Extrinsic motivation and incentives

Danila Filimonov
Motivation is a term everyone heard about but not everyone can explain how to use motivation and implement it in daily life. This thesis analyses extrinsic motivation and several aspects of motivating employees.

It explains about motivation, what kind of advantages and threats it possess. The research method is quantitative. Most of research I have done at the time of August, September and October 2016. First, I chose the subject of research and then started to look for right literature.

There were analyzed different sides of motivation and represented different theories that describe extrinsic motivation. Motivating is an important tool today because many companies are looking for good managers who can influence on staff positively and lead company to progress. There are threats, which can occur with wring use of motivation, that have to be avoided.

There are explained how people must be motivated, what kind of attitudes there and given some new ideas. There are described ways to build friendly relationship with subordinates in order to make them happy at work and seek more productivity from them.

At last part there are for both sides: managerial and subordinates advantages they will get with right cooperation and using impulse.

Keywords
Motivation, incentives
Limitations
The first and the second parts of the thesis are created from web resources materials and literature. All of these sources are public and available on the Internet.

Suggestions and advantages are taken from managers who work now in big hotel groups. The material will be useful tool for students who oriented mostly on human resources jobs.

Purposes and goals of thesis
The main targets of the thesis is describing extrinsic motivation and expounding approaches to integrate it in working life. In fact, when extrinsic motivation is used in business there can occur opposite effect and start some problems. These issues and aftermaths are described detailed and one of the most important goal was to find solutions how to avoid these problems.

In the thesis, I have described about motivation approaches, their influences and conclusions they can drive to. Also I compared intrinsic and extrinsic motivations and described their influences on each other. In addition, there are facts that needs to be avoided with motivating and mistakes are typically made by managers nowadays.
Table of content

Introduction ............................................................................................................................................. 6

1. Motivation ........................................................................................................................................... 7
   1.1 Overview of motivation ..................................................................................................................... 7
   1.2 Importance of motivation ............................................................................................................... 8

2. Extrinsic motivation .......................................................................................................................... 9
   2.1 Difference between extrinsic and intrinsic motivations ................................................................. 9
   2.2 Self-determination theory ............................................................................................................ 11
   2.3 Organismic theory of motivation .................................................................................................. 11
   2.4 Expectancy theory ......................................................................................................................... 13
   2.5 Hygiene theory of motivation ....................................................................................................... 14
   2.6 Intrinsic motivation ....................................................................................................................... 15

3. Incentive types .................................................................................................................................... 16
   3.1 Extrinsic motivation rewards and incentives ................................................................................. 16
      3.2.1 Monetary incentive .................................................................................................................... 17
      3.2.2 Non-monetary incentives ........................................................................................................ 17
   3.3 Positive incentive .......................................................................................................................... 19
   3.4 Negative incentives ....................................................................................................................... 19
   3.5 Overjustification effect ............................................................................................................... 20
      3.6.1. For business ............................................................................................................................ 21
      3.6.2 For employees .......................................................................................................................... 22

4. Research ............................................................................................................................................. 23
   4.1 Goal of the research ....................................................................................................................... 23
   4.2 Expectations about interviews and interviews and preparation ................................................... 23
   4.3 Interviews ...................................................................................................................................... 24
      4.3.1 Tallinn five stars hotel ............................................................................................................. 24
      4.3.2 Tallinn three stars hotel .......................................................................................................... 25
      4.3.3 Moscow four stars hotel ........................................................................................................ 26
      4.3.4 Moscow five stars hotel .......................................................................................................... 27
   4.4 Conclusion ..................................................................................................................................... 27
4.5 My suggestions ................................................................................................................................. 28
References ........................................................................................................................................ 29
Introduction

In any office around the world, there are managers who are responsible for controlling, problems solution and leading their teams further. At a hotel, bank, casino all managers want to have a good skillful team who really enjoy they do at work. And those managers want to motivate that people in order achieve something bigger, be better, get better reviews from customers. However, some people are motivated with rewards like money or career and some are because they love colleagues or because it is a comfortable place to work.

The research question of the thesis is to identify what is extrinsic motivation and what kind of motivational tools exist to implement for working process. How can those tools influence on employees and what kind of results they can drive to. Besides, it was important to figure out what kind of positive and negative results can occur when extrinsic tools are used incorrectly.

Extrinsic motivation is an impulse, which comes from boss to subordinate to satisfy his needs and to push him work. So that “impulse” which comes externally is a reward that employee wish to chase and agree to do work. Extrinsic name comes from external wishes that shows employee.

