Factors Affecting the Motivation of XXXX Oy’s Employees

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Nuorelle startup-yritykselle on erittäin tärkeää kehittää motivoiva ja
innovoiva ajattelu kannustava työilmapiiri jo aikaisessa vaiheessa. Tämä
opinnäytettyö auttaa kohdeyritystä kehittämään tämänlaisen työilmapiirin
liiketoimintansa kehittämiseksi.

Tämä opinnäytettyö tehtiin hämeenlinnalaiselle startup-yritys XXXX Oy:lle.
Opinnäytettyön tarkoitus on selvittää, mitkä asiat vaikuttavat XXXX Oy:n
työntekijöiden motivaatioon. Opinnäytettyö sisältää teoriaosuuden yrityksen
johtamisesta ja motivaatiosta, tutkimuksen sekä analyysin kohdeyrityksen
nykytilasta sekä toimintavalmiuita ehdotuksia kohdeyritykselle.

Motivaation nykytilan selvittämiseksi käytettiin tutkimuksessa työntekijöille
täyttävääksi annettua kyselylomaketta. Kyselylomakkeen kysymykset
pohjautuivat kolmeen eri motivaatioteoriaan: sisäsyntyinen motivaatio vs
ulkoatuleva motivaatio, Maslow’n tarvehierarkia ja McGregorin X- ja Y-
teoriat. Ensimmäisessä mainittua teoriaa hyödynnettiin työntekijöiden
motivaation synnyn ymmärtämiseen yrityksessä. Toiseksi mainittua teoriaa
hyödynnettiin työntekijöiden arvojen ymmärtämiseen, sekä työntekijöiden
sijoituksen ymmärtämiseen Maslow’n tarvehierarkiakolmiossa. Kolmanneksi
mainittua teoriaa hyödynnettiin työntekijöiden näkökulman ymmärtämiseen
yrityksen johtamisesta.

Työn aikana todettiin, että työntekijöiden motivaatio on suureksi osin
sisäisyistä motivaatiota. Työntekijöiden sosiaaliset tarpeet ovat iso
vaikuttajia työntekijöiden motivaatioon sekä tärkeiksi todettiin myös
työntekijöiden palkitseminen ja tunnustus. Kehittävää työympäristöä ja uusien
taitojen oppiminen työpaikalla ovat tärkeitä motivaatioon vaikuttavia
tekijöitä.

Avainsanat Motivaatio, Startup, Johtaminen
Sivut 33 sivua
ABSTRACT

In a start-up company that is in its early stages, it is essential to establish a work environment that motivates employees and encourages innovative thinking. This study helps the case company to create this kind of working environment to develop its business.

This thesis was commissioned by a Hämeenlinna based start-up company called XXXX Oy. The purpose of this thesis is to identify factors impacting the motivation of XXXX Oy’s employees. This thesis includes theoretical background of leadership and motivation, research and analysis of the case company’s current situation, as well as actionable suggestions for the commissioning company.

Research about the current level of motivation was conducted as a survey based on three different theories: intrinsic vs extrinsic motivation, Maslow’s hierarchy of needs, and McGregor’s theory X and Y theory on leadership. The first of the three was utilized to understand the root of the employee’s motivation in the company. The second theory was utilized to understand employee’s values and their motivation level on the Maslow’s five stage triangle. The third theory was utilized to understand the employee’s perspective of leadership in the company.

It was discovered that the majority of the employees are intrinsically motivated. Social needs are a big factor in employee motivation, as well as getting praise and rewards. A work environment that encourages self-development and learning new skills on the job, is an important factor affecting the motivation of XXXX Oy’s employees.

Keywords: Motivation, Start-up, Leadership

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1 INTRODUCTION

In this chapter the author will introduce some background information about the thesis as well as the commission company.

1.1 Background information

When considering almost any company in any industry, the most valuable assets are motivated employees. It is often the leader’s responsibility to motivate subordinates. Moreover, there are many studies and theories on the subject of motivation and results of they serve as guidelines for leaders across the world.

Different factors motivate different people and therefore it is important for a leader to understand differences in people. From the authors point of view, the most important set of skills a leader can possess are “people skills”.

In a start-up company like XXXX Oy, it is common for employees having to take on more work occasionally than their job description requires. This will have an impact on employee’s motivation and a team leader in a start-up has to have a way to reward and recognize employees for the extra work they have to do. Being a less than a year-old company, motivation has not been researched before at XXXX Oy.

This thesis examines some of the most recognized motivation theories. Moreover, a survey based on three different motivation theories was conducted and analyzed in this thesis. Based on the results of the motivation survey, recommendations are provided for the case company.

1.2 The case company XXXX Oy

XXXX Oy started from HAMK’s Amazing Business Train; a course which is a train trip around Finland where teams are developing a business idea from scratch into a concept in two days of intense working. The idea in the case company’s team came from a personal experience of the team member: a close child of his had problems with speaking and the parents of the child were very concerned about the child despite that the speech therapists told that there is no reason to worry. This made him wonder if there should be a way to relieve the concern of the parents, for example by a mobile learning tool. The team decided to make the business idea into reality and decided to first focus on the pronunciation of the letter R, because it is a common speech problem in the Finnish language.

The company is based in Hämeenlinna and has a staff of four. Moreover, the company was founded in 2018.
Company’s product is a mobile application for parents whose children struggle with the pronunciations of the letter “R”. The mobile application works as a tool for the parents to teach their children and reduce the parent’s concern of the pronunciation problem of the child. The mobile application follows the same structure and consists of the same procedures that speech therapists use to teach children the pronunciation of the letter “R”. The learning happens through fun games on the application. With the case company’s application, parents and their children get to spend time together, while learning the pronunciation of the letter R.

The idea of XXXXX, is that the teaching of pronunciation can happen whenever, wherever, on the family’s own schedule. The queues for speech therapists are long, so XXXXX also offers a solution for the parents to start doing something for the problem while waiting to get into speech therapy. The result can be that after using the app there is no need to even go to speech therapy if the child learns the pronunciation through the case company’s application. The application can also be used to support speech therapy.

