Employee Motivation and Engagement as a Business Strategy

Jannica Andrea Renfors
Organizational behavior has been systematically studied since the Industrial Revolution in an effort to create normative theories about human behavior. As demands and expectations of employees and companies have changed over time, so has the popularity of various theories over others. Still, many of the demands of today's workplaces are the same as they have always been, namely reducing employee turnover rates to save costs, attracting and retaining talented employees, and increasing employee productivity, motivation, and engagement levels.

This Bachelor's thesis explores how theories of motivation have influenced and continue to influence HRM practices and processes designed to motivate and engage employees. Based on results from both secondary and primary research, the author will propose a new model of employee motivation and engagement that is designed to be universally applicable.

A qualitative research approach was selected for this thesis, as it best supported the thesis objective. Data was collected from a combination of relevant secondary sources, such as content and process based theories and models of employee motivation, and primary research, after which the findings of the data were interpreted and analyzed. An extensive employee survey was conducted at Majoituspalvelu Forenom Oy to measure the current levels of motivation among employees, and to ascertain the factors of employee motivation and engagement.

The findings of this qualitative research-oriented thesis suggest that even though there is no single model that best suits the demands of today's workplaces, an integrated model combining both content and process based theories of motivation is likely to yield best results. A model for this, entitled Simple Divergent Model of Employee Motivation, is proposed in the thesis. Recommendations for further study and a reflection of the author's personal learning concludes the thesis.

Keywords
I would like to express my thanks to my specialization teacher and thesis instructor Ms Elizabeth San Miguel for her guidance during the thesis writing process. I would also like to thank my family and friends for their support during my studies.

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1 Introduction

This chapter aims to give the reader an overview of background information, the research question (RQ), and investigative questions (IQ’s), the international aspects of the research, as well as the benefits of the research to companies. Additionally, key concepts are defined to help readers familiarize themselves with the research topic.

1.1 Background

“Traditional views on competitive advantage have emphasized such barriers to entry as economies of scale, patent protection, access to capital, and regulated competition. More recent views have highlighted a different source of competitive advantage, a firm’s human resources and human capital”. (Huselid, Jackson & Schuler 1997, 3.)

Organizational behavior has been systematically studied since the Industrial Revolution, a time of transition from traditional rural work to urban, centralized mass manufacturing. Modern human resource management as we know it began with the British Industrial Revolution, lasting approximately from 1760 to 1870. During this period, advances in science and technology enabled significant growth in industrial and agricultural production, expanding the economy and changing the nature of work. (The British Museum 2008.)

Rural, agrarian societies became increasingly industrialized, particularly in Western Europe and, later, the United States. Though this period saw vast improvements in transportation systems, communication, agriculture, and a general improvement in the standard of living for the middle and upper classes, the employment and living conditions for those in the working classes were grim. Wages were low, work was monotonous, even dangerous, and unskilled workers were easily replaceable. It wasn’t until the later part of the nineteenth century that government-instituted labor reforms were put forward to improve working conditions, and workers were granted the right to form trade unions. (History 2009.)

The first fully formed management theories emerged around the turn of the twentieth century (University of Cambridge 2015). One of these is Frederick Taylor’s scientific management, or Taylorism, which proposed that economic efficiency is attained through labor productivity by breaking tasks into simple segments, minimizing skill requirements and decreasing job learning time. In his paper, entitled The Principles of Scientific Management (1911), he stated that his country, The United States, suffered through
inefficiency, and proposed that the remedy for inefficiency be ‘systematic management’, rather than searching for an ‘extraordinary, or unusual man’. (Barnat 2014.)

Many of the largest companies of the early twentieth century, such as American telephone manufacturing company Western Electric, sought to minimize costs and eliminate competition through centralized mass manufacturing, and adopted Taylor’s Scientific Management practices (Harvard Business School 2012.) Over forty thousand men and women worked at Western Electric’s Hawthorn Works plant in the 1920’s, when Western Electric conducted a number of experiments on employee productivity. Unable to find connections between conditions and human behavior, Western Electric turned to psychologist and organizational theorist George Elton Mayo. (Harvard Business School 2012.)

The findings of Mayo’s experiments at Hawthorn Works suggested that employee performance was significantly dependent on the way employees were treated, highlighting the role of individual and social processes on employee behavior and attitudes. Mayo proposed that people are motivated by social needs, and respond more positively to work-group pressure than management control activities. These studies, referred to as the ‘Hawthorn Studies’, marked the beginning of the Human Relations Movement, and Behavioral Management Theory (Harvard Business School 2012.) Behavioral Management Theory questioned and criticized the principles of Scientific Management, which viewed people as individuals who are motivated solely by economic needs, for their failure to consider people’s social and psychological needs, such as the need for recognition, freedom, meaningful work, achievement, and personal growth opportunities (iEDU 2017).

**The Human Relations Movement and Behavioral Management Theory**

In an experiment that was unprecedented both in scale and scope, George Elton Mayo, who was a professor of Industrial Management at Harvard Business School, and his protégé led a nine-year study of behavior at Western Electric’s Hawthorn Works plant near Chicago, the results of which caused a “shift in the study of management from a scientific to a multi-disciplinary approach”, generating research and theories investigating the relationship between the motivations of people and their productivity (Harvard Business School 2012).

In the 1920’s, Western Electric conducted research on productivity at their manufacturing complexes, one of which was Hawthorn Works. For Western Electric, the speed of
individual workers was the determinant of production levels, which is why the company was particularly interested in researching the effects that work hours, rest periods, lighting and salary incentives had on productivity. In the company’s illumination tests, it was revealed that lighting had no correlation to worker productivity, which is why the company set out to investigate other factors affecting productivity. In an experiment studying the effects of wage incentives on fourteen men in the bank wiring test room, productivity levels did not increase. Between themselves, the men may have had an implicit understanding of what a fair quota was, and did not wish to exceed it. (Harvard Business School 2012.)

In the next experiment, women in the relay assembly room were studied to ascertain factors leading to greater productivity, and though productivity did increase, the company was uncertain as to why, which is why Elton Mayo was asked to review the results. Mayo arrived in 1928 and studied the women in the relay assembly room until 1932 in a long running experiment. The women were mostly in their early twenties and were of Norwegian, Polish and Eastern European origin. (Harvard Business School 2012.)

Over several years, they formed strong friendships in the test room, where they said they felt a sense of freedom that they did not experience in the regular factory premises. Productivity increased significantly over time in the relay test room, because the six women became a team that gave itself “wholeheartedly and spontaneously to co-
operation in an experiment", according to Mayo, who concluded that mental attitudes, informal social relationships, and appropriate supervision were the pivotal factors of job satisfaction and productivity (Harvard Business School 2012.) Later contributors to the Human Relations Movement include Abraham Maslow and Douglas McGregor (Barnat 2014).


Till the late 1920’s, employee welfare had not been of great interest to companies. This was about to change, however, due to developments in the economic climate of the late 1920’s and early 1930’s, time of the Great Depression. Journalists, photographers, labor unions, and social reformers brought the poor working conditions of industrial workers to national attention. Many company executives began to feel that affirming the role of the worker was to be the new foundation of business, and of a democratic society as a whole. As a result of this paradigm shift, corporate managers shifted their focus on the wellbeing of employee’s in an effort to inspire company loyalty and tackle high employee turnover rates. Welfare capitalism was born, and companies began offering their employees not only health and safety training and equipment, but also other benefits such as sick pay, pensions, stock purchase plans, and recreational activities such as company-sponsored lunches and sports events. Companies wanted to better understand the connection between job satisfaction and productivity, sparking new interest in the social, behavioral, and medical sciences. (Harvard Business School 2012.)