There are compared intrinsic and extrinsic motivations and described their influences on each other. There are facts that needs to be avoided with motivating and mistakes are typically made by managers nowadays.
1. Motivation

What is motivation? This is a psychological term to explain human's behavior. Motivation represents people’s action in order to achieve what they desire and is a cause of why people repeat that behavior. Motivation is your own wish, reward reason what forces to do an action. In fact, motivation presents in any industry and any company. It can be either at IT center or hotel, or school and etc. Some people may want to get a bigger salary, business wants to attract more people to buy what it produces, children wish to get good marks. All of them are motivated in order to achieve something what they dream about. (Ball 2015)

1.1 Overview of motivation

Motivation is indicated from a systematic analysis of how personal, task and environmental characteristics influence on behavior and job performance. It is not a fixed feature. It cites to a dynamic internal condition resulting from the impact of personal and situational factors. Motivation influences on behavior more effective than on performance. Created initiatives to increase job performance by enhancing employee motivation may not be successful if there is a weak relation between employees effort and job performance. (Wiley 1995)

The studies date back to 1940s focused on the question “why do workers work?” If a company knows what drives employees to work it is a good chance to induce their performance at work. (Kovach 1987, 58)

Usually there are three things that determine employee performance at work:

1. Ability to work
2. Work environment

From psychologically point of view there are many theories that explain why people behave this way and what kind of motivation is driving them. For example, these are: temporal motivation theory, achievement motivation theory, drive-reduction and many others. In total, there are more than 10 theories. Each of these theories have different purpose, fundaments and processes to attain targets. All psychological theories are based on surveying behavior, needs and analyzing them. (Steel & Konig 2006)
1.2 Importance of motivation

It is hard to overstate the importance of motivation nowadays. Many managers think that they know how to motivate and keep the level of motivation of employees. But actually this ability is one the most difficult to do from day to day. One writer once said: “Poorly motivated people can nullify the soundest organization”. Good motivated people can achieve not only company goals but also what they dream about. (Singla 2008)

Baron (1983) said that motivational rewards affects on staff’s behavior and productivity. Comparing to all other efficient methods on employees’ productivity, motivation is the most important and significant one. (Gohari, Kamkar, Hosseinipour, Zohoori 2013)

Motivation is an unitary phenomenon. All people need not only different amount of motivation but also different type of motivation. So they can vary from not only in level of motivation (amount of it) but also in orientation of motivation (kind of motivation). Type or orientation of motivation treats to relationships and purposes that lead to action and it treats to why of action. (Ryan&Deci 2000)
2. Extrinsic motivation

To extrinsic motivation relate incentives or rewards that come from external sides. Such rewards like money, promotion, recognition, career opportunities and others. In other words, it is something usually tangible or a purpose that come needs to be chased by an employee.

Extrinsic motivation includes different theories that describe psychological behavior and different methods of motivating. This chapter explains in details these theories and include some examples and experiments that are done to prove the theories.

2.1 Difference between extrinsic and intrinsic motivations

These two groups are completely opposite to each other and narrate about different ways of how people are motivated to do something. Both meanings of these theories are on the surface. “Extrinsic” means external factors that motivates a man or a group of men to do something. For instance, it can be money reward, career, prize for employees competition and etc. At the same time intrinsic one means that factors that incite humans for action are internal or come from inside minds

While intrinsic motivation comes from within of humans and not as an effect of external impulse. If a person is motivated intrinsically, he or she will complete a task because it is interesting itself for him or her. To intrinsic motivation relate curiosity, interest, involvement or positive challenge. When people are motivated because that action is important for their own and appears self-sustained, then it can be said that it is they are intrinsically motivated. (Edwards, & Johansen 2015)

There is no right answer on question, which motivation is better. Some people are more motivated intrinsically and some prefer to be motivated extrinsically. In fact, the main difference factor between this two motivations is so that extrinsic originates from outside and intrinsic comes from within. Besides, researchers have found that these two types of motivation can influence in different ways on people’s behavior and lead to different conclusions.

Extrinsic motivation has a big power and with write use can lead to high results. External rewards can stimulate interest and participation in which person has not had initial interest. Praises are able to induce to obtain new skills or knowledges. In the moment when people have studied more they become more motivated intrinsically. External rewards can be a good sign that a worker does a good job and give a chance to understand that their performance is achieved reinforcement. (Cherry 2016)
Relevant using of external incentive can increase productivity and performance at work but at the same time implementing less amount of incentive such as rewards or recognition can lead to decreasing of employee's wish to work. (Reena & Shakil 2009)

A good example to illustrate it is a desire of service employee (waiter, sails managers and etc.) to do everything for his or her customer that he or she would be very happy and glad to contact this company again. Therefore, this employee endeavors not for praise from the customer or employer but only to make his client happy.

At the same time scientist affirm that extrinsic motivation should be used carefully, especially with children and introduce it when there is a reason for it. Mostly, extrinsic motivation is a good tool when a worker does not show any interest at what he or she is doing or has lack of skills to be able to do work completely correct. In fact, these rewards should be given by small pieces and should be tied to achieve a specific behavior. As soon as intrinsic interest has became to grow and some essential skills are established, the external tools of motivation should be decreased slowly. (Ledford, Gerhart & Fang 2013)

Why intrinsically rewarded people become disinterested on doing something if they are rewarded externally? The main reason is that they do not need to be rewarded. They understand their role at work completely and relate responsibly to what they do. This kind of people engage in an activity on their own reasons. In fact, intrinsically motivated people enjoy of work they do with some other reasons but not for benefits they receive from employer. (Frank 2010)

Some researchers think that intrinsic is better and more effective than extrinsic. However, sometimes people do not have internal desire to participate in activity and they need to have external influence. Besides researchers have developed three main conclusions concerning influence of extrinsic motivation on intrinsic one.