The next step after succeeding with XXXXX, would be expanding to other pronunciation problems and areas of speech therapy and create mobile application to support the learning of these problems. Most of the learning material in speech therapy is in paper format, so it is needed to transfer that material, into modern online and mobile versions.

1.3 Purpose

The purpose of this study is to identify factors impacting employee motivation at XXXXX Oy based on the employee’s answers to a survey, which is based on three different motivation theories which are also written about in this thesis.

In addition, this study aims to provide recommendations on how to increase overall motivation of employees at XXXXX Oy. The recommendations are based on the results obtained from a survey which was conducted as a part of this study.

It should be noted, that currently there is no critical issue at the company regarding employee motivation. This study is meant to find out ways to increase the employee motivation and thereby increase work efficiency.

1.4 Objectives and research question

The objectives of this study are to find out what kind of people the company’s employees are and what are the important factors that affect their motivation. Based on that information, recommendations are made based
on what kind of actions the company management can take to increase employee motivation.

The research question of this thesis is: What factors affect the motivation of XXXX Oy’s employees?

1.5 Research methods

The author conducts a qualitative survey to study the motivation of employees in the company. A survey is an appropriate method of gathering information in this research, since there is no other way of knowing what the employees think, than to ask.

Advantages and limitations of a survey

An anonymous survey as a research method has great advantages to it, which of some are listed here.

Advantages of a survey:

- **Truthful responses.** Since the survey is conducted anonymously, it can be expected that “socially acceptable” answers should not be an issue. An anonymous survey helps the target group to answer more truthfully.
- **Using a variation of theories.** This survey has three different sections, of which all of them use different theories. This provides a more reliable foundation for the survey.
- **A survey is cost effective.** The resources required for an online survey are minimal and it is free to administer.
- **No observer subjectivity.** In this survey, the answers are definite and impossible to misinterpret. This excludes the possibility for observer bias.

Even though an anonymous survey is a great way of collecting information with many advantages, it has some limitations as well.

Limitations of a survey:

- **Inflexible design.** The survey has to be carried out the exact way it was designed when it was designed. It cannot be changed after the first answers are gathered, without restarting the entire process.
- **Does not allow follow-up questions.** It is not possible to ask sometimes very valuable follow-up questions. The answers are what they are, and the researcher will have to work with them.
- **Accuracy and honesty of answers.** This is a major disadvantage of any survey. Respondents may give dishonest answers to protect their privacy or to appear more “socially desirable”. Accuracy of
answers becomes an issue if questions are not thought out from every angle. It is also possible that dishonest answers can be an issue, since the author is also the CEO of the company and this can impact the answers of employees.

2 THEORY

In this chapter the author summarizes some of the most relevant motivation theories.

2.1 What is motivation?

Being motivated means being moved to do something such as work, pursue a hobby or almost any activity that leads to something. Someone who has no energy or excitement towards a specific activity is considered to be unmotivated, whereas someone who is very energetic and excited to do some activity to perhaps achieve something, is considered being motivated. (Ryan & Deci, 2000, 54.)

A lot of times, motivation is considered to be a unitary phenomenon, which can vary from having no motivation to having a lot of motivation. (Ryan & Deci, 2000, 54.)

“Yet, even brief reflection suggests that motivation is hardly a unitary phenomenon. People have not only different amounts, but also different kinds of motivation. That is, they vary not only in level of motivation (i.e., how much motivation), but also in the orientation of that motivation (i.e., what type of motivation)” (Ryan & Deci, 2000, 54).

When looking at the orientation of motivation, it is considered to be the reason why someone is engaging in certain actions. For example, a student could be studying for a test to get a good grade, and thus gain the approval of a parent or a teacher. Another student might be studying just as hard, but they might do it because they want to learn new skills because that student sees the potential and utility of these skills that he or she can use in the future. In this example, the amount of motivation could be very much the same, but the orientation of motivation is very different. (Ryan & Deci, 2000, 54-55.)

2.2 Extrinsic and intrinsic motivation

Edward L. Deci and Richard M. Ryan expanded the Self-Determination Theory in 1985, in which they distinguished the difference between types of motivation based on reasons and goals that drive the actions of someone. The most basic level distinction between intrinsic motivation and extrinsic
motivation, is that motivation is considered intrinsic when some action in itself is interesting or enjoyable and thus, motivating, and motivation is considered extrinsic, when the end result and outcome is the force that motivates and drives someone to engage in an activity. (Ryan & Deci, 2000, 55.)

2.2.1 Intrinsic motivation

“Intrinsic motivation is defined as the doing of an activity for its inherent satisfactions rather than for some separable consequence” (Ryan & Deci, 2000, 55).

When motivation of doing something comes from the actual joy, fun or challenge of the action, rather than from the reward or pressure of outcome, motivation can be considered intrinsic. Intrinsic motivation differs from person to person, and one task which is very motivating to someone, is not motivating to someone else. One could say that intrinsic motivation exists between an individual and a task. (Ryan & Deci, 2000, 55-56.)

2.2.2 Extrinsic motivation

The majority of activities that people do, in general, are not intrinsically motivated. Usually things start to be extrinsically motivating after early childhood. For example, in school it seems that the further an individual advances in the school system, the less intrinsically motivated they are by the tasks performed in school. (Ryan & Deci, 2000, 60.)

“Extrinsic motivation is a construct that pertains whenever an activity is done in order to attain some separable outcome” (Ryan & Deci, 2000, 60).

Extrinsic motivation varies to which degree it is autonomous. For example, a student who is motivated to study to avoid the disciplinary action by their parents or teachers, is extrinsically motivated because he or she is doing it to attain the outcome, which is to avoid the sanctions or punishment. Another student could be motivated to study because they feel that they can use these skills or a good grade to make themselves a good career. Both examples are extrinsically motivated, but the latter one acts on their own choice, and the former is forced to act by external variables and not by their own choosing. (Ryan & Deci, 2000, 60.)

