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IMPROVING THE EMPLOYEE SUGGESTION SYSTEM AND  
MOTIVATING THE EMPLOYEES TO USE IT

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# ALOITEJÄRJESTELMÄN PARANTAMINEN JA TYÖNTEKIJÖIDEN MOTIVOINTI SEN KÄYTTÖÖN

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Tämän opinnäytetyön aiheena oli ehdotuksen luominen kohdeyrityksen uudeksi aloitejärjestelmäksi. Yrityksen oman näkemyksen mukaan aloitteiden määrä on alhainen eikä vanha järjestelmä ole toimiva. Muutostarpeiden ymmärtämiseksi oli tarpeellista selvittää yrityksen alhaisten aloitemäärien taustalla olevia syitä, jotka tulisi ottaa huomioon uuden aloitejärjestelmän muodostuksessa ja käyttöönotossa. Kyseessä oli tapautus tutkimus vahvalla konstruktiivisella piirteellä. Tarkastelun kohteena oli kohdeyritys ja tuotoksena oli ehdotus tämän yrityksen uuden aloitejärjestelmän säännöiksi.

Teoreettisessa osuudessa käsiteltiin henkilön motivaatioon vaikuttavia tekijöitä ja miten motivaatiota voidaan tukea. Tähän liittyen teoriaosuudessa käsiteltiin palkitsemisen eri muotoja ja miten niillä voidaan tukea motivaatiota. Aloitejärjestelmiin liittyä lähiesesti erilaisen palkisemistapojen käyttö.

Empiirisessä osuudessa selvitettiin tämän työyhteisön näkemystä nykyisen järjestelmän toimivuudesta ja motivaatioon heikentävästi vaikuttavia tekijöitä. Tämä tehtiin teemahaastattelujen avulla, jotka suoritettiin kevään 2020 aikana. Haastattelujen perusteella pystyttiin tarkentamaan niitä ongelmakohtia, joihin oli tarve vaikuttaa aloitejärjestelmän sääntömuutoksilla.

Yrityksen työntekijöiden lisäksi haastateltiin edustajia sellaisesta ulkopuolisesta organisaatiosta, jossa oli lähivuosina tehty aloitejärjestelmä uudistus. Ennen uudistusta organisaatiossa oli tehty laajasti selvitystyötä aloitejärjestelmiin liittyen. Haastattelussa haettiin ideoita ja toteutustapoja vertailtavaksi ja soveltuvien osin hyödynnettäviksi kohdeorganisaatiossa.

Kohdeyrityksen aloitejärjestelmän haasteet tarkentuivat työntekijöiden haastatteluissa ja toimintatapoja niiden ratkaisemiseksi saatiin sekä teorian perusteella että ulkopuolisen organisaation toimintatapoihin verraten. Näihin perustuen muokattiin kohdeyrityksen aloitesääntöjä ja muodostettiin kehitysehdotuksia, joita yritys voi hyödyntää halutessaan.

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The purpose of this thesis was to create a suggestion for the target company of a new employee suggestion system. The company's own perception was that the number of employee suggestions is low, and the old system is not functional. In order to understand the need for change it was necessary to clarify the reasons for the low number of employee suggestions so that those could be taken into consideration in forming a new suggestion system and when introducing it. This was a case study with a strong constructive feature. The studied case was the target company, and the product was the suggestion of rules for the new employee suggestion system.

The theoretical part handled factors effecting a person's motivation and how the motivation can be supported. In connection to this, in the theoretical part different forms of rewarding were handled, and how they can be used to support motivation. The use of different forms of rewarding is in close connection to employee suggestion systems.

The empirical part of this thesis clarified how this work community experienced the current suggestion system to function and the factors negatively influencing the motivation. This was done by using theme interviews, that were performed during the spring of 2020. With the interviews it was possible to specify the challenges, which needed to be influenced with the change of employee suggestion system rules.

In addition to the employee interviews, representatives of an external organization were interviewed, from an organization that had undergone a suggestion system reformation during the recent years. Prior to the reformation the organization had widely investigated employee suggestion systems. The interview was used to collect ideas and ways of execution for comparison and to be used in the target company when applicable.