1. Sudden extrinsic rewards do not drop intrinsic motivation
2. Praise can increase an intrinsic motivation
3. Intrinsic motivation will decrease if external rewards are given for a small work or individual task. For instance, if an employer will always praise his employee for daily tasks, he will become less interested intrinsically motivated to do these tasks in the future. (Cherry 2016)
2.2 Self-determination theory

According to Self -Determination theory (Deci & Ryan, 1985) types of motivation are differentiated by different reasons that give a push to action. It explains the most basic differentiations between intrinsic and extrinsic motivations. The intrinsic one relates to doing something because it is substantially interesting or enjoyable, and extrinsic because it drives to a separable outcome. (Ryan & Deci 2000)

The theory can be described as a meta-theory and includes different mini-theories like, for example, psychological needs, organismic integration, individual differences and environmental influences. (Neighbors, Lewis, Fossos & Grossbard 2007)

Self -Determination theory (SDT) also illustrates humanistic prospects on motivation considering that persons make efforts to perform fundamental needs for competence, relatedness and autonomy. (Neighbors, Lewis, Fossos & Grossbard 2007)

It indicates intrinsic and varied extrinsic sources of motivation and a definition of corresponding of intrinsic and types of extrinsic in cognitive and social development and in individual differences. Besides, SDT theory concentrates on social and cultural factors that help people to show initiative even if they perform qualitatively. Conditions helps persons to receive more experience in autonomy, compete and relatedness to encourage the most willed and high quality to forms of motivation and attracting for activities, including raising performance, creativity and perseverance. (Self-determination theory 2016)

2.3 Organismic theory of motivation

Organismic theory of motivation (OTM) is a sub theory of Self-determination Theory. Authors Deci and Ryan created the theory to introduce different forms of extrinsic motivation and the contextual factors that either promote or prevent internalization or integration of the regulation for these behaviors (Deci & Ryan 72, 1985). Organismic theory states that contextual help for autonomy, completeness and relatedness contributes internalization and integration. In other words, persons prefer more to internalize and integrate value, experience choice with respect to it and connection with those who provide it. According to SDT, the more autonomous motivation is the more perseverance and productivity employees show. (Wellbeing in Developing Countries 2009)
Figure 1

Figure 1 shows the OIT systematization of types of motivation, disposed from left to right in terms to extent to which the motivation for one's behavior emanates from one's self. (Ryan & Deci 2000)

At the left side there is amotivation, which means the condition when of lacking an intention to act. On other words, amotivated employee is an employee's behavior lacks of aspiration.

To the right of the table a category represents the least autonomous of extrinsic motivation. Behavior like these are performed to fulfill external requires or to receive external rewards. Persons usually meet externally regulated behavior as controlled or estranged and their actions have an external perceived locus of causality (EPLOC; deCharms, 1968)

A second type of motivation is called introjected regulations. Introjection describes a type of internal regulation that is controlling because of humans execute actions because they feel pressure in order to avoid fault or concern or to attain ego-enhancements or pride. A classic form of interjection is ego involvement, where a person makes an action to increase or support self-esteem or the feeling of value.

A more self-determined or more independent form of extrinsic motivation is regulation through identification regulation. Here a person understand the significance of behavior and so accepted it's regulation as his or her own.
In the last, right, part there is the most autonomous form of extrinsic motivation which is named integrated regulations. Integrated regulation appears when identification one has fully assimilated by a person. This can appear when self-examination and new regulations are implemented into coherence others values and needs. As more regulations are internalize the causes for action and assimilate them to the self, the more extrinsically motivated actions become self-defined.

At the far right, there is located intrinsic motivation type. Including intrinsic one accents that it is a prototype of self-defined activity. Besides, it does not mean that “extrinsic regulations become more internalized they are transformed into intrinsic motivation”. (Ryan & Deci 2000)

2.4 Expectancy theory

Expectancy theory belongs to Process theories of motivation was created by Victor Vroom in 1964. This theory is probably the best to indicate the relationship between employees personal goals and organizational rewards or work outcomes. The main question for this theory is “to what extend organizational rewards fulfill employees’ personal goals and do they attractive for employees?” (Pranav & Shilpi 2014) This theory does not give any suggestion about motivation. It mostly focuses on cognitive processes based on the idea that people believe that they will receive satisfied rewards if they put enough efforts at work. (De Simone 2015)

There are three main relationships on several variables: individual effort and performance, organizational rewards and personal goals.

Expectancy- is a relationship between efforts and performance. Expectancy depends on employee’s estimate about task that he is going to complete. Expectancy vary from 0 to 1. So if an employee understands that his efforts will drive to the desired performance level the value will be 0 and on the other hand if he realize that the task will be completed, the value will be 1. (Lunenburg 2011)

Instrumentality – is a relationship between performance and rewards. It is a situation when an employee can improve his performance because of dreaming to get good bonuses.