2.3 The role of leadership in motivating employees

All organizations, teams, groups, companies and more, require leadership. Leadership’s core purpose is to impact the employee/team member behavior. Leaders and managers have a big difference; whilst a manager can be successful in making sure the team accomplishes all organizational goals set, a successful leader ensures that his/her team members accomplish their
personal and career goals as well, which is a big factor in motivating employees. Motivation and leadership go hand in hand; the more motivated the employees are, the more effective the leader is; the more effective the leader is, the more motivated the employees are. (Naile & Selesho, 2014, 175.)

Leadership could be called a social influence process. Leaders understand and utilize their power, that comes from their position as a manager, their capability to reward their employees, their expertise in their work, their charisma and their sales skills in a sense that they sell the tasks and their ideas to their subordinates. The most common ways to influence the behavior of their followers are through communication, group dynamics, training, rewards and discipline. Two very common styles of leadership are transformational and autocratic styles of leadership. (Naile & Selesho, 2014, 175-177.)

Transformational leadership is about making a change happen for the better. A transformational leader will convey the idea and the vision of a new and better way of doing things. The four cornerstones of transformational leadership are: inspirational motivation, idealized influence, individualized consideration, and intellectual stimulation. Inspirational motivation consists of creating a desirable vision of the future and presenting it in an attractive way, and all optimism and enthusiasm. Idealized influence includes sacrificing something for the benefit of others, leading by example and setting examples, always living up to high ethical values. Individualized consideration is about providing support, encouragement and mentoring. Lastly, intellectual stimulation is about increasing awareness of problems and challenging employees to view the problems from their own perspective. (Naile & Selesho, 2014, 177.)

The more common way of thinking about leadership in the United States, is being an autocratic leader. Autocratic leaders consider their authority and power to be their most valuable asset when leading other people. This leadership style is about the top management making most of the decisions and leaving very little responsibility to their subordinates. Communication is usually between a manager and a subordinate, but without a clear chance of giving any kind of feedback to the managers. This kind of leadership can easily cause frustration and bitterness among employees and is considered not being that commonly seen in today’s business world. (Naile & Selesho, 2014, 177.)

2.4 Different theories of motivation

2.4.1 Maslow’s hierarchy of needs

Dr. Abraham Maslow invented a motivation theory, the so called “Maslow’s Hierarchy of needs” in 1943. The way Maslow visualized the theory, was a
triangle of needs starting from “Physiological needs” in the bottom, followed by “Safety needs” after that, followed by “Belongingness and Love Needs”, followed by “Esteem Needs” and lastly at the tip of the triangle there are “Self-Actualization Needs”. Additionally, the reason to why he visualized it as a triangle, is that the upper level can only be motivating or accessed after all “need levels” below have been fulfilled. Moreover, the five-stage triangle of needs, is often divided into two kinds of needs; deficiency needs and growth needs. The needs in four bottom levels are classified as deficiency needs and the needs that are categorized under top need are classified as growth needs. (McLeod 2017, 1.)

Deficiency needs could be explained by them being the most basic needs. The need comes from lack of something essential, like for example food or base salary to get by. These needs are “said to motivate people when they are unmet” (McLeod 2017, 1). The motivation for a person to fulfil these needs, becomes more intense the longer these needs they unfulfilled. For example, the longer a person has been denied access to water, the thirstier the person becomes. (McLeod 2017, 1.)

After a deficiency need has been partly or completely fulfilled, the need will no longer be there and the next need of level of needs becomes the target of our daily actions. (McLeod 2017, 2.)

Growth needs are not like deficiency needs when studying where they arise from. While motivation to fulfil a deficiency need, comes from a lack of something, the motivation to fulfil a growth need, comes from aspiration of personal growth. One difference in growth needs to deficiency needs, is that they do not disappear after they are fulfilled, but rather might even become stronger after being partly fulfilled. After growth needs are partly or completely fulfilled, “one may be able to reach the highest level called self-actualization.” (McLeod 2017, 2).

Everyone can and at least in some way wants to move up the hierarchy triangle closer to self-actualization, but it is not always a linear journey. While a deficiency need could have been fulfilled before, there might come a time where that need comes back due to a change in one’s life. Termination from a job, or even expecting a child, could bring one from the upper levels of the hierarchy, back to the lower levels and then climb back again. (McLeod 2017, 2.)

The first level called “Physiological Needs” includes needs like air, food, drink, sex, warmth and sleep. These needs are necessities for a person to function on a daily basis and the motivation to fulfil these needs, comes if there is a lack of any of these basic elements in the daily life of an employee. From an employee’s perspective, some of these needs are fulfilled by steady income and good working conditions. (McLeod 2017, 2-3.)
Second level of the triangle is the “Safety Needs” – level. These needs include needs like security, order, law, stability and lack of fear. These needs are to keep one away from harm. Safety needs are very important from survival perspective, but not as evident and important as physiological needs. (Kelly 2017.)

In business, creating an environment where creativity is embraced, is very important. When building a culture of creative thinking in a workplace, it is crucial that the work environment is safe and non-judgmental, so no new ideas are left unsaid because of fear of being embarrassed or judged. (Fallon 2016.)

Third level of the triangle is the level of “Belongingness and Love Needs”. These needs include needs like belongingness, love, friendship, intimacy, trust and acceptance. These social needs can be fulfilled with relationships and intimacy with others, as well as with acceptance and affection shown by others. (Kelly 2017.)

In a work environment, fulfilling social needs means interpersonal relationships among staff. Communication between peers as well as communication from management about company’s operational matters, as well as personal matters are key components of fulfilling these social needs in the workplace. (Tanner 2018.)