The challenges in the suggestion system of the target company got specified in the interviews, and the procedures for resolving them were gained based on the theory and by comparing with the external organizations procedures. Based on these the target company suggestion system rules were modified and suggestions for improvement were formed. The company can utilize these as desired.

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## 1 INTRODUCTION

Employee suggestion systems are used in companies to encourage the employees to bring out their ideas for improvement. Improvement suggestion systems have long traditions in Finland and the original idea was to involve the employees in developing work and to benefit from the improvements. (Hakonen, Hakonen, Hulkko-Nyman & Ylikorkala 2014, 176.) Not only managers and supervisors have the insights, experience, and ideas for development (Hakonen et al. 2014, 177). It is often the person performing the work on daily basis who is also the one, who can see what could be done better, easier or faster and comes up with the idea how to improve the practice.

Ways to establish an employee suggestion system vary between organizations. The suggestions can be given orally, or they can be written on a paper. They can be collected to an electronic system where handling and commenting is easier. (Hakonen et al. 2014, 177-181.) For a good idea, that improves the working conditions, reduces costs, increases safety, or decreases environmental impacts, the employee can be rewarded. The reward could be a gift, a day off, or a sum of money. In some cases, employees collect points with their improvement suggestions, and the points can be used to get trainings for the whole work team or to buy an item from a gift catalogue. (Hakonen et al. 2014, 183.)

What motivates employees to make the move and give detailed suggestions for improvement? For some, the biggest reward can be to see their own idea being executed and in everyday use (Hakonen et al. 2014, 177). The chance to participate and effect one's own work has been proved to result in work commitment, satisfaction, improved quality, and productivity (Hakonen et al. 2014, 233). Offering a reward for a successful suggestion underlines the importance the employee's participation in developing the company and its processes, and certainly offers motivation. Employee suggestion system is a way of telling the employees that want you to think creative and we need

your ideas. Hardly any company can overlook the chances for improvement in the competitive and fast-developing markets many of them live in.

The aim of this thesis is to improve the employee suggestion system of an industrial company. The company's current system is not working as intended and a suggestion for a new system has been requested.

## 2 ORGANIZATION AND NEED FOR DEVELOPMENT

The target organization is a company operating in the field of chemical industry in Finland. With 23 employees, the production runs round the clock, seven days a week. The company is a part of a large international group, operating in the field of specialty chemicals with 6200 employees worldwide.

The core function of this company is to produce first class, high quality products that serve the needs of the most demanding customers. Company seeks to bring new, innovative products to the market. The sales and marketing functions towards the end-users are solely operated by the mother company from central Europe. Also, the product development takes place at the mother company's premises.

The company is on the path of strong growth, in 2013 there were 15 employees, and the growth is estimated to continue in the upcoming years. Most of the employees work in shifts either in the production plant or the laboratory. In general, it can be said, that in a small chemical company each employee handles a wide range of tasks and functions, quite independently. This makes the job both demanding and interesting. Constant growth brings along increased need for developing processes towards leaner and more efficient production. Continuous change constantly brings up new areas in need of increased performance. All ideas how to improve or optimize are needed to keep up with the pace and to respond to the customer's needs also in the future.

### 2.1 Objective

The objective of this thesis is to create a suggestion of an alternative way to execute the employee suggestion system and the related reward payment. The assumption is that the currently valid system is not appealing to the employees as the rewards are nearly impossible to reach. This assumption brings along also the need to consider other possible reasons for low motivation. In addition to the new alternative suggestion, the goal is to examine the reasons for low motivation and to collect points that need to be taken into consideration, when working for improvement of the employee's motivation.

When aiming at a well working and motivating employee suggestion system, the reasons behind the failure of the old system need to be examined. This will show which features of the current system the employees find dysfunctional and they have the chance to give their own views on what kind of system would appeal to them. The examination might bring up other motivational problems, that are not directly related to the system itself but effect the usage activity. These need to be brought up and handled, in order to the new system be effective if launched.

The main research question is:

What kind of employee suggestion system would motivate and reward this work community the best?

The sub-questions are:

- Why the employees are not making suggestions at this moment?
- What would motivate the employees to give suggestions?
- How to reward the employees in a way that encourages to give more improvement suggestions?