Valence -is a relationship between rewards/work outcomes and personal goals. It measures attractiveness, value and preference of rewards that are received by an employee. Value of valence can be positive and negative and vary from -1 to 1. Considering it, stress and weariness are negative and increased pay or bonuses are positive. For successful motivation, the sum of valence must be positive. (Pranav & Shilpi 2014)
This theory is very common at different organization. It explains gamut of motivation by breaking it on different recognizable stages. Many managers who applied it at their teams were successful. Managers are able to create positive environment at work, climate and culture. These advantages can increase employees’ motivation and give new push to achieve new goals. (Pranav & Shilpi 2014)

However, some researchers consider that the theory is complicated to implement. First of all, because it is hard to calculate, as it required, motivation valence and difficult to choose what kind of bonus to use for individuals. (Pranav & Shilpi 2014) At the same time Lawler (1964) said that the one weakness of the theory is that employees will make efforts only if they are sure that they will get enough money rewards like bonuses or salary increase. (Liquisearch)

2.5 Hygiene theory of motivation

Hygiene theory of motivation or two factors theory was developed by Frederick Herzberg. According to the theory satisfaction and psychological growth was a factor of motivation factors. However, dissatisfaction was a factor of hygiene factors. (Value based management, 2016)

Based on the theory there are some factors that provide satisfaction and some jobs that prevent dissatisfaction. The opposite of “satisfaction” is “no satisfaction” and opposite of “dissatisfaction” is “no dissatisfaction”.

Herzberg classified these job factors on:

- **Hygiene factors**- these factors are significant for subsistence of motivation at workplace. They do not lead to positive satisfaction for long term. But if these factors are absent they conduct to dissatisfaction. These factors are extrinsic ones to work. Hygiene factors are also known as dissatisfied or maintenance factors because they demand to avoid discontent. The hygiene factors illustrate psychological needs which people would like to fulfill.

To psychological factors relate:

Pay. Money or salary that employees receive must be the same level and competitive in the industry of location.

Company policies. Company working rules must be not very strict. They have to include breaks, vacations, dress code, sometimes flexible working hours and etc.
Extra benefits. This aspect of psychological factor includes such bonuses as medical health insurance, some benefits for family members, employees help program and etc.

Physical working conditions. Workplaces have to be well-equipped, maintained and updated with need. There have to be safe, clean and hygienic.

Status. Employee’s status should be familiar to others and retained.

Interpersonal relationships. There have to be positive relationship between employee, subordinates and peers. They have to be acceptable and corresponding. Conflicts and humiliations must be avoided.

Security of job. Employer is responsible for job security. (Management study guide 2015)

Certainly, there are some critics that impugn this theory. For example, Sinha (2016) says that only few professions (accounts and engineers) used for research and this does not give enough information about other professional jobs satisfaction of dissatisfaction. Plus Herzberg did not put enough attention to pay, status, interpersonal relationships.

2.6 Intrinsic motivation

Opposite of extrinsic motivation is an extrinsic one. The name of it is also conclude how this motivation exists. Compare to extrinsic motivation intrinsic does not come from outside but it comes from inside of humans.

Intrinsic motivation can be defined as doing an activity because of inherent satisfaction. A persons, who engaged into action, does it because of fun or invocation involves rather than because of external pressures or rewards. (Ryan & Deci 2000)

Good examples that prove intrinsic motivation are:
- Doing sport because you enjoy of active pastime
- Play games not to win but because it is exciting
- Studying well to get good grades
- Doing sport to win medals and trophies
- Cleaning your room to avoid be punished by your parents
- Competing with group mates to get more scholarship and etc. (Cherry 2013)
3. Incentive types

Extrinsic motivation includes different theories that describe psychological behavior and different methods of motivating. This chapter explains detail these theories and include some examples and experiments that are done to prove the theories.

3.1 Extrinsic motivation rewards and incentives

Extrinsic motivation drives by external rewards. All people might want to deserve rewards like fame, money, grades and etc. Competition is also a part of extrinsic motivation because it predicts that competitor’s wish is extrinsic as they compete with each other to achieve more money or fame or marketing recognition.

The answer on this question is very complicated. Researchers have found that in some cases external rewards do increase motivation. But there has to be limit of rewards. Excess of praises can lead to decrease of intrinsic motivation and to overjustification effect.

Intrinsic and extrinsic for achieving and belongs to different classes of rewards. However, some researchers think conversely. According to everyday experience, a positive use of intrinsic and extrinsic motivations influence positively and complement. For example, when somebody is fond of football and dream to play in top clubs. Giving 50 Euros cannot make this guy a professional footballer or increase his skills with a ball. But it can sustain his interest to football. Extrinsic rewards can increase his intrinsic interest and sustain personal interest even if his initial interest will vanish. (Covington & Muller 2001)

3.2 Incentive theory of motivation

Incentive for a greater act or promise to receive better results in condition to special behavior or act in the right way. Incentive can be a good push for employees to increase performance at work.