After the first three basic levels of needs have been fulfilled, the fourth level “Esteem Needs”, becomes the most salient need level. These needs include needs like self-esteem, self-confidence, recognition, respect and achievement. Fulfilling these needs makes an individual feel good about themselves and their capabilities. (Kelly 2017.)

In an organization, these esteem needs are fulfilled by recognition and rewarding. Clear and specific goals together with financial rewards and mental rewards like praises, are an excellent way for an organization to recognize, respect and award it’s employees, keeping them motivated by fulfilling their esteem needs. (Nyameh 2013, 43.)

The final level of needs in Maslow’s triangle, is the “Self-actualizing Needs” level. These needs include needs like realizing personal potential, self-fulfillment, seeking personal growth, creativity and peak experiences. This level for a person is when they start realizing their own potential and setting higher and higher personal goals. (Kelly 2017.)

Fulfilling employee’s self-actualization needs is a challenging task for a manager. When these needs are being fulfilled, employees work in the most effective way possible and utilize their full potential and abilities. This can be achieved by giving challenging and meaningful tasks to employees, to empower their own creative, innovative and critical thinking to the best of their abilities. (Nyameh 2013, 43.)
2.4.2 McGregor’s theory X and theory Y

Theory X and Y was developed by Douglas McGregor initially in 1957. He then later developed the theory more during the 1960s. McGregor’s theory assumed, that a huge component of a worker’s motivation is the type of leader he or she has. In McGregor’s theory, there are two main types of leaders; theory X leaders and theory Y leaders. (Lawter, Kopelman, & Prottas, 2015, 84-85.)

Theory X

In McGregor’s theory, theory x type of a manager assumes that workers in general do not like work and are not naturally motivated by work. Other assumptions that a theory x type of a manager makes are, that workers avoid responsibilities whenever possible, have to be closely supervised during their everyday work, will not deliver desired performances without control, forcing and threats and that workers lack incentive to work as well as ambition and thus must be motivated by rewards. (Lawter, Kopelman, & Prottas, 2015, 84-85.)

Theory Y

In McGregor’s theory, managers who are theory y type of managers, assume that workers are, self-motivated to fulfil their duties, want responsibilities, enjoy working on their own initiative, use creativity and innovation to solve problems, wish to be involved in decision making and take pride in their work. (Mindtools, 2015.)

Theory X and Theory Y in a workplace

When applying these two very different types of leadership to a workplace, there are situations where each style can be useful. Managers rarely can be solely a theory x or theory y type of a manager, but rather a mixture of both. (Mindtools, 2015.)

In a situation where there is a crisis, or someone has just started a job in a new position a manager might want to take more of a theory x approach. Close supervision and rewards can be effective in this kind of a situation. This kind of management can be harmful in a long term. It can cause workers to be demotivated due to the strict approach, lack of responsibilities, and trust from the management. (Mindtools, 2015.)

In working culture and in accordance to Maslow’s Hierarchy, it is believed that theory y is a better and more effective way of leadership. It corresponds with Maslow’s theory in a way that work satisfies their need for achievement and self-respect. This kind of management works really well when managing a group of experts in a field. It can be assumed that they enjoy their work and are not against of taking responsibilities. This management style can be
harmful to a work environment, if the staff loses their focus on the key tasks. Also, some workers who are less motivated towards their tasks, can take advantage of theory y type of leadership and do as little work as possible since they are not being constantly supervised. (Mindtools, 2015.)

2.4.3 Two factor theory by Herzberg

This theory by Frederick Herzberg, was developed in the 1950s and 1960s. Herzberg studied motivation, by asking people about their jobs, and what parts of the job made them feel good and what parts of their job made them feel bad. He soon found out, that the factors in one’s job that make the job satisfying, are not always or even often the same factors that make one’s job dissatisfying. (Dartey-Baah, 2011, 1-2.)

According to the satisfaction-hygiene theory, motivation or employee satisfaction is achieved when worker’s everyday tasks are challenging enough but still enjoyable. These kinds of tasks require the employee to be given responsibility and a possibility to grow and advance in their career. (Dartey-Baah, 2011, 2.)

Dissatisfaction, on the other hand can be caused by very different kind of factors. Factors in worker’s environment such as bad chair causing back pains, weak lighting and ventilation, low salary and a bad relationship with a supervisor are the kind of factors that lead to job dissatisfaction. (Dartey-Baah, 2011, 2.)

In Herzberg’s theory, hygiene factors or maintenance factors do not have to be directly linked to the tasks the worker is doing, but often the conditions that they are performing their job under. If some of hygiene factors are missing, such as decent salary, a clear company policy and good supervision by their supervisor, it often leads to dissatisfaction among workers. An often-made misconception about hygiene factors, is that when they are present, they increase the motivation of workers. More often than not, this is not the case. Hygiene factors are called the hygiene factors, because according to Herzberg, these factors are necessary to achieve even a decent level of satisfaction. So, an increase in hygiene factors such as salary, will not increase the worker’s motivation in the long run but if the salary is too low, it will cause dissatisfaction and that will cause demotivation. (Dartey-Baah, 2011, 2.)

Motivating employees is more about the job content and interesting tasks, rather than about hygiene factors. Motivating factors can be such as recognition, respect, achievement, advancement and responsibility. The absence of these factors will often not lead to dissatisfaction, but if they are present, that will often lead to increase in motivation and job satisfaction. (Dartey-Baah, 2011, 2.)
In a real-life work environment, a manager can reduce or eliminate job dissatisfaction with actions such as; effective supervision without micromanaging, make respect and dignity a cornerstone of the company’s culture, provide job security and see that everyone’s salaries are competitive and fair. (Dartey-Baah, 2011, 3.)

After the hygiene factors are in order and sufficient, a manager should try to improve motivation among workers. Increasing motivation can be done with actions such as; providing opportunities for advancement and promotions, recognizing high performing workers, giving responsibilities to all workers, offering work that is rewarding and matches the worker’s skills and capabilities. (Yusoff, Kian, & Idris, 2013, 19.)