Despite these ideological developments, workers roles were still largely thought of from a perspective of compliance until the 1970’s. This period marks the compliance era, during which sound management practices were commonplace. Under sound management, work tasks were simplified and tall corporate hierarchies were constructed. Workers were expected to adhere to set rules with close supervision to ensure compliance, creating
bureaucratic organizations. This 'command-and-control' management style was supported by the economic environment of the period, characterized by heavy consumer demand for standardized products and services. Simplified work was designed to lower the wages and training costs of workers, and this management style was adopted by some of the largest companies of the time, such as General Motors, General Electric, and American Telephone and Telegraph. So popular was sound management, that several generations of workers and managers grew used to its reality. (Thomas 2009, 8.)

From the 1970’s onwards, the popularity of Behavioral Management Theory and Scientific Management practices has decreased, whereas support for Organizational Environment Theory has increased. Organizational Environment Theory studies organizations to identify structures and processes that maximize efficiency, solve problems, and meet stakeholder expectations, thereby creating normative theories of successful organizations. (Academia 2017.)

The concept of Transformational Leadership, which proposes that a leader can motivate and transform followers through his or her idealized influence, personal qualities, and intellectual stimulation, thereby giving followers an inspiring mission, identity, and cause to work towards, has also grown in popularity in recent decades (Bass 1985). Some research has supported the Transformational Leadership Theory, finding that transformational leadership can positively predict organizational and individual performance outcomes (Bass & Bass 2008). Particularly during turbulent times of economic or organizational instability, transformational leadership is sought to prevail at all levels of an organization, as followers of transformational leaders tend to report high levels of job satisfaction, organizational commitment, and willingness to engage in organizational behavior. Critics of transformational leadership state that it can manifest itself in amoral self-promotion of leaders, that the theory is difficult to be taught, and that followers of transformational leaders may be manipulated to their disadvantage. (Management Study Guide 2017.)

According to recent Gallup polls, an estimated seventy per cent of the U.S. workforce, for example, are either not engaged or actively disengaged while at work, leaving many companies looking for solutions to counter low levels of motivation and engagement. Research suggests that though employees appreciate material rewards such as bonuses and free food, they fail to address more effective drivers of long-term engagement and well being. (Harvard Business Review 2016.)
1.2 Research Question

This thesis aims to research the role and importance of employee motivation and engagement as a business strategy, based on which a new model of employee motivation and engagement will be proposed.

The research question (RQ) of this thesis can be formulated as: What are the effects of employee motivation and engagement on the workforce and how can employee motivation be incorporated into business strategy? This research question can be further divided into three investigative questions (IQ’s), listed below.

IQ 1. What is the role of motivational theories and models in understanding the factors of employee motivation and engagement?

IQ 2. How can these theories and models be utilized to create value to employees in the workplace?

IQ 3. What are the demands of today’s workplaces with regard to improving employee motivation and engagement and what kind of model might best suit it?

Table 1, below, presents the theoretical framework, research methods and results for each investigative question (IQ).

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<thead>
<tr>
<th>Investigative Question</th>
<th>Theoretical Framework</th>
<th>Research Methods</th>
<th>Result</th>
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<tr>
<td>IQ1: What is the role of motivational theories and models in understanding the factors of employee motivation and engagement?</td>
<td>Research of content and process theories and models of motivation and engagement</td>
<td>Interviews, survey, secondary sources, such as books, academic articles and journals.</td>
<td>HR professionals use motivational theories as tools and references, albeit not in everyday situations. HR theories and models are often used in challenging situations to resolve opposing viewpoints. They are more commonly used in consulting companies and large corporations.</td>
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<tr>
<td>Question</td>
<td>Research Methodology</td>
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<td>IQ2: How can these theories and models be utilized to create value for employees in the workplace?</td>
<td>Research of content and process theories and models of motivation and engagement</td>
<td>Expert interviews, survey, published works, such as books, academic articles and journals.</td>
<td>Content and process theories of motivation can be valuable in helping HR professionals understand what things people find valuable, how they may respond to perceived inequity, and what their expectancies are with regard to work effort and rewards. Understanding these factors will likely lead to better workplace environments, which in turn will create both short-term and long-term value to employees in the workplace.</td>
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<tr>
<td>IQ3: What are the demands of today’s workplaces with regard to improving employee motivation and engagement and what kind of model might best suit it?</td>
<td>Research of content and process theories and models of motivation and engagement</td>
<td>Interviews, survey, secondary sources, such as journals, academic articles, published books.</td>
<td>There is no single model that best suits the demands of today’s workplaces, as needs and trends are cultural, field-specific, organization-specific, and dependant on the composition of the current workforce. Understanding the needs and values of employees is important in sustaining employee motivation and engagement. The findings of this thesis suggest that a model integrating both content and process based theories will likely yield best results.</td>
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1.3 Demarcation

This thesis explores how theories of motivation have and continue to influence HRM practices and policies designed to motivate and engage employees. As part of the primary research for this thesis, expert interviews with HR professionals were conducted, as well as a survey of motivation, conducted at Finnish accommodation services company Majoituspalvelu Forenom Oy. The employee motivation survey was designed to measure current levels of employee motivation at Majoituspalvelu Forenom Oy, as well as the factors affecting current employee motivation levels at the company.

Based on both secondary and primary research, this thesis aims to propose a new model of employee motivation to serve the demands of today’s workplaces. Though the employee survey was conducted at Majoituspalvelu Forenom Oy, the proposed model is designed to be a universally applicable model of employee motivation and engagement. The proposed theory of motivation and engagement can be a valuable HRM tool for the needs of companies that are interested in building workplace environments that successfully foster and encourage employee motivation and engagement, and may thus be a valuable tool for Majoituspalvelu Forenom Oy. Below is a visualization of the thesis demarcation (Figure 1).

![Visualization of thesis demarcation](image)

Figure 1. Visualization of thesis demarcation
1.4 International Aspect

In Deloitte’s 2017 Global Human Capital Trends report, organizational culture, employee brand proposition, employee engagement and employee experience remained top priorities for companies, with eighty per cent of executives rating employee experience as ‘very important’, or ‘important’. However, only twenty-two per cent of executives reported that their companies had differentiated employee experiences that were ‘excellent’, with fifty-nine per cent reporting that their companies were not ready to address the employee experience challenge. (Deloitte 2017.)

According to a Harvard study, customer satisfaction, and thereby company profitability, can be tightly predicted by organizational culture (Harvard Business Review 2015). In recent years, the emphasis in marketing has shifted from customer satisfaction to customer experience. A similar shift can be seen in HR trends, where there has been a shift from employee engagement to employee experience. (Deloitte 2017.)

Providing employees with engaging experiences makes for successful companies that can attract and retain talent (Deloitte 2017). The increasing importance of understanding the factors of employee motivation can be seen directly in modern trends, such as the amount of resources invested in corporate branding, positive brand perception, and talent acquisition and retention. Companies, both small and large, representing many different industries worldwide, are interested in developing their company culture, otherwise known as organizational culture, in an effort to attract and retain talent, increase productivity and decrease turnover rates. As times change and the needs of employees and companies change, it creates a need for new research. This thesis aims to create a model of motivation that can be applied internationally, irrespective of industry or employment position.

