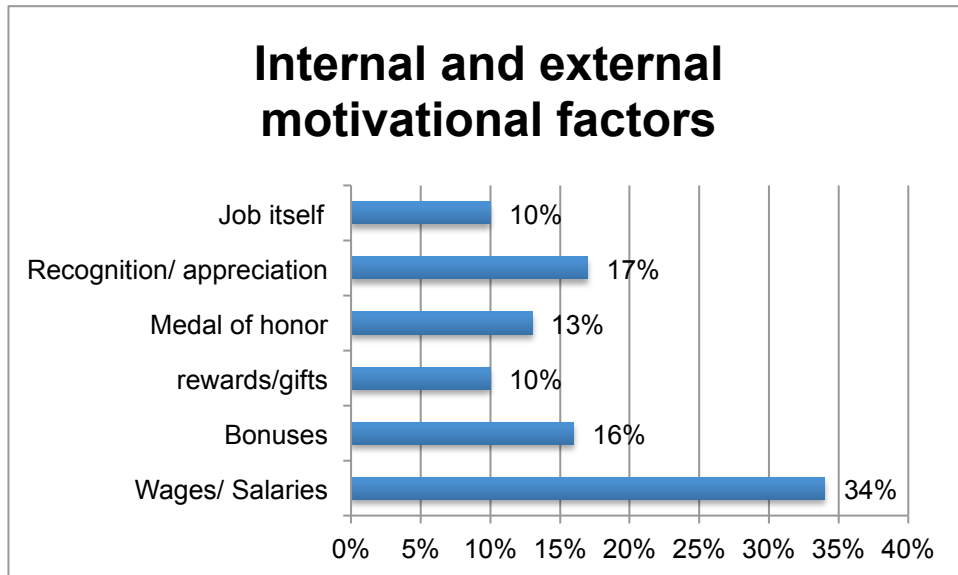


Figure 5 demonstrates the most popular motivational strategy used by Lumene Oy that helps the employees to be motivated at work. The majority voted for wages/ salaries around 34% to be the most important factor of motivation. Wages, Bonuses and Medal of Honor being external motivational factors are the category voted that plays the most important role in the motivation. Similarly internal factors such as recognition and the job itself are also voted as a key for the company to be successful.

As Certo (2004) stated in the book *Concepts and Skill*, 'Motivating employees requires employers to study the employee's monetary, physical and psychological needs, because individuals are motivated by a number of items namely intrinsic and extrinsic rewards'

(Honore, 2005). Similarly, in the case of Lumene Oy, the internal and external factor both play an equal role for the motivation of employee. Thus, Lumene Oy should be able to differentiate and prioritize which factor plays the most important role in the employee motivation.

#### **4.1.3 Employee performance**

In the previous paragraph, the motivational factors that play an important role in the employee's performance are discussed. Few ways that helped the researcher to measure the employee's performance are the employee turnover rate and the amount of time the majority of employees have spent in the organization.

The employee relationship in Lumene Oy are considered to be long term, as currently over 70% of the employees have been working for the company for over 5 years. Additionally, there has been an employee who has spent more than 42 years in Lumene Oy. Such relationship between the employee and the organization reflects a positive bond and can inspire other employees as well. Additionally, it is not usual in today's generation for an employee to spend more than a year or a two in a single organization, as they believe they should try to expand their knowledge by getting involved in different organization's culture. However, as seen in Figure 4 (Employee and their working years) the majority of individuals have worked for the company for more than 5 years. This proves Lumene Oy is aware of the fact that they should actively engage their employees in different activities. In addition, people need to feel wanted, valued and appreciated to maintain a stable workforce (Honore, 2005).



Furthermore, the turnover rate of Lumene employees is extremely low. Moreover, the turnover rate of the blue collar is even less since it is currently only 2% and during some years it has even been to zero. Therefore, it could be stated employees in Lumene Oy are satisfied with their job. 10 % of the employees, mostly women, are constantly on long leaves, most of them on being parental leaves. Due to this, 10% of the employees working for Lumene Oy have temporary contracts. In addition, job rotation and on-the-job-learning is important and only a few of the long-duration employees still work in the same post as when they joined the company. Lumene Oy believes in appreciating and promoting its employees if their performance is worth it.