2.4.4 Equity theory

Equity theory was developed in 1960s by J.Stacy Adams. The core idea of equity theory is to measure and define the relational satisfaction of workers. Adam’s theory suggests, that workers do their best to maintain a fair balance between what they give to an organization and what they receive from an organization, and that satisfaction of workers is dependent on their perception of their colleague’s balance in those same two variables. (Kaur, Aggarwal, Khaitan, 2014, 230.)

Adams’ theory says, that employees will be a lot more likely to be motivated, when a good balance has been found between employee’s inputs such as working hours, skill level and excitement, and between employee’s outputs, such as salary, respect, promotions and other benefits. If on the other hand, an employee feels, that their inputs are far greater than the outputs, the result can be a demotivated employee. (Al-Zawahreh, & Al-Madi, 2012, 159.)

2.4.5 Expectancy theory

Victor Vroom developed the “Expectancy theory”, in 1964. This theory differed from the earlier motivation theories by Maslow, Herzberg, Alderfer, and McClelland, in a way that it does not provide clear instructions on what exactly motivates members of an organization. Vroom’s theory explains individual differences in motivation, by different expectancies of individuals. (Suciu, Mortan, & Lazâr, 2013, 183.)

“Expectancy theory is a cognitive process theory of motivation that is based on the idea that people believe there are relationships between the effort they put forth at work, the performance they achieve from that effort, and the rewards they receive from their effort and performance.” (Luneneburg 2011, 1).

For Vroom’s theory to work, there are four assumptions that must be true:
1. People have existing expectations about organization’s needs, motivations and past experiences, before joining the organization. These expectations impact on how an individual reacts to the organization.

2. Individuals are free to make calculated decisions based on their expectations, and these decisions determine person’s behavior.

3. Workers want different things from an organization such as a good salary, challenge and job security.

4. People will make decisions between alternatives, based on the most optimized outcome for themselves. (Luneneburg 2011, 1-2.)

There are three key elements, that the expectancy theory based on these assumptions has: expectancy, instrumentality and valence. (Luneneburg 2011, 2.)

**Expectancy**

An individual’s motivation is based on how likely they think it is that their effort will lead to a good level of performance. Vroom’s theory uses a scale from 0 to 1 to measure the expectancy level. Expectancy level is 0, if the employee thinks that in no way can they achieve the desired level of performance, regardless of the effort. Expectancy level 1 on the other hand, is when the employee thinks that it is almost certain that their effort will lead to desired performance level. Usually, the expectancy level in real life situations falls between 0 and 1, as they are the two extremes. (Luneneburg 2011, 2.)

**Instrumentality**

What kind of reward or outcome is expected from the kind of performance they believe they can deliver? Similar to expectancy, the instrumentality scale is from 0 to 1 as well. If an employee believes that no matter how good their performance is, it will not result in – for example – a salary increase, the instrumentality in this situation is 0. On the other hand, if an employee sees that in the past, a good performance in a given situation or situations leads to salary increase, the instrumentality level is 1. (Parijat, & Bagga, 2014, 2.)

**Valence**

Is the expected reward of highly positive value to them? Valence is the metric of measuring how preferred the expected reward or outcome is to the specific employee. For example, a salary increase might mean a great deal to one and could have no significance to someone else. Similarly, recognition by peers or supervisors, could mean a lot to one employee but might have absolutely no meaning for another employee. (Luneneburg 2011, 3.)

Different from expectancy and instrumentality, valence can be a positive or a negative value. The scale of valence, ranges from -1 to +1. If the expected
outcome is of very high value for a specific employee, valence is +1. Similarly, if the expected outcome or reward is not preferred by an individual, valence is -1. There is a possibility, that the outcome or reward has no significance to an employee, and in this case, valence is 0. (Luneneburg, 2011, 3.)

Vroom’s theory suggests that an equation can be created from the variables of motivation, expectancy, instrumentality and valence:
(De Simone, 2015.)

“Motivation = Expectancy x Instrumentality x Valence” (Luneneburg, 2011, 3).

This equation suggests, that the overall motivation is zero, if any of the variables is zero. So, if an employee thinks that the effort he or she puts in, will result in a desired performance, and the performance will lead to an outcome, but the outcome is not at all desired or significant to the employee, motivation of the employee will be zero. According to Vroom’s theory, this can be applied to all three variables. (Luneneburg, 2011, 3.)

2.5 Motivation theories in practice

All of these abovementioned motivation theories can be applied in one form or another in different companies. From the author’s perspective, the most important theories for the case company are: The intrinsic vs extrinsic motivation among employees, Maslow’s hierarchy of needs, and the Theory Y and Theory X by McGregor. These theories will be applied in the analysis and questions of the survey conducted as a part of this thesis.

3 WHAT IS A START-UP?

A way to explain what a “Start-up company” is, is to look at the process of creating an organization. Sometimes this process is referred in biological terms and the journey from “conception” to “birth” is often referred as “starting up a business”. Many researchers named this time period in an organization’s life as “Start-Up”.
(Evers 2003, 18-19.)

Start-up companies are almost notorious about having challenges and problems. Many of the world’s start-up companies never reach establishment and fail within a year from starting. Biggest challenges start-up companies face, are financial difficulties, lack of business experience, lack of knowledge and the lack of networks. One could argue that obtaining external financing is the biggest challenge most start-up companies face. The inability to raise capital, comes from not having solid track record and not
having sufficient amount of information to make risk assessments. (Evers 2003, 35-36.)

4 CURRENT SITUATION AT XXXXX OY

4.1 Case company

As a start-up company, XXXXX is still forming a company culture. In order to attain a healthy and productive company culture it is necessary to understand the needs and motivation of the company staff.

There are no pressing issues at the company regarding motivation and this study is more about on how to make the company a more motivating workplace.