1.5 Benefits

The proposed model of employee motivation and engagement in this thesis is designed to be a universally applicable model and HRM tool for the needs of companies that are interested in building workplace environments that successfully foster and encourage employee motivation and engagement. The successful integration of employee motivation and engagement models can increase employee productivity and company profitability while also decreasing employee turnover rates by helping companies attract and retain talent (Deloitte 2017).
1.6 Key Concepts

**Motivation**: A term referring to the factors that activate, direct, as well as sustain goal-directed behaviour. Though motivation cannot be observed, it can be inferred that it exists based on behavior we can observe (Nevid 2013). To be motivated is *to be moved* to do something (Deci & Ryan 2000, 54).

**Intrinsic and extrinsic motivation**: *Intrinsic motivation* is when a person does an activity (is moved) because it is inherently satisfying, rather than for a separable outcome. An intrinsically motivated person is moved to act because of the enjoyment or the challenge of the activity, and not because of external incentives or rewards. Contrastingly, *extrinsic motivation* is when a person is moved to act by external pressures, prods or rewards for a separable outcome (Deci & Ryan 2000, 56).

**Employee motivation**: The intrinsic enthusiasm that drives individuals to accomplish personal and organizational goals. Competing theories stress either incentives or employee involvement and empowerment. (Inc. 2017.)

**Employee engagement**: Is a workplace approach aimed at creating conditions in which employees are committed to their organization’s goals and values, are motivated to contribute to organizational success, and offer more of their capability and potential with an enhanced sense of their own well-being (Engage for Success 2015).

**Leadership**: Leadership is a process of social influence, which maximizes the efforts of others towards achievement of a goal (Kruse 2013).
1.7 Commissioning Party

Majoituspalvelu Forenom Oy is a growing accommodation services provider based in Helsinki, Finland. The company was founded in 2001 and operates in Finland, Sweden, Norway, and Denmark. Forenom specializes in short-term accommodation options for businesses and private people alike, offering an array of aparthotels, furnished apartments and hostels. In 2016, eighty thousand guests found accommodation through Forenom, and the predicted turnover for 2017 is expected to be sixty million euros.

Image 3. Majoituspalvelu Forenom Oy employees at Forenom headquarters in Helsinki. Published by ePressi (2016)

Forenom is experiencing rapid growth and the company has recruited approximately one hundred new employees between March 2016 and March 2017, an indicator of the growth the company is undergoing. In March 2017 the company employed a total of two hundred and sixty-four people, one hundred and forty-eight of whom were full time employees (forty hours per week) and one hundred and sixteen of whom were part time employees (Figure 2). Due to rapid growth and structural changes within the company, an in-house HR department has been formed to meet the growing needs of employees.

The company has invested in its HR processes, as the number of employees is estimated to continue growing. This has created a greater need for HR support functions and
materials, such as introductory materials for new recruits, work guidelines, development discussion forms, health and safety information, and other support material for the use and benefit of employees. Employee motivation and engagement is of great interest to Forenom, as the company's competitiveness relies on the talents of its employees. Recent investments and improvements reflect this, and have been designed to better support employees in achieving sustainable work-life balance, as well as time-, and management skills.

Figure 2. Majoituspalvelu Forenom Oy full time and part time employees
2 Theoretical framework

The theoretical analysis introduces various selected theories and models of employee engagement and motivation, exploring why such theories and models came to be, what purpose they served, whether they were successful or unsuccessful and why so, as well as why the popularity of the theory or model ended and made way for a new one.

Human Relations Movement

Psychologist and organizational theorist George Elton Mayo founded the Human Relations movement in the 1930’s following a series of experiments known as the Hawthorne studies, which explored the link between productivity and employee satisfaction and wellbeing (HR Zone 2015). In an experiment that was unprecedented both in scale and scope, George Elton Mayo, who was a professor of Industrial Management at Harvard Business School, and his protégé led a nine-year study of behavior at Western Electric’s Hawthorn Works plant near Chicago, the results of which caused a “shift in the study of management from a scientific to a multi-disciplinary approach”, generating research and theories investigating the relationship between the motivations of people and their productivity. (Harvard Business School 2017.)

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**Approaches in Organizational Behavior Research**

There have been different approaches to studying organizational behaviour throughout its history of study. One such tradition is positivism, which believes that researchers can and ought to legitimately use natural scientific methods of study, as in physics and chemistry, to test generalizations about organizational behavior. Characteristics of positivist organizational behavior research include systematic and controlled data collection processes, careful testing of proposed explanations and the acceptance of explanations that can be verified scientifically (French, Rayner, Rees & Rumbles 2011, 9.)

This style of research is, however, relatively rare in the study of organizational behavior. More popular is the qualitative, interpretivist-style approach, which does not aim to lead to general theories of behavior, but instead seeks to capture the meanings that experiences and actions are given by people. As opposed to positivist methods, which emulate the
natural sciences, interpretivist methods promote the use of observation, participant observation, and, more recently, focus groups as research methods used to gain a deeper understanding of people's behavior, thoughts, and feelings, rather than specific patterns of behavior. (French & al. 2011, 9-10.)

From the 1960's onwards, there has been a tendency for scholars of organizational behavior to adopt a contingency approach, which recognizes that differences in circumstances and individual people affects behavior, and thereby the assumption that there is a universal way to manage people and organizations is a false assumption (French & al. 2011, 8.)

### 2.1 Content Theories

Since the 1950's, there have been two main approaches to the study of motivation, these being content and process theories. Content theories focus on the energizing and sustaining factors that are within people and their environment, analyzing people in order to identify the needs that assumedly motivate their behavior. For example, from the perspective of content theories, if a person feels thirsty, which is a physiological need, they will try to satisfy that need by drinking. Similarly, if that person feels a psychological need, such as a need for recognition from their supervisor, they will try to satisfy that need by putting in the effort and working harder to gain recognition from their supervisor.

From a management perspective, content theories can be useful in helping managers better understand what people value, or don't value, as need satisfiers and rewards (French & al. 2011, 161-162.) Two of the most well known content theories are Maslow's Hierarchy of Needs and Herzberg's Two-Factor Theory.

#### 2.1.1 Maslow's Hierarchy of Needs (1943, 1954, 1971)

Abraham H. Maslow felt that conditioning theories didn't capture the complexity of human behavior. In his 1943 paper, A Theory of Human Motivation, he presents a hierarchy of needs, these being five distinct levels of individual needs that must be satisfied in order, starting from lower-order needs that lead up to higher-order needs, the highest being self-actualization, meaning to be all one can be. Maslow assumes that some needs are more important than others and must thus be satisfied before higher-order needs, which serve as motivators, can be satisfied. In this theory, he proposes that physiological needs such as food and water must be satisfied before security and stability, which must be satisfied before social needs, such as a sense of belonging and the need for affiliation are satisfied,
and so on. Esteem and self-actualization are possible once all lower-order needs are met. (French & al. 2011, 162-163.)