In fact, this is a natural instinct inside humans that nobody act without purpose behind. Besides, hope about receiving rewards is a powerful incentive to motivate employees. The most common reasons of why people would need incentive are:

- To raise efficiency
- To manage and induce a stimulus work
- To reinforce obligations at work
- Psychologically fulfill worker who guides to job satisfaction
➢ To graft employees enthusiasm at work  
➢ To use the maximum of their facilities to increase labor productivity (Management study guide)

Besides there are two main categories that divide incentive on two types. These are:

3.2.1 Monetary incentive

This is probably the most common method in modern organizations how to motivate employees. The main reward in this method is money. Money is recognized as the main chief to satisfy people needs. Money wages and bonuses are so universal tool that it satisfy different needs such as security, social and psychological. (Management Study guide 2015)

Nelson and Kepner say that monitory incentive are used by employers to keep the best brains in company and also to reward them in order to show that they have done their work well and superiority. In addition, incentives are made included in incentive-payment plans. At the same time, incentive-payments plans are bonded directly or indirectly to productivity standard. (Olubusayoa, Stephenb & Maxwell 2014)

However, some researchers found out that using monetary incentives can drive to developing competition among colleagues and destroy relationship and positive environment in a company. (Motivation through non-monetary incentives)

3.2.2 Non-monetary incentives

Beside, financial rewards there are non-financial ones. In other wards these are needs that cannot be measured. To non-monetary incentives relate satisfying psychological needs, security and also self-actualization, ego, providing flexible working hours, trainings and education, pleasant work environment. (The Role of Monetary and Non-monetary Incentives in the Workplace as Influenced by Career Stage 2003)

Non-monetary incentives also divided on several types:

Security of service. Security is may be the first important non-financial condition at work. If an employee does not feel secure at working place, he cannot concentrate and think about job responsibility. He will think about danger. However, if the job is secured he can do his best effort and to achieve the objects.
Praise or recognition.

Suggestion scheme. A good organization has to use this tool. For example, it can be cooking competition, some articles that are published in special magazines and etc. This tool can enhance employees participation and feel them important for organization.

Job enrichment. This tool is created to improve employees utility. Employer can develop his subordinate by giving him more responsibilities. It is helpful for both sides. On the one hand, the worker become to grow and know more about organization and work where he works. Besides, getting challenges in a company the worker can prove his worth. And on the other hand, employer can be sure that he has a worker who knows more about working process and whom he can delegate some important work tasks.

Promotion opportunities. This is probably an effective instrument if a company is in concern. Employees will feel more satisfied and contented if they are provided opportunity to growth and development in advance. (Management study guide 2015)

Work environment. Good working conditions have become a useful non-monetary nowadays. With developing of modern technologies and IT services employers are able now to offer coffee machines, rest-rooms, air-conditioning, washrooms and others. These conditions increase employees’ morale and influence positively in work performance. (Motivation through non-monetary incentives)

People are looking for security and the main needs are fundamental to people’s existence. Only when these needs are satisfied employees will concentrate on job productivity. Social aspects are also important, so sociability cannot be skipped. At the last personal growth and self-actualization are also take significant role on influencing of developing company’s effectiveness. (Dobre 2013)

Non-monetary incentives are more intrinsic in nature. According to statistic, they are more effective because employees feel more satisfied and fulfilled by the activity they undertake. With these kind of circumstances managers are more supporter than controllers. So managers should concentrate more on giving non-monetary incentive instead of monetary one because it will help to ensure high participation of employees at work. (Motivation through non-monetary incentives 2015)
Beside, monetary and non-monetary incentives, there are positive and negative incentives that also play a big role in motivational process.

### 3.3 Positive incentive

Positive incentive are those which render impact in a positive manner, that employees feel comfortable and bring more advantage to organization. With optimistic attitudes they satisfy psychological requirements of workers. (Management study guide 2015)

Mostly leaders use positive incentive method because it increases efficiency and equalizing to both managers and subordinates. (Gürerk, Irlenbusch & Rockenbach 2009)

### 3.4 Negative incentives

These incentives are made to punish mistakes or wrong behavior that are done by subordinates. Usually, negative incentives are used when positive ones are useless and do not bring the right effect. For instance, to negative incentives relate demotion, penalties, transfer and etc. (Management study guide 2015)

Fear to receive penalty or be fired from a company can bring to a negative conclusion. The effect of lasting such way of motivation will not last for a long time. In that case “motivated” people will either try to escape or will be so distracted that they will not listen to messages. (Breckler, Olson & Wiggins 2006, 288)

Negative incentives are for useful to incite employees to induce efforts and at the same time it is an effective tool to punish free-ridings behavior. These kind of incentives are more beneficial for managers as they receive more payoffs. (Gürerk, Irlenbusch, & Rockenbach 2009)

According to several experiments which are described by Özgür Gürerk, Bernd Irlenbusch and Bettina Rockenbach there are some conclusions that prove influence of positive and negative incentives on changing in working process and between colleagues & colleagues relationship and managers & subordinates relationship. For example, managers who changed from positive incentive to negative one had a bad results in the last period of experiments (totally there are 3 periods). However, in the first period teammates have shown good performance to contribution. This effect happened because of potential punishment has already positive effect and drives to work performance. On the other hand, negative incentive scheme (NEG) is more profitable only for managers while positive incentive scheme (POS) is better for teammates. Joint profit is higher in POS and the most successful way is when POS is implemented for the whole periods.
So concluding, more self-centered managers should concentrate in NEG, whereas efficiency-oriented should use more POS. (Gürerk, Irlenbusch, & Rockenbach 2009)

3.5 Overjustification effect

The overjustification effect is a phenomenon in which being rewarded for something is actually reducing intrinsic motivation. In other words, worker becomes less interested in doing that job because he has already received what he wanted and does not see any purposes to do it again. This effect can drive to decreasing of productivity and outcome of complete work. Quality of service and product can become worse if an employee does not do work properly.