4.1.1 About company staff

XXXXX Oy has a staff of four. Excluding the CEO, the company’s staff includes two programmers and a customer relations manager.

All of XXXXX’s staff are students of Häme University of Applied Sciences. The two programmers have been studying at HAMK for 2 years and the customer relations manager and the CEO have been studying at HAMK for 3 years.

4.1.2 Theory Y management in the company

At XXXXX, the management has aimed for theory Y type of management. In a start-up, in which the employees are young adults with progressive views and fresh ideas, the management of the company feels that it is important to have an environment which is collaborative and trust-based. An open and close relationship between employees and supervisors, is what the company aims for. (Mindtools, 2015.)

5 PRACTICAL RESEARCH

5.1 Execution of the survey

The author will be conducting a survey that will be carried out online by the employees of XXXXX Oy. A survey is an appropriate method of gathering information in this research, since this study is shedding light on what goes on in the employee’s minds.
5.2 Explanation of the survey

This survey will be anonymous, in order to attain the most accurate results. The survey will mostly include structured questions with multiple choice answers.

The target group in this case will be the employees of XXXXX Oy. The reason for picking out this target group is that they are employees of XXXXX Oy. They all have their own subjective experiences and opinions about XXXXX Oy as a working environment.

The main objective of the survey is to find out what XXXXX Oy’s management could do better or provide to employees for them to stay more motivated. One of the survey’s other objectives is to find out how XXXXX’s management has succeeded in following the principles of theory Y type of management.

There are three sections in the survey which the employees take. The statements are directly based on three different motivation theories that can be found from the theory part of this thesis.

In the majority of this questionnaire, the possibility to answer something neutral such as “I don’t know” has been omitted. The author believes that leaving it out of the survey, will make the respondents think their answers more carefully and not pick the “easy way out”.

5.2.1 Intrinsic vs extrinsic motivation

Firstly, it is important to understand what different types of people are working in the company. This provides clarity to their answers on the other parts of the survey, since people are motivated by different things. The theory behind this is the Ryan’s and Deci’s theory of Extrinsic and Intrinsic motivation.

To measure if the employees are motivated intrinsic means or extrinsic means, this section of the survey has six questions which of three should apply to intrinsically motivated people and three should apply to extrinsically motivated people.

The statements are the following:

1. You work very hard to get things that you want.
2. You always want to try something new if you think it might be fun.
3. When you get something you want, you feel very excited and energized.
4. You often do some activities just because they are fun.
5. I would work at a job that offers a salary of 10,000€ a month but does not excite or seem fun to me at all.
6. Salary is not as relevant to me, as long as I can do what I like doing at work.

There are four possible answers to each statement:

1. Applies to me  
2. Somewhat applies to me  
3. Somewhat false for me  
4. Very false for me  

This information can be used as a variable when comparing answers between intrinsically motivated employees and extrinsically motivated employees.

5.2.2 Maslow’s hierarchy of needs  

Second part of the questionnaire is the five stages in Maslow’s hierarchy of needs. This provides information on how satisfied and at what level the employees are in the triangle of needs. It has 3 questions about each set of needs – Safety needs, Social Needs, Esteem needs and Self-actualization needs. Physiological needs have been excluded from this survey, since the author feels that questions about physiological needs would not provide any essential information in this study.

This part of the survey helps to understand the most important needs to employees in the workplace. This information can be utilized to find out what needs seem to be the most important to the employees, and which are already being more or less satisfied. The information from this section can be utilized in the suggestions to increase the employee motivation in the company.

Questions about safety needs in this section are the following:

1. How important is regular income for you from the work you do in XXXX?  
2. How important a good work ergonomics is for you (for example a good chair)?  
3. How important are set working hours for you (for example from 8:00 to 16:00 every day)?

The answers to these questions are a ranging on a linear scale from one to four, one meaning “Not important at all” and four meaning “Very important”.

Questions about social needs in this section are the following:

1. How important is it for you to be able to trust your co-workers and supervisor in non-work related/personal issues?  
2. Would you rather work individually or as a part of a team in your everyday work?
3. How important is it for you to like your co-workers and supervisor?

The answers to questions one and three are ranging on a linear scale from one to four, one meaning “Not important at all” and four meaning “Very important”.

The answers to question number two are three multiple choice answers:

Number 1: “I prefer to work in a team most of the time”
Number 2: “Does not matter to me at all”
Number 3: “I would rather work alone most of the time”.

Questions about esteem needs in this section are the following:

1. How important is it for you to have strictly set goals in your work?
2. How important is it for you to get praise and rewards from your work?
3. How confident do you feel about the work that you do?

The answers to questions one and two are ranging on a linear scale from one to four, one meaning “Not important at all” and four meaning “Very important”.

The answers to question three are ranging on a linear scale from one to four, one meaning “Not confident at all” and four meaning “Very confident”.

Questions about self-actualization needs in this section are the following:

1. How important is it for you to be able to improve your skills and learn new skills in your job?
2. Do you perform better when given strict instructions, or when given fewer instructions and more room for creativity?
3. How challenging are your current tasks for you?

The answers to question one are ranging on a linear scale from one to four, one meaning “Not important at all” and four meaning “Very important”.

The answers to question number two are three multiple choice answers:

Number 1: “I like to have strict instructions most of the time”
Number 2: “Does not really matter to me”
Number 3: “I like to have less instructions and the possibility to be creative most of the time”.

The answers to question number three are five multiple choice answers:

Number 1: “My current tasks are too easy”
Number 2: “My current tasks are somewhat too easy”
Number 3: “My current tasks are perfectly challenging”.

Number 4: “My current tasks are too hard”
Number 5: “My current tasks are not challenging enough”.
Number 4: “My current tasks are somewhat too challenging”
Number 5: “My current tasks are too challenging for me”

5.2.3 McGregor’s theory X and theory Y

Third part of the questionnaire is based on McGregor’s management theory X and theory Y. It provides information on what kind of management the employees see that the company has currently.