It is apparent from the data above on the motivational factors and employee performance that Lumene Oy has implemented all the possible strategy to maintain a stable workforce. However, it is also important to consider that for such strategy to work, an effective communication plays a vital role. Honore (2005) explains that it is crucial for managers to communicate with their employees, as it is the only way to find out what motivates them.

The final two questions revolved around the communication techniques used by lumene Oy and how effective they are. Lumene Oy has a monthly information session where past outcomes are reviewed, current issues are dealt with and future perspective is looked upon. Additionally, there is a system in Lumene Oy where employees can give feedbacks on the performance of other employees.

All the Lumene Oy employees have an opportunity to discuss with the Human Resource department regarding their colleague's performance. After the detailed review of the employees, the best performing employee receives gifts and feedbacks on their monthly performance.

Communicating positive feedback regarding co-workers is a gesture that is encouraged and supported by Lumene Oy. Lumene Oy believes communicating information upside down improves motivation among employees, as they feel valued when their opinion is heard. This is one of the most useful strategies that can be used to motivate an employee. Because when employee's opinions are considered, they feel responsible towards the success of the organization.

The last question in the survey was about the opinions of employees on what can be further improved on Lumene Oy's strategy. There wasn't any suggestion on improvements, however many believed that the monthly sessions are very helpful and Lumene Oy should think about engaging its employees more. They believe the feedbacks given are very helpful as individuals get to improve their weaknesses. One of the union representative, Hanna Helistenkangas says 'Monthly information sessions are important and we feel that everyone now understands that it pays to work because that is the only way to guarantee that we have work also in the future.'

#### **4.1.4 Presentation of the findings from the interview**

The author was able to get some basic information regarding the motivational factor and employee performance from the survey. To get some in-depth information on the motivational strategy implemented by Lumene Oy and how useful they have proved out to be, two face-to-face interviews were held. Human Resource manager, Terhi Ahvonen and employee working in the office sector (anonymous, did not want the name to be published) were interviewed.

Their key outcomes are discussed below:

1. Both the interviewees believed motivation plays an important role to create a stable and productive workforce. Human Resource manager gave an insight on how Lumene Oy believes in diversity and tries to create a diverse working environment by hiring individuals with different educational and cultural background. The company has over 100 different job titles and the current employees working for Lumene have studied for instance cosmetology, business, engineering and chemistry. Both the interviewees believe such diversity helps the work environment to be very positive and each individual get to learn from different cultures and backgrounds.
2. Additionally, different types of motivational factors used by Lumene Oy were discussed in the interview. Some of the most popular external and internal factors were:

Employees' wellbeing plays an important role in Lumene Oy and the company tried to prevent any health related issues. Every second year they carry out wellbeing measurements among the employees in order to find out if there is anything that needs to be improved or changed. Lumene Oy tries to prevent any absences due to illness and the percentage of absences due to illness in Lumene is 5,4%.

On average in the manufacturing industry, it is 6,2%. The company has their own doctor and nurse who are present on different days twice a week. Additionally, a physiotherapist visits the building every second week and makes sure every employee has an ergonomic working environment.

In addition, Lumene Oy acts according to Pidä Huolto- Take care- model. This model helps the employees to share the problems they have had or are going through. Any signs of physical or mental weakness in the employees are tried to solve by Lumene Oy. These are done through medical treatments or conversations that are organized by the company itself.

The external rewards of Lumene Oy are: salaries, bonuses, gifts and medal of honors. The salary at Lumene Oy varies between divisions and job positions and is strictly defined in accordance with the Finnish collective employee agreement. Officials have a fixed monthly salary and the sales team has a sales commission. Employees working at the production division have a basic salary, shift supplement and a production premium. The production premium is a type of bonus that the production division receives when it has performed efficiently. The production premium can be up to 10%, which makes it an essential part of the salary. Correspondingly, the warehouse workers receive a warehouse premium when their performance is very efficient.

Employees at Lumene Oy receive a generous discount percentage on all Lumene items when shopping at the Lumene factory outlet. In addition, the employees receive summer and Christmas gift packages that include Lumene products and sweets.