Each of us has a hobby. These can be gym, football, playing computer games, knitting and etc. What drives people to be fond of hobbies? Is that intrinsic or extrinsic reasons? Normally, we engage in these activities because we enjoy of that purely and do it with pleasure but not for any outside gains. These activities are reward for you. (Cherry 2016)

To prove the overjustification effect, Fishbach and Choi in 2012 made an experiment. Several participants had to describe their favor from treadmill, for example losing weight. Then during these exercises they continued to represent their benefits. Another group of participants had to describe experience they got like activities they need to undertake and feelings they tolerate.

Before the exercises participants we asked to predict the duration of exercises they supposed to do. The participants who focused on benefits predicted that they will be more diligent but actually they were less persistence. Presumably, when employees focus their benefits they feel to their exercise not substantially engaging. That happened because they feel engaging to achieve of benefits. Consequently, the task feels hard. (Fishbach, & Choi 2012)

In 2005 James showed how overjustification effect can conform with usefulness functions. James explains when tangible incentives are offered to employees, excluding intrinsic motivation, actually increases their general satisfaction.

In fact, any actions that fulfill the basic needs like competence, autonomy, - tend to raise intrinsic motivation. Very often incentives can destroy autonomy, relatedness, competence and decrease intrinsic motivation. But if any sensitivity or awareness of intrinsic motivation is neglected, the harmful effect of incentives reduces. (The overjustification effect 2016)

The facts when extrinsic motivation should be avoided:
- The person has found the activity that intrinsically rewarded for him or her
3.6 Advantages of successful motivation

Implementing productive motivation system will bring positive effect in business. In fact, succeed motivation can be helpful not only for one side but for both, as for employer, as for employee.

3.6.1. For business

Right use of motivation will lead inevitably to success. Here are indicated what pluses will appear for both sides: for employer and for employee.

Declining employees turnover. The success of organization is affected by employees turnover. Financial department waste a lot of money and managers time to teach new employees for a new job. It creates big problems for the whole organization and can become a cause of loss.

But organization which possess good team management and motivation strategy can be sure that employees will be loyal to organization where they work.

Reducing absenteeism at work. There are some companies where percentage of absent employees are very high. The causes for it can be very different from poor work conditions to bad relationships with colleagues. Manager’s responsibility is to survey this fact as soon as he can and do actions to decrease absenteeism percentage at work.

Change negative relationship. Sometimes employees can think negatively. For example, an employee might think that his efforts at work will not bring any money and he wastes time by spending it working hard. Manager has to assure the employee that he is wrong. For example, a good argument for his words can be a premium to a salary.

Decreasing in resistance to change. Normally, people do not like to accustom to new responsibilities. They prefer continue to do routine job. However, it can be inexorably changes because of demand time.

Employees can be prepared to these changes in the right way. So, that they will accept these changes and will be happy to perform it if they would know what kind of benefits will come with those changes and how working process will improve.
Improves participation (Management study guide 2015)

3.6.2 For employees

Achieve personal goals. Motivated employees who are willing to work hard and enjoy of what they do will get high personal goals.

Job satisfaction. If an employer build so good work conditions that worker is able to stay at this organization for a long time this means he if satisfied with his job. Job satisfaction means that employee is happy to be at the work place and thankful to the employer. This fact makes him valuable because if he is satisfied with the job he will do everything to make his employer happy.

Self-development. Self-development is an important self-actualization part of Maslow’s hierarchy.

Work reinforcement with a dynamic team. A good team consists of qualified members who are very good at what they do is a very strong power. Employees enjoy going to work because they know that every day they build a strong team, enrich each other with new experience and become unit. A good atmosphere in the team is a good condition for them to work with pleasure. (Management study guide 2015)
4. Research

Quantitative detailed interviews are good tools to analyze motivational situation in a hotel. The interviews were made in different hotels and different countries. So, the fact that they are international make them more valuable as they can provide not only motivational information but also whether vary it in different countries or it is the same. The interviews were made with human resources managers from December to February in Russia and Estonia in 4 and 5 stars hotels. The main goal of the research was to understand whether literature suggestions are integrated in hotels motivational policy and if yes, are they helpful or not.

The research part includes four interviews with different managers. In interview questions there are seven items. The main point of them was just to touch up interlocutor to communication and then develop conversation by asking extra questions related to topic. Usually, one interview does not take more than 15 minutes.

4.1 Goal of the research

As it is already said briefly in the paragraph above, the main purpose is to compare theoretical motivation and practical one that used in hotels. Received information from interviews must be analyzed properly and compared with what is expounded in theory. Interviewees were chosen not with a specific class or stars of the hotel. But all hotel has at least 4 stars. As a result of the whole project, I will make my own suggestions for human resources managers to provide successful work.