There are a total of six statements, which all apply to “theory Y” kind of management, which is considered to be the more modern way of leading and it is what the company’s management pursues to apply.

Statements in this part of the survey are the following:

1. I call my supervisors by their first name.
2. I am aware of the newest developments, news and goals our company has.
3. I feel that I can talk about my personal life with my supervisors.
4. In our company if someone does something really successfully at work, they get praise and recognition about that.
5. In our company anyone can freely address their concerns if they have any.
6. I feel that anyone in our company can make suggestions on how to improve the company’s operations.

There are four possible answers to each statement:

1. Applies to me
2. Somewhat applies to me
3. Somewhat false for me
4. Very false for me

If the employees mostly feel that these apply to them, it means that the management has succeeded in following the principles of Theory Y.

6 RESULTS

In this section the author presents the results of the survey.
6.1  Section 1 – Intrinsic vs extrinsic motivation

Majority of the target group seem to think they work hard for things that they want (Figure 1). This can be seen as a sign of being extrinsically motivated.

1. You work very hard to get things that you want.
3 responses

![Pie chart showing responses to the question](Image)

Figure 1.  Section 1 – Question 1

Majority of the target group say that they often try some new activity because it might be fun (Figure 2). This indicates that the target group is intrinsically motivated.

2. You always want to try something new if you think it might be fun.
3 responses

![Pie chart showing responses to the question](Image)

Figure 2.  Section 1 – Question 2

Majority of the target group seem to get very excited when they get something they want (Figure 3). This can be seen as a sign of being extrinsically motivated.
Majority of the target group seem to often engage in some activities just because the activity itself is fun (Figure 4). This is a sign of being intrinsically motivated.

Figure 4. Section 1 – Question 4

Majority of the target group seem that they would not want to work in a boring/unexciting work at all, even if the salary would be high (Figure 5). This is a sign of being intrinsically motivated.
5. You would work at a job that offers a salary of 10,000€ a month, but does not excite or seem fun to me at all.

3 responses

Figure 5. Section 1 – Question 5

All of the target group seem to think that enjoying what you do, is more important than salary (Figure 6). This is a sign of being intrinsically motivated.

6. Salary is not as relevant to you, as long as you can do what you like doing.

3 responses

Figure 6. Section 1 – Question 6

Based on the answers to this section, the majority of the employees are generally intrinsically motivated. Four out of six groups of answers indicate an intrinsically motivated majority.

6.2 Section 2 – Maslow’s hierarchy of needs

First three questions of this section, are questions regarding safety needs in the workplace.
Majority of the target group, seems to think that regular salary from XXXXX, is not that important (Figure 7). This is interesting, but also makes sense, since XXXXX is a start-up company and based on the results of section 1, majority of the employees seem to be intrinsically motivated so at this stage, the salary does not play that big of a role.

**How important is regular income for you from the work you do in XXXXX?**

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<tr>
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<td>4</td>
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3 responses

Figure 7.  Section 2 – Question 1

Majority of the target group seems to think that work ergonomics are a very important issue (Figure 8).

**How important are good work ergonomics for you? (for example a good chair etc)**

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<td>4</td>
<td>2 (66.7%)</td>
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</tbody>
</table>

3 responses

Figure 8.  Section 2 – Question 2

Most of the target group feel that set working hours are not that important to them (Figure 9). This suggests that the employees feel that when it comes to safety needs, “order/strictness/discipline” are not that important to them.
How important are set working hours for you? (for example from 8:00 to 16:00 every day)
3 responses

![Figure 9. Section 2 – Question 3](image)

The following three questions are questions regarding social needs in the workplace.

Majority of the target group feel that it is important that they can trust their co-workers in non-work-related issues (Figure 10).

How important is it for you to be able to trust your co-workers and supervisor in non-work related/personal issues?
3 responses

![Figure 10. Section 2 – Question 4](image)

This question has no majority for a particular answer. All answers have evenly been spread between the 3 possible answers (Figure 11).
All of the employees seem to think that it is important for them to like their co-workers and supervisors (Figure 12).

The following three questions are questions regarding esteem needs in the workplace.

Most of the target group seem to think that strictly set goals are somewhat not important (Figure 13).
Majority of the target group seems to think that it is somewhat important for them to get praise and rewards of their work (Figure 14). It indicates that praise and rewards can enhance their self-esteem and self-confidence, and therefore increase motivation.

All of the target group have answered that they do not feel that confident about the work that they do (Figure 15).
The following three questions are questions regarding self-actualization needs in the workplace.

All of the target group think that it is somewhat important for them to be able to improve their skills and learn new skills at their job (Figure 16). This suggests that self-fulfillment as a part of their everyday work, is important for them.

Majority of the target group feel that they like a task better when there is more room for creativity (Figure 17). This emphasizes the importance of self-fulfillment for the employees at the workplace.
Figure 17. Section 2 – Question 11

All of the target group feel that their tasks are perfectly challenging for them (Figure 18).

Figure 18. Section 2 – Question 12

6.3 Section 3 – Theory Y leadership

The following six questions are questions regarding the current state of leadership and the leading style at the workplace.

All of the target group feel that they can call their supervisor by their first name (Figure 19). This is very much Theory Y type of management, when there is no need for the employees to call their supervisors with honorifics such as “sir” or with their titles.
I call my supervisors by their first name.
3 responses

Figure 19. Section 3 – Question 1
All of the target group somewhat agree that they are aware of the news and new developments and goals that the company has (Figure 20). Theory Y management style assumes that employees want to take responsibility and make good decisions based on the information that they have.

I am aware of the newest developments, news and goals our company has.
3 responses

Figure 20. Section 3 – Question 2
Majority of the target group feels that they can talk about their personal life with their supervisor (Figure 21). In theory Y type of management, the environment of trust and openness is encouraged.
Most of the target group somewhat agree that if someone does something very successfully at work, that they will get praise and recognition (Figure 22). In theory Y type of management, the employee’s self-confidence is an essential factor of a well-functioning company. Rewards or praise will usually increase self-confidence of an employee.