Lumene grants year gifts to employees who have been working at Lumene for a certain period of time. For example an employee who has worked at Lumene Oy for 10 years receives a bronze Chamber of Commerce Medal of Honour in addition with either an additional salary of one month or an extra two weeks of paid vacation. An employee who has worked at Lumene Oy for 20 years receives a silver Medal

of Honour and an employee who has worked at Lumene for 30 years receives a golden Medal of Honour, both respectively with an addition monthly salary or an extra two weeks of paid vacation. Lumene even grants a few people with Medal of Honour issued by the president of Finland, which are a great example of intrinsic rewards as the employees feel recognized and appreciated. Furthermore, individuals receiving these medals reach the highest level of Maslow's hierarchy of needs pyramid, the self-actualization, which is the most difficult one to attain.

3. In addition to the external and internal rewards, Lumene also believes it is very vital to communicate with its employees.

Human Resource manager, Terhi Ahvonen, believes one of Lumene's assets is an extremely low and informal company hierarchy. Tapio Pjuharju, the chief executive officer of Lumene, is easily reachable for all of the company's employees. Through flat organizational structure, the employee feels that their opinions are appreciated and that their work is being valued. The opinion of the general employee was very similar, as he/she believed this gives them the right platform to share their views and gets them intrinsically motivated because of the appreciation they receive.

Furthermore, Lumene Oy encourages all of its employees and managers to give and receive feedback. Lumene Oy aims on employees communicating feedback and appreciating individuals on their daily achievements and on a job well done. Furthermore, Lumene Oy uses situational rewarding. For example if an employee's actions have saved the company money or resources, a small gift is gifted to the employee along with an appreciation letter from the managers and co-workers. This creates goodwill and makes the relationships among the employees more personal and strong.

Lumene Oy has monthly info sessions in which all employees participate. This session lasts for less than an hour and is held four times on the particular day, allowing everyone to participate and fit at the premises. The information ses-

sion involves analyzing sales, statistics and figures of the previous months. Alongside the best achievements and success in different retailing locations are discussed. The sessions involve discussing goals for the following month and employees are updated with current events and information.

One-hour sessions are held monthly to discuss about the progress of employees. There is the 'iloinen ilmento' program that acknowledges employees who do great work; other employees can nominate these industrious and cheerful persons. During the monthly sessions the winner gets a small gift for a job well done.

The above motivational strategy used by Lumene Oy gives an insight on how important they believe motivation is. Lumene Oy has used different and effective rewards both internally and externally that has proved out to be beneficial for both the employees and employer. The benefits of such strategy can be distinguished from the long-term employment relationship the employees have with the company. Additionally, such less turnover rate in an organization is also an example of the motivational factor that an employee holds in the company. The positive feedback from the employees in the survey gives the researcher an understanding that the strategies used by Lumene Oy are effective. Honore (2005) stated that the organization's cultures and features of each job determine what best approach should be taken to motivate its employees. Similarly, the approaches used by Lumene Oy prove that they are well aware of the needs of their employees both intrinsically and externally and try to equally balance both motivational factors.

In summary, this chapter presented all quantitative and qualitative data collected that provided insights into the motivational factors of employees in Lumene Oy. In addition, the view of manager and employee from the interview helped the researcher to draw a valid conclusion on the matter.

## **5. Conclusion**

The findings suggest that motivation plays an important role in enhancing the performance of the employees. Furthermore, Lumene Oy also implements all the motivational strategy and factors that help their employees to get motivated which in turn will lead to productivity and success of the company. The major finding from this study can be allocated into few categories and the hypothesis that the motivation is a key role in the success of the company has been accurate.

From this research paper, we could identify different theorists described different motivational techniques and those motivational techniques have been implemented in Lumene Oy as well. For instance, according to Maslow, individuals strive for the highest level of needs when the basic needs are satisfied. Thus, Lumene Oy starts with satisfying their employees with basic needs of wages and security in the job. After those needs are met, the higher level of needs is focused upon. For instance, receiving the Medal of Honor from the President of Finland can be considered as one of the highest level of needs every employee would work towards. This can either categorized as self-esteem or self-actualization needs. In addition, Lumene Oy provides its employees with opportunity to challenge themselves

during the month and at the end of the month they are evaluated where feedbacks and rewards are given to individuals who meet the challenges. The balance of extrinsic and intrinsic motivation is required for a company to success; moreover the researcher was able to recognize that employees who have spent more time working in the organization are connected to the organization. Such employees are intrinsically motivated and for such employees intrinsic motivational factors should be implemented in the organization. However, for employees who are new to the organization employees are extrinsically motivated with factors, such as salaries and rewards. Similarly, in the case of Lumene Oy as 70% of the employees have worked for the company for more than 5 years, most employees are more focused towards satisfying their intrinsic needs after wages and salaries.