Maslow states that any given behavior can satisfy several functions at the same time, for example, going to a bar might serve to satisfy the needs for both self-esteem and social interaction simultaneously. Maslow’s Hierarchy of Needs is usually presented in a pyramid shape with five levels, these being physiological, safety, belongingness, self-esteem, and lastly, self-actualization (Learning Theories, 2015).

![Maslow's Hierarchy of Needs](image)

Figure 3. Maslow’s Hierarchy of Needs in pyramid form, adapted from French & al. (2011)

**Criticisms**

Though Maslow questioned the applicability of the Hierarchy of Needs theory in organizational behavior, it is widely used and popular amongst managers. There is, however, little evidence to support the theory and later research suggests that individuals emphasize satisfying the lower-order needs, particularly monetary needs, even while they are fully achieving higher-order needs. Other studies have found that needs vary
depending on an individual’s career stage, organization size, and geographic location (French & al. 2011, 162-163.)

There is a lack of consistent evidence to support the idea that lower-order needs decrease in importance as they are satisfied, leading to an increase in importance of the next level of needs. Furthermore, entire lifetimes of individuals living in developing nations are consumed in satisfying lower-order needs of survival and subsistence with little opportunity of progression to satisfying higher order needs. Also, culture plays a role in the perceived order of needs, such as in Japan and Greece, where security is more motivating than self-actualization. Collectivist-orientated cultures, such as Indian and Chinese cultures, rank social needs above self-actualization needs. In an increasingly diverse world, the role of ethnic and cultural groups ought to be considered even within countries when studying motivation (French & al. 2011, 162-163.)

2.1.2 Herzberg’s Two-Factor Theory of Work Motivation (1959)

Herzberg used a ‘critical incident’ interviewing technique in examining people’s motivation by asking them to comment on two statements, which were to tell him about a time when they felt exceptionally good about their job, and a time when they felt exceptionally bad about their job. In analyzing the responses, Herzberg and his associates discovered that factors identified as sources of dissatisfaction, which they termed ‘hygiene factors’, were separate from those identified as sources of satisfaction, termed ‘motivator factors’. Based on the analysis of four thousand responses to these statements, Herzberg developed the two-factor theory, otherwise known as the motivator-hygiene theory. (French & al. 2011, 167-168.)

According to Herzberg’s two-factor theory, it is possible for an individual employee to be simultaneously satisfied and dissatisfied as each of the two factors has different sets of drivers and is measured on a separate scale. These scales are ‘satisfaction’ and ‘no satisfaction’, ‘dissatisfaction’ and ‘no dissatisfaction’. (French & al. 2011,168.) (Figure 4)
**Motivator factors**

Based on Herzberg’s theory, managers must use motivators, these being a sense of achievement, recognition, the meaningfulness of the work itself, responsibility, advancement opportunities, and personal growth, to increase people’s satisfaction. All of these factors are intrinsic rewards relating to work content, and adding these motivators to people’s work enhances their performance. Notably, the absence of opportunities to gain these intrinsic ‘motivator’ rewards leads to no satisfaction and poorer performance, according to Herzberg. (French & al. 2011, 169.)

**Hygiene Factors**

Hygiene factors, on the other hand, relate to work context, meaning the external factors of a person’s work environment and setting. Hygiene factors include salary, status, job security, company policy and administration, supervision, and relationships with ones peers and supervisor. Perhaps surprisingly, salary is categorized as a hygiene factor because Herzberg found that though low salaries dissatisfied people, increasing salaries failed to satisfy and motivate them. According to Herzberg, improving hygiene factors will not make people satisfied, but will prevent them from being dissatisfied. (French & al. 2011, 169.)
Criticisms

Despite widespread support for the theory, the merits of the two-factor theory are debatable, and some researchers have been unable to confirm the theory using different methods. This has led to the criticism that the two-factor theory is supportable solely when applying the original method used by Herzberg, which lessens the reliability of the theory, as the scientific approach necessitates that theories be verifiable using different methods, not only one. Also, the original sample of participants consisted of engineers and scientists, who are perhaps not representative of the working population as a whole. Individual differences were also not taken into account when studying participant's responses, such as the effects of age, gender, and other variables.

The relationship between motivation and satisfaction also remains somewhat unclear in the theory. Research conducted outside out the U.S. has produced mixed findings, suggesting that there may be cultural differences. In New Zealand, for example, interpersonal relationships and supervision contributed significantly to not only reducing dissatisfaction, but also to satisfaction, whereas findings in Finland supported U.S. results. (French & al. 2011, 170.)

Victor Vroom, the creator of Expectancy Theory, felt that the critical incident method used in Herzberg’s two-factor study possibly led to respondents associating positive aspects of their work as being under their personal control, thus crediting themselves, and negative aspects of their work as being under the control of management, for which they could not blame themselves. Despite the criticisms, the theory can be a valuable tool in helping companies identify why focusing on external work environment factors, such as comfortable chairs, kitchens, and monetary incentives fail as motivators. (French & al. 2011, 170.)
2.2 Process Theories

Content theories of motivation strive to look for ways to satisfy deprived needs, whereas process theories of motivation are concerned with the thought processes of why and how people prioritize some actions over other actions in the workplace. Equity Theory and Expectancy Theory are two of the most well-known process theories. (French & al. 2011, 171.)

2.2.1 Adam’s Equity Theory of Work Motivation (1963, 1965)

Equity Theory, known through the writings of J. Stacy Adams, focuses on the phenomenon of social comparison, arguing that when people evaluate the equity, or fairness of the outcomes of their work, the possible inequity that they feel is a motivating factor. The theory holds that the cognitive dissonance that people experience in perceiving inequity in their work results in feelings of discomfort that the person then feels motivated to remove in order to restore feelings of equity again. There is inequity, for example, in an instance where people feel that rewards for their work input are unequal to the rewards others appear to be receiving for their respective work input (French & al. 2011, 172.) The figure below illustrates this process (Figure 6).
According to the equity theory, felt negative inequity occurs when people feel they have received comparatively less as rewards for work input than others respectively, and felt positive inequity occurs when people feel they have received comparatively more rewards for their work input than others, and states that both instances are motivating. In either instance, the individual will strive to restore a sense of equity by engaging in behaviors such as changing work input (reducing or increasing performance efforts), changing the received outcomes (by requesting an increase in salary, for example), acting to affect the inputs or outputs of the person they are comparing themselves to, changing comparison points (comparing themselves to someone else), psychologically distorting the comparisons by rationalizing with themselves that the perceived inequity they feel is temporary and is sure to resolve, or by leaving the situation entirely by means such as resigning or moving to another department (French & al. 2011, 172.)

Research, though conducted in controlled laboratory environments, has largely supported the equity theory, finding that people who feel negative inequity (who feel underpaid, for example) decrease the quantity or quality of the work that they do. Similarly, people who feel positive inequity (who feel overpaid) tend to increase the quantity or quality of the work they do. In either instance, the people feel less comfortable, though those who feel under-rewarded feel even more uncomfortable than those who feel over-rewarded. Importantly, the views of the manager with regards to whether the allocation of rewards is fair or not is irrelevant, as it is the views of the recipients of the rewards who’s perception of fairness affects determines the motivational outcomes of the allocation. Fairness is evaluated on two levels, according to the equity theory, and these are the distributive justice of the perceived fairness of the amount of rewards among employees, and the procedural justice of the perceived fairness of the process that was used to determine the allocation of rewards among employees. According to research conducted in the U.S., the perceived fairness of the process used to determine how rewards are distributed is of greater importance than the actual quantity of rewards. Thus, from a management
perspective, the challenge lies in creating a system of reward distribution that is perceived to be fair by employees, as this will minimize negative consequences of equity comparisons among employees (French & al. 2011, 172-174.)