## 2.2 Conceptual framework

The conceptual framework presents the concepts that are relevant to the topic of the thesis and are described in related literature. A concept is a term used in theory and research connected to the research problem. Intellectualizing the surrounding phenomena and mastering the terminology brings the expertise to the research. (Kananen 2012, 57-58.)

The key concepts for this thesis are motivation, rewarding, recognition and an employee suggestion system. Motivated personnel have better performance, are more efficient and more productive. With low motivation, along with several other negative impacts, also the number of creative contributions reduces. (Forsyth 2006, 2-3). In this case, the form of creative contributions are the improvement suggestions. Rewarding motivates and steers the actions. Motivation gets strengthened with the expectancy that

success is possible, and that success shall bring a reward. (Hakonen et al. 2014, 61.) When rewarding is discussed, in some industries and especially in small businesses it still refers to paying wages according to a collective labor agreement (Hakonen et al 2014, 17). Money is often the first thing in mind, but there are multiple ways of rewarding the personnel. In addition to money and tangible rewards, recognition, feedback, appreciation, and the chance to participate in development work play a major role in rewarding. (Hakonen & Nylander 2015, 23.) Rewarding and recognition can be used to support motivation, as described in Figure 1. To underline the importance of non-monetary rewarding also in the case of an employee suggestion system, recognition is described in the Figure 1 separately.

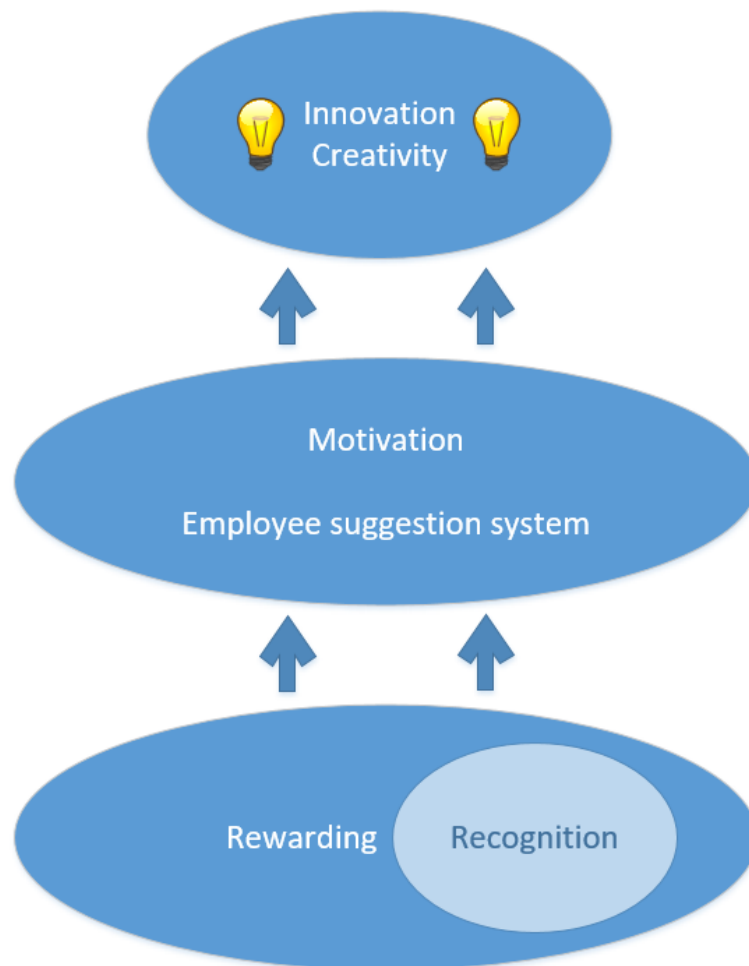


Figure 1. Motivation is steered and supported by rewarding and recognition to bring out the innovativeness and the creativity of the personnel. With an employee suggestion system, the personnel can be rewarded for their creative contributions and be motivated to make further improvement suggestions.

An employee suggestion system can be called with different names, like suggestion program or initiative system, but the idea is the same: to encourage the employees to give their ideas on how to improve the company's performance in terms of cost efficiency, health, safety or environmental impact for example. For successful ideas, a reward is offered to the employees. "A well-constructed employee suggestion program - launched with organizational commitment, clarity, and ongoing communication - can have a positive impact on a company's bottom line and infuse its employees with motivation and enthusiasm" (Heathfield 2019). The idea is not only to benefit from cost savings, but to offer the employees a chance to participate in the development work and in this way to support motivation and job commitment.