Furthermore, the importance of communication techniques is highlighted from the study of Lumene Oy. The extremely low and informal organizational structure is a plus point for the success of the organization because this helps the relationship between the employee and organization to become stronger. In addition, Lumene Oy encourages all of its employees and managers to give and receive constructive feedbacks. There are also monthly sessions in which employees can participate and can exchange ideas and feedbacks.

The researcher was able to measure employee's performance through employee turnover rate and the years employee have spent in the organization. The employee relationship in Lumene Oy are considered to be long term, as currently over 70% of the employees



have been working for the company for over 5 years. Furthermore, the turnover rate of employees of Lumene Oy is extremely low. The turnover rate of blue-collar workers is around 2% and sometimes even zero.

It has to be noted, that the current study was limited only to one organization, Lumene Oy. Thus, the same hypothesis and conclusion can be different to other organizations as the motivational factors employed by the organizations can be different. Additionally, the sample size was estimated appropriate for this study but it does not represent all the employees of Lumene Oy.

A number of recommendations for future research can be made that would give further insights into subject area. A further study can be conducted by comparing two medium-sized Finnish company. This would help the researcher to evaluate the importance of motivation in Finnish organizations as whole. In addition, future research can be more detailed on the difference between intrinsic and extrinsic motivation. Because, many employees focused that they believe the work environment should be cheerful and fruitful. However, the majority of vote was for salary and wages. The author believes that as the salaries and wages are the basic need of human when they find a job, thus the priority is higher too.

Few obstacles had to be faced by the author during this study. The major obstacle was that the author was residing in United Kingdom and the organization was in Finland. Thus the communication in the beginning between the two was done via emails, which was quite

time consuming to explain the details. Additionally, the organization was going through its recruitment process, thus the employees and HR manager were quite busy. The author also had a limited time of one month to conduct the survey and the interview, therefore time constraint can be considered as the major obstacle. Furthermore, the author believes, even though the interview questions and survey questions gave enough information, more in depth questions would have helped to look at the issue more broadly.

In summary, the paper has given an understanding of the concept and importance of motivation in Lumene Oy. The findings enhanced the understanding that communication plays a vital role in motivating its employees. Additionally, the study was also able to confirm that the major aim of employers should be to engage and involve the employees in organization's decisions. As Nolan (2011) stated that engaging employees means understanding different cultures and backgrounds they belong from and identifying how to align those cultures and backgrounds to form a productive and innovative way of working and a fruitful working environment.

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## **7. Appendix**

### Survey questions

**Dear Lumene employees,**

**I am conducting a research project on relationship between motivation and employee enhancement as a part of final year study at the University. And I am using Lumene Oy as my case study.**

**It would be a great help if you could take few moments from your busy schedule and fill up the survey. It would take less than 5 minutes to complete the survey.**

**I really appreciate your participation, as this will help me a lot to conduct and complete my research. Additionally, all the responses will be anonymous and confidential and will be used solely for the research project only. You could also view the results if you like after the completion of the survey.**

**1. What is your gender?**

- **Male**
- **Female**

**2. Which age group do you belong to?**

- **20 or younger**
- **21-29**
- **30-39**
- **40-49**
- **50-59**

- 60 or older
3. Which department do you work in?
    - Maintenance team
    - Retail shops
    - Chemistry department
    - Technical department
    - Office based
    - Others (please specify)
  4. How long have you been working for the organization?
    - Less than a year
    - 1-5
    - 5-10
    - 10-15
    - 15-20
    - 20+
  5. How important do you think motivation is at work?
    - Least important
    - Somewhat important
    - Important
    - Most important
  6. What factor motivates you more?
    - Internal factors
    - External factors
  7. Do you believe Lumene provides you the motivation factor it needs to for you to be motivated at work?
    - Yes
    - Somewhat
    - No
  8. Among external and internal factors Lumene provides which do u rate more to be a good motivator? Rate (1-5)

External factors	Ratings	Internal factors	Ratings
Bonuses		Job itself	
Wages /salaries		Recognition	
Compensations		Appreciation	

<b>Fringe benefits/ rewards</b>		<b>Sense of mean- ingfulness</b>	
<b>Medal of honor</b>		<b>Sense of pro- gress</b>	

**9. Do you believe in the relationship between communication and motivation of employees?**

**10. Is the communication technique used by lumene Oy effective? How/Why?**

**10. Any suggestions you would like to give to Lumene Oy to improve its strategy.**

## Appendix 2

### Interview (HR manager, Terhi Ahvonen)

**1. How important role do you think motivation plays at work?**

I believe motivation is one of the key issue in any organization, let it be, medium or large corporations. And Lumene Oy tries its best to initiate different motivational techniques to keep employees motivated.