2.2.2 Vroom’s Expectancy Theory of Work Motivation (1964)

Expectancy Theory, developed by Victor Vroom, aims to explain and predict task-related efforts used by a person to answer the question ‘what determines the willingness of an individual to exert personal effort to work at tasks that contribute to the performance of the team and the organization?’ (French & al. 2011, 174). The theory proposes that people make conscious decisions to engage in behavior supporting work efforts and self-interests by a process consisting of three key steps, these being expectancy, instrumentality, and valence (Figure 7).

According to French & al. (2011, 175) ‘expectancy’ is the probability assigned by a person that work effort will lead to a given level of achieved task performance, where expectancy would be ‘0’ if they feel that achieving a given task, and ‘1’, if they feel absolutely certain that good performance will lead to achievement and rewards. ‘Instrumentality’ is the probability assigned by a person to a given level of achieved task performance leading to rewarding work outcomes, where ‘1’ means that a reward outcome is absolutely certain to follow good performance, and ‘0’ means that they feel there is no chance of obtaining reward outcomes for good performance. ‘Valence’ is the value that a person attaches to the reward outcomes of work, and is can be depicted on a scale from -1, meaning ‘very undesirable outcome’, to +1, meaning ‘very desirable outcome’ (Figure 7).
The argument of Expectancy theory is that the determinants of work motivation are individual beliefs about the effort-performance relationship and desirability of work outcomes in connection to performance levels. In line with this logic, if a person desires a salary increase and expects that good performance will lead to achieving the salary increase, they will be motivated to work towards achieving that reward. Therefore, Motivation \( (M) = E \) (expectancy) * I (instrumentality) * V (valence), and by this calculation the motivational appeal of a given task decreases whenever one or more of the factors is '0' in value, where the person feels that even if they work hard, they do not expect to receive a reward for their efforts. In the converse scenario, when a person feels that good work outcome is highly expected to lead to rewards, the motivational impact will be positive (French & al. 2011, 175.)

Vroom’s expectancy theory is widely supported, though it has been criticized for its use of terminology used by psychologists, which many feel are difficult to apply and understand. From a management perspective, the theory can be used to better understand people’s thought processes before management can intervene in work situations in an effort to influence them. According to this theory, creating work environments where employees feel that providing valuable contributions (that support the organizations needs) will lead to desirable personal rewards is the key in creating a motivated workforce (French & al. 2011, 172-176.)

**Integrating content and process motivation theories**

Although content and process theories both have their advantages, the current approach advocates combining the two approaches for best results. Though there are points of disagreement, content theorists are in agreement that individual needs activate tensions that influence attitudes and behavior (French & al. 2011, 178.)

**2.2.3 Porter-Lawler Model of Work Motivation (1968, 1973)**

Porter and Lawler’s model, which is an extension of Vroom’s expectancy theory, integrates content and process theories into one model, where individual work effort and attributes, combined with managements ability to create work environments that respond to those individual needs, affect performance together as one entity. How well a work setting satisfies these collective needs is dependent on the availability and type (extrinsic or intrinsic) of rewards. In this integrated model, content theories are represented as the manager’s understanding and identification of individual needs (French & al. 2011, 178-179.)
Motivation, performance, and satisfaction happen when rewards are distributed based on past performance, but motivation and satisfaction can occur in response to equitably distributed rewards. Work performance and motivation are thus separate but interdependent work results in Porter and Lawler’s model (French & al. 2011, 178-179.)

Figure 8. Lawler and Porter’s integrated model, adapted from Organizational Behavior by French, Rayner, Rees, Rumbles 2011, 179.
3 Research Methods

This chapter specifies the research methodology used in this thesis, and presents the interview and survey framework used to collect data.

3.1 Qualitative Research

Qualitative research aims to be descriptive rather than predictive (QRCA 2017), and has been the primary research approach used in this thesis. The analysis and interpretation of data collected for this thesis required a deep understanding of the theoretical framework, in this case, theories and models of motivation and engagement. Also, in-depth, qualitative evaluation of primary data was necessary to create a new model of employee motivation. As motivation is an internal drive that cannot be observed, only inferred that it exists based on observable behavior (Nevid 2013), and people’s statements about how they feel, a primarily qualitative research approach and method best served the objective of this thesis. However, some quantitative research methods, namely the use of an online survey as a data collection tool on employee motivation, were used to collect information from a large number of people to increase the validity and reliability of the research. Though a quantitative research method was used, the results of the survey were analysed qualitatively to infer contextual information and did not require deeper mathematical analysis as such.

The research was divided into the phases, these being the desktop study (P1), primary data collection (P2), and data analysis and recommendations (P3) (Figure 13). The structure was designed so as to be easily replicable for future research on the topic of employee motivation and engagement, to increase the validity and reliability of the research.

3.1 Phase 1: Desktop Study

Relevant secondary sources, these being theories and models of motivation, were studied and selected before the primary data collection process. The selected theoretical literature, consisting of content and process theories of motivation, supported the topic of the thesis and provided a foundation for the structure of the interviews and employee survey, with which primary data was collected in phase 2 (P2).

3.2 Phase 2: Interviews and Online Employee Survey

Primary data was collected using qualitative interviews with HR professionals as well as an online employee survey filled out by Majoituspalvelu Forenom Oy’s employees. Expert
interviews were conducted with Arja Virtanen, HR Manager at Majoituspalvelu Forenom Oy, and Anita Pösö, Senior Lecturer at Haaga-Helia University of Applied Sciences. Interview questions and survey questions were formulated using the theoretical framework, and were designed to answer the research question (RQ) and investigative questions (IQ’s).

### 3.3 Phase 3: Data Analysis and Recommendations

In the final phase, all the acquired secondary and primary data was interpreted and analyzed. The findings of the research are summarized in the ‘Findings and Discussion’ chapter. Below is a visualization of the research process (Figure 9).

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**Theories and models (P1)**

**P1:** (RQ) **What are the effects of employee motivation and engagement on the workforce and how can employee motivation be incorporated into business strategy?**

**IQ 1.** What is the role of motivational theories and models in understanding the factors of employee motivation and engagement?

**IQ 2.** How can these theories and models be utilized to create value to employees in the workplace?

**IQ 3.** What are the demands of today’s workplaces with regard to improving employee motivation and engagement and what kind of model might best suit it?

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**P2: Secondary data: Theories of motivation and engagement**

**P2: Primary data**
- Qualitative interviews with HR Experts
- Online survey on employee motivation and engagement

**P3: Analysis and interpretation of results**

**P3: Matching results with relevant theories**

**P3: Formulating recommendations and new model**

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*Figure 9. Visualization of research methods*
3.4 Reliability and Validity of the Research

Reliability and validity are important characteristics of a credible study (Cooper & Schindler 2013, 257). In this thesis, the reliability of the research has been taken into consideration in the overall structure of the research methods used in this study, designed to be easily replicable with similar methods, samples, and conditions. Results in prospective studies, may, however, vary from the results found in this thesis, as the factors that contribute to employee motivation and engagement are complex and highly individual, even if studied using similar research methods.