Questions for interviews were made to figure out what kind of motivational tools exist now in hospitality business and how important they are for this hotel. One of the main purpose was to investigate what kind of motivational opportunities trendy now and do they fit to increase productivity and is it possible to measure it. As in hotel, there are different positions where people work, one of questions was dedicated to precise about differentiation in motivating line staff and managers.

4.2 Expectations about interviews and interviews and preparation

As from my side, I expected to have not too long interviews but for 15-20 minutes last. Expectations were mostly to communicate not only about kind of programs are involved in different hotels but also to discover personal managers opinion what do they think about motivation, do they think that they need to change something or not.
Moreover, managers cannot know everything about theoretical parts of motivation and make some actions that are wrong according to literature part. So, the main point was to build conversations so that beside asking questions there has to be some supplement from interviewer.

To analyze motivational programs in different hotels I have made a list of seven questions. The questions were based on literature, suggestions and threats that it describes. In order to receive more information and wider answer I decided to inquire extra questions if they needed. The list of these questions is presented below.

To carry out these interviews I had to found, at least, four human resources or general managers of hotels. Two hotel managers that agreed to offer me this opportunity were in Tallinn and two were in Moscow. In this way, the interviews in Tallinn passed in English and two were made in my mother tongue - Russian and translated into English.

4.3 Interviews

4.3.1 Tallinn five stars hotel
One interview in Tallinn in a good well-known and respectable hotel was made with human resources manager. In fact, in this hotel is not common to offer money as a reward. Only in the end of a year, if it was succeed year, employees might receive some money bonuses. But beside money there are some additional benefits such as discounts for monthly tickets in different gyms and for ferries and etc. One of the best and most used benefit is an ability to stay in any hotel in the world (which belongs to the same chain). The only problem is that hotel can only offer a room for 2 nights for 2 persons while employee has to pay for it’s trip himself. This opportunity is available once per year.

In addition, there are some competition part in the hotel between staff. Every month and every year there are “best employee” competition. The competition passes among managers and line staff. So there are winner one winner in line staff and one in managers.

Moreover, there are some team spirit events like sport events (football team games between different departments, twice a year there is a staff party).

During the conversation we started to talk with manager more about goal of the motivation. The manager said that the main purposes are to achieve several things at the same time. For example, the first is to do loyalty. As it is expensive to hire and train new staff, the hotel policy definitely predisposed to have permanent staff. Based on previous answers they also would
have engagement in hotel and staff life and well-being. But as it usually happens everywhere, employees are interested when something new appears in motivating and when something beneficial is already for a long time exist, they get used to it. So, that means that managers need to create again something. Monitoring of outcomes come from answers of questionnaire from employees. Typical questions are about motivation, do they feel motivated or not, what they wish to have for being motivated. Monitoring as well as new motivating offers come once a year.

4.3.2 Tallinn three stars hotel
Second interview in Tallinn was made with one of my ex-teacher who has wide, more than 50 years experience in hospitality management. As he is still a work as a general manager in popular hotel in Tallinn, I decided to have an interview with him.

Motivational program in that hotel is based on exceeding stated plan. Every department head has its own plan that must be reached. So sales managers have to exceed given numbers to get their bonuses. For example, achieving one goal they can get 5% bonus, achieving 2 goals-10% and so one but no more than 25% to salary. In fact, I was curious about possibility to achieve those goals. May be plan can be too hard to achieve and it is not possible at all to get bonuses. But my interviewee made me sure that plans do not stated to complicate employees. Definitely, managers are interested themselves to have those goals achieved and so plans are not too high and are possible to be done. But at the same time, he does not only give bonuses but also can take money back from salaries, if goals are not achieved.

As it is a small hotel, there are not many employees working. Because of that reason there is no such competition like “employee of the month” but there is “employee of the year”. As a reward for a winner, for example, it can be a flight ticket and three night stay in a nice hotel in one country which is chosen by winner and agreed with General Manager. But, in fact, this bonus is only for subordinate staff, but not for managers.

What is also very important is that it is the only manager, who said about importance of treating to subordinates. According to his point of view, it is not less important to have good relationships with employees, than to give them rewards. He thinks that his subordinates are like family and he is a head of it and like a father he sometimes has to punish and shout but sometimes encourage. In addition to good relationships, I asked him about bonuses and penalties: what does he do more often cutting salaries or giving bonuses. And he replied, that for the benefits of the hotel and personally for himself they give bonuses more often than cutting salaries.
4.3.3 Moscow four stars hotel

My third interview was made at my current job in 4 stars hotel in Moscow. In that hotel there are a big team and human resources department include three employees who are responsible for motivating staff. In addition, managers from other departments are also participate in motivating staff (for example, they have to offer new ways to motivate or negotiate some details about current motivation). Unfortunately, compare to other hotels this one does not have that wide and saturated motivational program but still provide some tools.

Generally, all managers have money rewards, which are used to stimulate work load. For example, front desk department has a plan of selling breakfasts (if reservations do not include them) and making upsells (increasing room category for extra money). If the plan is achieved front desk workers will receive bonuses. 10% of breakfast cost and 25% from upsell cost will be added to employee bonus. In addition to upsell and breakfast bonuses there are SPA center where is Balinese massage. For those who sell massage, can get 10% of value for it.