**2. What factors are used to motivate employees?**

Lumene Oy offers different external and internal rewards to motivate its employees. (Presentation was given on all the external and rewards such as bonuses, wages, recognition and medal of honors)

**3. As an HR manager, what is your duty?**

'Not an easy job, I would say.' We look after employee's wellbeing, hiring new employees, implementing suggestions and feedbacks given by employees.

**4. What role do employees play in Lumene Oy?**

Employees are given the most important priority in Lumene Oy. And 'I believe, employees are well aware of this fact, thus the employee turnover rate is very low in Lumene. Additionally, there are employees who have worked for over 40 years in Lumene Oy which is an inspiration and motivation to all of us.'

**5. Do you believe employees are satisfied with the motivation factors Lumene provides?**

' I believe Lumene Oy and the employees here are family. We share the same values, responsibility and work towards better future of both the organization and ourselves.'  
The satisfaction rate of Lumene Oy should be around 90%, because Lumene Oy takes care of both internal and external factors that help to motivate employees.

**6. What type of working atmosphere does Lumene have?**

Lumene Oy has a very flat and informal organizational structure, which makes it very easy for the employees. This helps the work atmosphere to be stress free and employees also feel their opinions are heard.

### **7. What challenges do you face as an HR manager?**

Lumene's HR department's challenges are namely small everyday things. One example of the challenges would be that some employment relationships end already during the probationary period. Many people have such a misshapen image about working in Lumene as they might think the work is very glamorous and special. But as some of the tasks are just as similar as in any other companies, these people might eventually notice that they are not necessarily doing what they would like to do but are rather just working in a company they admire. The HR department deals with helping out department supervisors with personnel problems and discussing burnout matters with occupational health. They also negotiate with superiors about certain decisions that could be unfair to some employees.

### Interview 2 (General staff)

#### **1. How important role do you think motivation plays at work?**

Motivation is vital, it is the only aspect that keeps us focus at work. Without motivation, 'job gets boring.'

**2. What factors are used to motivate employees in Lumene Oy? Which factors do you think is the most effective?**

The most important factor, I believe is the communication techniques. Lumene Oy is a very flat organization. We can talk and share information and knowledge to everyone among all the hierarchy groups. Additionally, the salaries are also according to Finnish law. I am very much looking forward for the Medal of Honors. I believe that gives employees a sense of achievement. And the thought of Lumene employers behind this strategy is very effective.

**3. Are the employees in Lumene Oy valued?**

Yes, our opinions are heard. Before implementing any decisions all the employees are given a brief description and their feedbacks and reviews are considered. We also have a monthly session, which is very productive because we discuss about the monthly issues and the employee who has performed the best is given gifts. We all work very hard to receive the praises and gifts during the monthly session.

**4. Are the communication techniques effective in Lumene Oy?**

As I mentioned earlier, Lumene Oy pays extra attention on how they communicate with their employees. They believe the relationship between employees and the employer gets stronger, when both parties opinions are valued and heard by each other. Thus, Lumene Oy has an effective communication techniques such as monthly feedback sessions, intranet is also widely used where all quick and important information are sent via email.

**5. What suggestions would you give to Lumene Oy in order to further motivate its employees?**

I have worked for Lumene Oy for a year only and I am quite satisfied with the work atmosphere in here. Lumene Oy considers both the extrinsic and intrinsic motivational factor to motivate its employees. To further motivate its employees, I believe Lumene Oy should be able implement more of an intrinsic reward, such as recognition and appreciation. In my opinion extrinsic rewards can fade away with time but when individual is intrinsically motivated, they feel connected to the organization and will stay loyal to them for a longer duration. Additionally, extrinsic rewards used by Lumene Oy is very effective and employees are satisfied with them.