The validity of research can be measured by how accurately the research outcome represents what the research intended to measure (Cooper & Schindler 2013, 257). In this thesis, steps were taken to ensure that the findings of the research answer the research question (RQ) and investigative questions (IQ’s), by using the theoretical framework as a basis on which interview and survey questions were structured and worded. The interview framework and survey questions can be found under ‘Appendix 1’ and ‘Appendix 2’.

With regard to the secondary sources used in this thesis, data selection was based on the credibility and reliability of the sources. Secondary data was selected from academic sources, such as published books, peer reviewed academic papers, journals, and articles, all of which can be found under ‘References’.
4 Findings and Discussion

This chapter contains the research findings, followed by development proposals. The research process has been conducted successfully and in accordance with appropriate research methods and ethics. The research question (RQ) and investigative questions (IQ’s) have been answered comprehensively, based on which development proposals have been made. These can be found in the ‘Development Proposals’ subchapter.

4.1 Expert Interview Results

IQ 1. What is the role of motivational theories and models in understanding the factors of employee motivation and engagement?

According to Anita Pösö, a HRM professional and Senior Lecturer at Haaga-Helia University of Applied Sciences, all HRM theories have emerged from practice and from real-life decision-making, as theories cannot exist without evidence. They exist, but provide little direct link to everyday work, and are mainly used by young graduates, start-up entrepreneurs, consultancy companies and large corporations, but only in situations where there are opposing opinions. She states that there has, however, been a recent shift from using monetary tools (extrinsic rewards) as motivators, to using nonmonetary tools (intrinsic rewards) as motivators, and speculates that this may be partly explained by the high cost of using monetary tools when competing for talents. She wonders whether theory has affected practice in this regard, or whether practice has affected theory.

Arja Virtanen, who is the HR Manager at Forenom, believes that there is a certain hierarchy of needs, and that models and theories can be useful for purposes of personal and professional development. She also believes that HRM theories and models are more commonly used in large corporations, where work tasks are simpler and more clearly defined than in small, and medium-sized companies.

IQ 2. How can these theories and models be utilized to create value to employees in the workplace?

Anita Pösö believes that HRM models and theories and used enough in today’s workplaces, and that the theoretical knowledge that HR professionals have, and use, is a professional competency and more of an automated process than a conscious choice, much like the theoretical knowledge one uses without thinking when driving a car. Theoretical knowledge is, thus, entwined in many everyday decisions in workplaces, creating value to employees without their knowing.
Arja Virtanen believes that the amount of value that HR models and theories can bring depends on the status of the employee and their personal priorities. She adds that some employees feel more strongly than others about the importance of meaningful work, for example. She adds that she is uncertain if theories are used enough in today’s workplaces, but speculates that they could be used better if HR personnel and management were better trained to use them.

IQ 3. What are the demands of today’s workplaces with regard to improving employee motivation and engagement and what kind of model might best suit it?

Anita Pösö believes that the demands of today’s workplaces are the same as they have ever been, this being keeping your best and most productive employees long enough to avoid unnecessary costs in employee turnover. She says that trends do vary in different fields, and that both needs and trends are cultural, field-specific, organization-specific, and dependant on the composition of the current workforce. She adds that there are no best models to meet these demands, and that the most important thing is knowing your employees, their values and needs.

Arja Virtanen believes that demands are similar in many companies, and that competition for workforce is tough. She feels that the demand for comfortable work environments is a positive one, and a particularly current trend, due to which companies are actively developing their company culture in an effort to appeal to these demands. She states that similar employment benefit tools have been used for a long time, such as free health care, rewards, coupons and free tickets, and that there is room for development in this area, as all employees receive similar benefits irrespective of their performance. When asked what kind of motivational model might best suit the workplaces of today, she states that it should be one that works, isn’t too expensive and is simultaneously effective.

4.2 Survey Results

Below are the findings of the online Employee Motivation and Engagement Survey conducted at Majoituspalvelu Forenom Oy. A total of sixty-nine Forenom employees answered the Employee Motivation and Engagement Survey, representing approximately one forth of the total number of employees.

The purpose of the survey was to measure current levels of motivation and engagement among Forenom employees, as well as to ascertain what factors affected their level of motivation, and to what extent. The survey contained 5 questions, labeled Q1, Q2, Q3,
Q4, and Q5. Based on this information, a new model of employee motivation was constructed.

In the first question (Q1), employees were asked to rate how motivated they generally feel at work, to which the overwhelming majority stated that they were either ‘very motivated’ (31.8%) or ‘somewhat motivated’ (50.7%). 11.6% of respondents felt ‘neither motivated nor unmotivated’, 4.3% felt ‘somewhat unmotivated’ and only 2.9% felt ‘unmotivated’.

**Analysis of Q1**

This was a general question seeking to measure current motivation levels. Based on the responses of sixty-nine employees, representing 26% of the total workforce, motivation levels at Majoituspalvelu Forenom Oy are good, with 82% of respondents stating that they were either ‘very motivated’ or ‘somewhat motivated’.

![Figure 10](image.png)

**Figure 10. Findings for question 1, ‘How motivated do you feel at work?’**

In the second question (Q2), employees were asked to rate which aspects affected their level of motivation, and how much. This question combined elements of Maslow’s Hierarchy of Needs and Herzberg’s two-factor theory and highlighted the differences between extrinsic and intrinsic factors of motivation. First, employees were asked how much company policies affected their level of motivation, to which the majority of respondents stated that company policies had ‘very much affect’ (23.9%) or ‘somewhat of an affect’ (35.8%) on their motivation levels.
Advancement opportunities were rated as having 'very much affect' (44.9%) or 'somewhat of an affect' (33.3%) on motivation levels. Management style was largely seen as having 'very much affect' (52.9%) on respondent’s levels of motivation. Recognition was felt as having 'somewhat of an affect' (38.2%) on respondent’s motivation levels, and relations with other employees were also rated as having 'somewhat of an affect' (43.5%) on motivation levels.

Status was not felt as being as important of a factor on motivation levels, with 40.6% of respondents stating that it had a 'neutral affect' on their motivation. Personal growth opportunities, on the other hand, were seen as an important factor, with 49.3% of respondents stating that it had 'very much affect', or 'somewhat of an affect' (36.2%) on their motivation levels. 33.3% of respondents felt that job security had 'somewhat of an affect', or a 'neutral affect' (29%) on their motivation levels.

Responsibility was rated as having 'very much affect' (46.4%) on people’s motivation levels. Physical working conditions were felt as having either a neutral (32.4%) or 'somewhat of an affect' (45.6%) on motivation levels, where only 10.3% of respondents rated it as having 'very much affect' on their motivation. The meaningfulness of work was rated as having 'very much affect' (51.4) on motivation levels, and not a single participant rated it as having 'no affect' on their motivation. Salary was rated as having 'somewhat of an affect' (50.7%) on motivation levels, and a sense of achievement was rated as having 'very much affect' on motivation levels (46.9%).