Every three months there is a competition “best employee” and all employees participate in it. So according to the rules, a worker from any department can win it, either from front office or human resources or housekeeping. As a bonus, winner can receive a complimentary night stay in the hotel.

While my conversation with human resource and front office managers, I was asking about results of motivational efforts. Front office managers on the one hand, says that she is not happy with bonuses for her subordinates. As she has fixed rate per month, she is not interested in increasing bonuses but still she tries to offer something else or re-organize the system. She understand that in some points opportunities and rewards that employees can receive are not good enough to motivate and must be changed as they are not effective. On the other hand, human resource managers says that the system is quite good and workers do well to achieve goals and mission of the hotel and they receive good money for their job.

Monitoring effect of motivation passes by analyzing goals that are achieved. For example, every month front office department has to sell 50 breakfasts and do 25 upsells it can bring extra profit to everyone. But, if the numbers are not achieved the bonus will not be given.
4.3.4 Moscow five stars hotel
And the fourth interview happened also in Moscow in 5 stars hotel. The hotel belongs to a big worldwide hotel chain. It is a big hotel and motivational program in this hotel is wide and compare to 3 or 4 stars hotels includes more modified bonuses.

As in many hotels there is a competition for best employee of the months where one employee from each department participates in. Winner is choosing by voting of top management team (heads of departments). Winner receives a free night in the hotel, visiting SPA center and breakfast.

Money bonuses are also used in the hotel as a reward. If stated plan is achieved, the whole team will receive bonuses. For each team there are different plan that must be achieved. For example, sales and marketing department has to get certain numbers and bring specific profit to the hotel. If the they succeeded than they can get the bonus. For restaurant department is, basically, the same goal. F&B staff has to raise sales in restaurant and bar. Someone might think that if there is an increasing in sales, than top management team or owner can increase numbers and they will be impossible to be achieved. But this is not correct. According to what human resources manager says, numbers are stated according to the season. Therefore, they can increase in high season and decrease in low one.

For a celebration day there is corporate meeting in the hotel. The administration staff organizes party on account of the hotel. There are included snacks, different kinds of wine and some games to play. Interestingly, that all staff must be there. And, if someone is absent, he or she can have not nice conversation in one day with a manager.

4.4 Conclusion
In the summary of my work, I would like to say that in my opinion the purpose of the thesis was achieved. There are included several motivational theories which are combined with practical part (interviews). I have figured out positive and negative influences on employees and how should manager behave to keep workers satisfied. In addition, there are described different motivational tools and their effectiveness, availability to measure this effect and ways how to use it properly. Besides, there are given depicted facts that can drive to bad results if motivation is used not properly and added some suggestions how to avoid existence of these mistakes.
4.5 My suggestions

In the concluding of the whole work, I would like to add my own suggestion, which are based on analyzing theoretical material, and interviews that I have had with several hospitality managers in different hotels.

Motivating staff is a hard work. The person, who is responsible for this, must always keep an arm on pulse. For those, who miss a moment and does not feel when an employee missed target to work, they cannot be succeeded. Managers should borrow and created new ways how to keep staff motivated and this motivation does not obligatory consist of money.

One the one hand, all hotels, where I have had interviews, offers money as one of the main option to motivate staff. Certainly, money is an important tool to force employees to work more productively. If an employee is happy about salary and understands that his financial welfare depends on his own efforts, he will work harder in order to receive more money. In my opinion, money is, may be, the best way to motivate somebody. Definitely, there are people who affirm that they place customer satisfaction and do all job responsibilities because they like to do it. But still they will be dissatisfied in the end of a month if they will get small amount of money, even though they worked hard.

But on the other hand, only one interviewee said about treating employees and affirm that not only money is important in motivate subordinates. From my point of views, positive relationship with employees is not less important, than offering money. The must be standing on the same level. A famous American businessman and today the president of the United States writes in his book that if there is a person, who crashes atmosphere at work, he must be fired. He is like an illness and he can infect everyone on office. And if manager does not show positive attitude to the subordinates, it cannot be successful because workers will be going to work with negative dreams about angry managers who is again dissatisfied with done work and will be screaming again.
References

Ball B. 2015. A summary of motivation theories


De Simone. 2015. Expectancy Value Theory: Motivating Healthcare Workers


Edwards & Johansen. 2015. The surprising consequences of extrinsic motivation


Gürerk, O. Irlenbusch, B. & Rockenbach, B. 2009. Motivating Teammates: The Leader’s Choice between Positive and Negative Incentives
Kovach. 1987. What motivates employees? Workers and supervisors give different answers


Reena & Shakil. 2009. The Impact of Reward and Recognition Programs on employees

Ryan & Deci. 2000. Intrinsic and Extrinsic Motivations: Classic Definitions and New Directions

Sansone C & Harackiewicz J. 2000. Intrinsic and Extrinsic Motivation


Steel P. & Konig C. 2006. Integrating theories of motivation


Wiley C. 1997. What Motivates employees according to over 40 years of motivation surveys, 18, 266, pp. 263-280