In our company if someone does something really successfully at work, they get praise and recognition about that.

Majority of the target group feels that anyone can freely address concerns about anything in the company (Figure 23). In theory Y type of management, the concerns of employees are equally important as anyone else’s.
I feel that in our company anyone can freely address their concerns if they have any.

3 responses

Figure 23. Section 3 – Question 5

Majority of the target group feels that anyone can make suggestions on how to improve the company’s operations (Figure 24). In theory Y type of management, it is important for the employees to feel that their input in improving the company is welcome and appreciated.

Figure 24. Section 3 – Question 6

The analysis of the answers obtained in the questionnaire is in this following section. The analysis has been done by section starting from Intrinsic vs Extrinsic Motivation questions, followed by some of Maslow’s hierarchy of
needs questions and lastly followed by some McGregor’s theory y and theory x statements.

Analyzing the results of the survey

There were 6 questions about intrinsic and extrinsic motivation, of which 4/6 imply that the employees are intrinsically motivated. XXXX’s employees seem to be mostly intrinsically motivated, although a clear and a definite answer is hard to obtain from these results.

Salary seems to be a safety need that does not concern XXXX’s employees at the moment. As a start-up, cannot offer a regular salary at this stage for the employees, so the team has to be committed to the end result of this start-up phase, in order to stay motivated.

Social needs seem to be important for all of the employees and it is important for the company to take steps to keep the company culture and work environment friendly and encouraging. It is important for the management to create an environment that supports all employees and listens to their personal problems as well. Importance of good co-worker and employee-supervisor relationships should be emphasized, and also the importance of an environment that encourages them.

Employees think that getting praise and rewards from the work they do is important. Praise and rewards increase self-confidence of a person and is likely to affect positively to motivation because of that.

XXXX’s employees also indicated that they do not feel that confident about the work they do. This result is very likely to be connected to the fact that all of XXXX’s employees are students, with little to no work experience from the area of work they do at XXXX. There is certainly room for improvement in this area of self-esteem among XXXX’s employees. It would be very important for the management to find a way – possibly even through praise, recognition and rewards – to increase the self-confidence of employees.

All of XXXX’s employees would like to learn something new and improve their skills in their job. The management should come up with ways to help employees learn new skills and to better their old skills while doing their jobs. They would also like to have tasks which include less strict instructions and more room for creativity.

When it comes to following theory Y management principles, the company seems to have been successful. Employees and supervisors seem to have a good and trustworthy relationship with each other. Majority of the employees feel that they can speak about issues on their minds to supervisors or suggest on how to better the company’s operations.
8 SUGGESTIONS

These suggestions are meant to serve as recommendations for the management of XXXXX Oy. The study performed in this thesis implies that if these suggestions will be implemented, the overall motivation should increase.

8.1 Increasing employee self-confidence

Firstly, the company should establish a system to boost the employee’s motivation and self-confidence. Considering the fact that the survey administered in this study pointed out that XXXXX’s employees are mostly intrinsically motivated, the system has to be in line with that also.

To increase motivation of intrinsically motivated employee’s, there are two main things to consider according to Deci (1972). Firstly, the tasks that the employee does in the company, need to require resourcefulness and creativity from the employee. Secondly, like Deci (1972) mentions, it is important that to some extent the employees are a part of the decision-making process, when it comes to decisions that directly affect their work.

Employees also indicated in the survey that they think it is important to learn new skills and improve their old skills in their everyday work. Tasks given to employees should be challenging to the extent that they feel comfortable, so that they will have opportunities to work on skills that they do not feel that confident of, and also with tasks that feel challenging for them at the moment.

8.2 Enhancing work ergonomics

Enhancing ergonomics at work can have a great impact on productivity and motivation. As Gupta et al. (2015) have highlighted, a situation where employees are sitting down for 8-hour long work days, it can cause health issues such as lower back pain.

Part of work ergonomics are the chairs employees are sitting on. It is of big importance that the company acquires high quality work stations for employees whose job requires them to remain seated for the majority of their day. Another concrete way to increase work ergonomics and overall health of the employees, is for the management to encourage the employees to take regular breaks to walk around.
9 CONCLUSION

This study was commissioned by XXXXX Oy. The purpose of this study was to research what factors affect the motivation of XXXXX Oy’s employees.

The theory portion of this thesis went over five well recognized motivation theories, as well as the theory of intrinsic vs extrinsic motivation. Moreover, this thesis also went over different forms of leadership as well as leadership’s impact on motivation in a team or even in a company.

The practical research of the case company was conducted in a form of a survey. Questions in the survey were based on three different motivation theories: Intrinsic vs extrinsic motivation, Maslow’s hierarchy of needs, and theory Y and theory X by Herzberg. The first of the three was utilized to understand the root of the employee’s motivation in the company. The second theory was utilized to understand the values and their motivation level on Maslow’s five stage triangle. The third theory was utilized to understand the employee’s perspective of the leadership in the company. The author conducted the analysis of the results from the survey keeping these three theories closely in mind.

Social needs are a big factor in employee motivation. It is important for the company to take steps to keep the company culture and work environment friendly and encouraging. It is also important for the management to create an environment that supports employees and listens to their personal problems. Importance of good co-worker and employee-supervisor relationships should be emphasized.

Getting praise and rewards is important for XXXXX Oy’s employees. Praise and rewards increase self-confidence of a person and is likely to affect positively to motivation because of that.

A work environment that encourages self-development and learning new skills on the job, is an important factor affecting the motivation of XXXXX Oy’s employees. All of XXXXX’s employees would like to learn something new and improve their skills in their job.

Suggestions made for the case company were based on results from the survey conducted as a part of this study. This thesis provides a basis for understanding the case company’s staff and their view of the world, in regard to motivation.
REFERENCES