**Analysis of Q2**

In analyzing the results of the findings for Q2, it was found that social aspects affecting motivation had a higher average rating (3.99) than aspects of motivation involving the self (3.92), but only marginally. Also, extrinsic factors affecting motivation received a lower average rating (3.71) than intrinsic factors affecting motivation (4.23), from which it can be inferred that intrinsic factors, such as the meaningfulness of work, a sense of achievement, and recognition, were seen as being more important as factors contributing to motivation than extrinsic factors, such as physical working conditions, job security, and status. An exception to this was the importance of management, an extrinsic factor, as a contributing factor, as over half of all respondents rated management as having 'very much affect' (53%) on motivation levels.
Question 3 (Q3) asked employees to state how they felt about statements. This question was based on Vroom’s expectancy theory, and measured whether respondents thought hard work and effort were likely to be rewarded. Respondents were asked to respond to statements by choosing one of two options, these being ‘there is certainty that my efforts will result in good performance and rewards’ or ‘I feel indifferent or there is no chance of obtaining valued rewards even if my performance is good’.

In Q3, part 1, employees were asked to respond to the statement ‘I will work hard because it is important to me to feel a personal sense of professional purpose and pride in my work’, to which 91.3% of respondents stated that they felt certain that their efforts would result in good performance and rewards, and the remaining (8.7%) respondents stated that they felt indifferent or there was no chance of obtaining rewards even if performance was good.
Q3 part 1: I will work hard because it is important to me to feel a personal sense of professional purpose and pride in my work

Figure 12. Findings for Q3 part 1, ‘I will work hard because it is important to me to feel a personal sense of professional purpose and pride in my work’

In Q3, part 2, employees were asked to respond to the statement ‘I will work hard to earn recognition from my colleagues and supervisor, and also to have good relations with them’, to which 76.8% of respondents stated that they felt certain that their efforts would result in good performance and rewards, and the remaining (23.19%) respondents stated that they felt indifferent or there was no chance of obtaining rewards even if performance was good.

Q3 part 2: I will work hard to earn recognition from my colleagues and supervisor, and also to have good relations with them

Figure 13. Findings for Q3 part 2, ‘I will work hard to earn recognition from my colleagues and supervisor, and also to have good relations with them’

In Q3 part 3, part 2, employees were asked to respond to the statement ‘because I will work hard, positive feedback from my manager, as well as the professional expertise I gain from my work, will help me develop and get a position in the organization of my preference’, to which 85.5% of respondents stated that they felt certain that their efforts...
would result in good performance and rewards, and the remaining (14.49%) respondents stated that they felt indifferent or there was no chance of obtaining rewards even if performance was good.

Q3 part 3: Because I will work hard, positive feedback from my manager, as well as the professional expertise I gain from my work, will help me develop and get a position in the organization of my preference

Figure 14. Findings for Q3 part 3, ‘Because I will work hard, positive feedback from my manager, as well as the professional expertise I gain from my work, will help me develop and get a position in the organization of my preference’

Analysis of Q3

In Q3, the first statement, ‘I will work hard because it is important to me to feel a personal sense of professional purpose and pride in my work’, was rated as having the highest likelihood of leading to good performance and rewards. Respondents felt confident that working hard would lead to a sense of professional purpose and pride in their work. In this case, the rewards would come from the personal sense of purpose, from within, and not from external sources like colleagues or management, which is possibly why respondents rated the expectancy of rewards to be so high (91.3%).

In the second statement, ‘I will work hard to earn recognition from my colleagues and supervisor, and also to have good relations with them’; the expectancy rate fell significantly compared to the previous statement, as only 76.8% of respondents felt certain that their efforts would result in good performance and rewards. The rest felt indifferent, or uncertain certain, possibly because rewards in this case would come from colleagues and their supervisor, both of which are external sources. This statement received the lowest expectancy rating.

In the third statement, ‘because I will work hard, positive feedback from my manager, as well as the professional expertise I gain from my work, will help me develop and get a
position in the organization of my preference', 85.5% of respondents felt certain that they would get a position in the organization of their preference if they were to work hard and receive positive feedback from their manager, suggesting that not all respondents associated getting a position in the organization of their choice with hard work, positive feedback, and professional expertise. It would have been interesting to know what other factors these respondents saw as being important to gaining access to career opportunities.

In question 4 (Q4), respondents were asked to state how they feel about five statements that were listed below. This question was based on Porter and Lawler’s model, which is an extension of Vroom’s expectancy theory that integrates content and process theories. The first statement was ‘I feel like my work is meaningful’, to which 68.1% of respondents stated ‘yes, I feel this way’. 24.6% of respondents were indifferent or could not say, and 7.3% of respondents did not feel so. The meaningfulness of work is considered to be an intrinsic aspect of motivation, and these scores indicate that there is room for development with regard to the meaningfulness of work experienced by employees.

I feel like my work is meaningful

![Chart showing responses to 'I feel like my work is meaningful']

Figure 15. Findings of Q4, part 1, ‘I feel like my work is meaningful’

The second statement asked respondents to state how they felt about the statement ‘I am responsible for the outcomes of my work’, to which 86.9% said they felt so, and 13% felt indifferent or could not say, indicating that the vast majority of respondents felt responsible for the work they produced. Responsibility is considered to be an intrinsic reward, and high scores for this statement indicate that employees are given good opportunities for responsibility. Notably, not a single respondent stated that they did not feel responsible for the outcomes of their work.
The third statement asked respondents to respond to the statement ‘I have knowledge of and understand the actual results of my work’, to which 90% stated that they felt so, and 10% stated that they were indifferent or could not say, indicating high levels of understanding of the results of their work.

The fourth statement, ‘my manager considers my work important for the team and company’, was agreed with by 72% of respondents, 20% could not say and 7% did not feel this way, indicating that there may be a lack of positive feedback from supervisors. Very similar results were found for the statement ‘my peers consider my work important for the team and company’.

In question 5 (Q5), employees were asked about the fairness of reward distribution in the company. When respondents were asked whether they felt that they personally received fair rewards that were in line with the efforts required to achieve them, 39% of respondents felt that they did not receive fair rewards. Additionally, 39% were indifferent or could not say, and 22% felt that they did receive fair rewards.
In Q5 part 2, respondents were asked whether they felt like everyone in the company received fair rewards in line with the efforts required to achieve them, to which over half of all respondents (52%) stated that they did not feel that way, 42% were indifferent or could not say and only 5.8% of respondents said they did feel that way. These results indicate that the reward distribution processes could be improved, as employees did not think that the reward distribution process was fair.

- I feel like everyone in the company is rewarded fairly, and that the rewards reflect the amount of effort required to achieve them.
4.3 Discussion and Development Proposals

In this sub-chapter, development proposals are recommended. These proposals are valuable HR tools for the further development of employee motivation and engagement strategies. Though general levels of motivation are good among Forenom employees (82% of respondents stated that they were either 'very motivated' or 'somewhat motivated'), the survey findings revealed that there were some factors affecting motivating that could be improved. Findings revealed that intrinsic factors of motivation were rated as being more important than extrinsic factors of motivation, with the exception of management style, which was felt as having a great affect on motivation levels.

Extrinsic factors such as status and job security were seen as having less of an affect on motivation than intrinsic factors such as a sense of achievement, and the meaningfulness of work, for example. This could be taken into consideration in the development of employee performance management and reward strategies. Additionally, social aspects of the workplace affected motivation more than aspects involving only the individual employee, highlighting the importance of social relationships in the workplace.

Employees felt confident that working hard would lead to a personal sense of professional purpose and pride in their work, but were less certain that positive feedback from their supervisor and colleagues would have a positive effect on their possibilities of having good relations at work, as well as bright future career opportunities. Based on this finding, the culture of giving positive feedback could be improved, particularly with regard to management, as this may improve employee’s expectancy of receiving rewards and opportunities from working hard.

Findings supported that employees were given a sufficient amount of responsibility and had a good understanding of the outcomes of their work, however, only 72% of respondents felt that managers considered their work important for the team and company. Similar results were found with regard to colleagues, further suggesting that feedback systems are not optimal, and communication between management and employees could be much improved.

Perhaps the most important finding related to the question of fairness of reward distribution within the company. When respondents were asked whether they felt that they personally received fair rewards that were in line with the efforts required to achieve them, 39% of respondents felt that they did not personally receive fair rewards, and 52% of respondents stated that they did not feel that everyone in the company was rewarded
fairly. These results strongly indicate that the reward distribution processes could be improved, as the majority of employees did not feel that the reward distribution process was fair. Below is a visualization of the proposed new model of employee motivation and engagement, entitled Simple Divergent Model of Employee Motivation (Figure 19).

![Simple Divergent Model of Employee Motivation](image)

**Figure 19. The Simple Divergent Model of Employee Motivation**
5 Conclusion

5.1 Key Results and Recommendations

This research-oriented qualitative thesis has been completed successfully and has answered the main research question and three investigative questions. The key findings of this study are summarized as follows:

IQ 1. What is the role of motivational theories and models in understanding the factors of employee motivation and engagement?

Organizational behavior has been systematically studied since the Industrial Revolution in an effort to create normative theories about human behavior. As demands and expectations of both employees and companies alike have changed over time, so has the popularity of various theories. In today’s workplaces, theories are not often referred to in regular daily tasks, but they are used to resolve situations where there are opposing viewpoints or major challenges, such as trying to understand the motivations of consistently underperforming or unengaged employees in an effort to combat high turnover rates, low productivity and low levels of engagement. The knowledge gained from motivational theories is somewhat of an automated professional competency for many HR professionals, who do not necessarily actively refer to them, though they do use them. HR theories are more commonplace in consulting companies, start-ups, and large corporations.

IQ 2. How can these theories and models be utilized to create value to employees in the workplace?

Integrating both content and process theories of motivation can be valuable in helping HR professionals understand what things people find valuable, how they may respond to perceived inequity, and what their expectancies are with regard to work input, outcomes and rewards. Understanding these factors can lead to better workplace environments with better HR support functions, performance management systems, and reward distribution processes, which in turn can create both short-term and long-term value to employees in the workplace through decreased turnover rates, greater job satisfaction, higher productivity and greater motivation and engagement levels.
IQ 3. What are the demands of today’s workplaces with regard to improving employee motivation and engagement and what kind of model might best suit it?

There is no single model that best suits the demands of today’s workplaces, as needs and trends are cultural, field-specific, organization-specific, and dependant on the composition of the current workforce. Research suggests that having an understanding of the needs and values of employees is, however, important in sustaining employee motivation and engagement. The findings of this research-oriented thesis suggest that a combination of both content and process based theories, or one that integrates both theories into one model, such as the proposed Simple Divergent Model of Employee Motivation outlined in this thesis, will likely yield best results.

5.2 Suggestions for Further Research

In the findings of the employee survey used for this thesis, only 85.5% of respondents felt certain that they would get a position in the organization of their preference if they were to work hard and receive positive feedback from their manager, suggesting that not all respondents correlated positive feedback from managers with getting a position in the organization of their choice. It would be interesting to know what other factors respondents considered important in getting a position in the organization of their choice, perhaps connections, personality traits, or academic qualifications? This is a question that could be explored in further research.

Additionally, in the research findings of the employee survey, reward distribution systems were perceived as being unfair. Investigating the components of reward distribution systems that are perceived as being fair could also be an interesting topic for further research.

5.3 Reflection on Learning

The process of writing this thesis has been very rewarding, though challenging, as being in the role of researcher highlighted responsibilities and questions of methodology and ethics. I questioned my choices regarding aspects of this thesis several times throughout the thesis writing process, and made changes accordingly. I feel like my abilities as a researcher have developed, as I better understand what is required of the research process. Subsequently, I am better prepared to start a professional career.
References


Appendices

Appendix 1: Expert Interview on Employee Motivation and Engagement as a Business Strategy

Your name:
Company:
Date:

1. In your opinion, how have motivational theories and models affected our understanding of employee motivation and engagement?

1.2 How are the effects of these theories and models visible in today's workplaces?

1.3 Are there differences in how these effects are visible in small companies versus large corporations? If so, how?

2. How, in your opinion, can these theories and models be used by management/the HR Department to benefit employees in today's workplaces?

2.1 In your opinion, are motivational theories and models used enough in today's workplaces?

2.3 How, in your opinion, could they be used better?

3. Regarding employee motivation and engagement, what, in your opinion, are the demands of today's workplaces?

3.1 What are the trends of today's workplaces, and how do they reflect current demands?

3.2 In your opinion, what kind of motivational model might best suit the demands of today's workplaces?

4. What else would you like to bring up on the topics we have discussed?
Appendix 2: Employee Motivation and Engagement Survey Questions

1. How motivated are you at work?
   Very motivated
   Somewhat motivated
   Neither motivated nor unmotivated
   Somewhat unmotivated
   Very unmotivated

2. How much do the aspects listed below affect your level of motivation at work?

   1=very little affect on my motivation
   2=somewhat little affect on my motivation
   3=neutral affect on my motivation
   4=somewhat of an affect on my motivation
   5=very much effect on my motivation

   - Company policies
   - Advancement opportunities
   - Supervision style of management
   - Recognition
   - Relations with other employees
   - Status
   - Personal growth opportunities
   - Security and job security
   - Responsibility
   - Physical working conditions
   - The meaningfulness of my work
   - Salary
   - Sense of achievement

3. Please state how you feel about the following statements (1, 2, and 3).

   Choose from the following options:
   - I feel indifferent or there is no chance of obtaining valued rewards even if my performance is good
   - There is certainty that my efforts will result in good performance

1. I will work hard because it is important to me to feel a personal sense of professional purpose and pride in my work.
2. I will work hard to earn recognition from my colleagues and supervisor, and also to have good relations with them.
3. Because I will work hard, positive feedback from my manager, as well as the professional expertise I gain from my work, will help me develop and get a position in the organization of my preference.

4. Please state how you feel about the following statements:

   Choose from the following answer options:
   - Yes, I feel this way
   - Indifferent or can’t say
No, I don’t feel this way

I feel like my work is meaningful
I am responsible for the outcomes of my work
I have knowledge of and understand the actual results of my work
My manager considers my work important for the team and company
My peers consider my work important for the team and company

5. Please state how you feel about the following statements

Choose from the following answer options:
- Yes, I feel this way
- Indifferent or can’t say
- No, I don’t feel this way

- I feel like working hard and performing well will lead to valuable rewards, so I will put in the effort.
- I feel like my individual abilities and traits compliment my work, which enhances my performance.
- I feel like I receive fair rewards that are in line with the efforts required to achieve them.
- I feel like everyone in the company is rewarded fairly, and that the rewards reflect the amount of effort required to achieve them.