### 2.3 Demand

During 2018 the company received three improvement suggestions from its employees. As the company has 23 employees, the number of suggestions is extremely low. Elinkeinoelämän Keskusliitto refers to a study conducted by Johtamistaidon Opisto, where the average number of given suggestions in companies was 113 from a group of 100 employees in a year (Yrityksissä aloitteiden määrä... 2012). Compared to this study, the target company has a very low activity rate. The arranged campaign to restart the improvement suggestion system failed three years earlier. For a certain time period, a recognition gift was offered for every suggestion made, regardless of its implementation. The campaign was supposed to work as a reminder of the nearly forgotten system and to make the first step easier so that the employees would start filing their ideas again, but the suggestion income faded immediately after the campaign. The actual reasons for this were never examined.

It is the company management's wish that the current employee suggestion system is updated to be more appealing to the employees. The value of the development ideas coming from the personnel is recognized and the shortage of suggestions is considered as a sign of a dysfunctional system.

### 3 RESEARCH AND METHODS

This thesis is a case study with a strong constructive feature. A case study reaches for a deep understanding of a certain phenomenon (Kananen 2012, 36). This thesis handles the employee suggestion system in one specific company, and this forms the observed case. But as the suggestion systems are relatively similar in other companies, it is quite likely that there are other work communities struggling with similar challenges as the examined one. Even if the results are not applicable elsewhere as such, this thesis shall also examine the general aspects of motivation support and rewarding that are relatively universal and applicable also in other organizations.

As the intention is to create not only ideas for development, but a new employee suggestion system, this thesis fills the definition of constructive research to some extent. In a constructive research the aim is practical problem solving by creating a new structure. A constructive research, when made to full extent, contains the testing of the created structure or solution. (Ojasalo, Moilanen & Ritalahti 2014, 65.) Testing of the created employee suggestion system shall be missing from this thesis, as the testing would require a long term follow up.

#### 3.1 Case study aims for detailed description and development suggestions

Case study is a suitable approach, when the goal is to create development suggestions or ideas (Ojasalo et al. 2014, 52). In this thesis, understanding the current situation regarding the low usage of the employee suggestion system, and the reasons behind it, is mandatory to clarify before making changes or creating a suggestion for a new system. Understanding must be gained prior to any development work so that the correct requirements for change can be targeted. Also, other factors around the system must be taken into consideration, as the lack of motivation might be affected by surrounding circumstances in addition to the system itself. This thesis concentrates on the target company, and specifically on its operating personnel, which is expected to use the employee suggestion system.

A case study aims on gaining knowledge on one case, for example a company, unit, department, community, family or individual. Multiple methods for data collection in a case study are possible, and the data can be collected from documents, archives, interviews, observations – the data sources are limitless. A case study combines data from different sources, in other words uses triangulation as research strategy. It is essential that the data sources are many, and the data collection is well documented as these are the foundation for the research reliability. A case study concentrates on one single case and the results are unique for this selected target and they cannot be extrapolated to other cases. (Kananen 2012, 34-35.)

A case study is a way of understanding the target of development and its complexity without simplifying it too much; the key is not to find out how generally something happens, but to find out how or why it happens. Instead of finding statistical generalizations, case study considers local and social connections and circumstances in producing new knowledge to support development work. A case study is a useful approach when the aim is to produce development suggestions. (Ojasalo et al. 2014, 52-53.)

A case study always leans on existing theories, methods and earlier research concerning the same topic. It is important in the literature review to find the relation between the handled topic and existing information, and to view the methods used in approaching similar cases. Typical case study starts from the development assignment or problem and proceeds to viewing the phenomenon both in theory and practice. After collecting and analyzing the empirical material, development suggestions or a model shall be formed. (Ojasalo et al. 2014, 53-54.) Data collection shall be made by using the methods of qualitative research. For this thesis, the selected methods are literature review, theme interview and document analysis.

### 3.2 Theme interview

The used research methods in this thesis shall contain theme interviews, as the current situation and reasons for low number of employee suggestions need to be clarified. An interview is a suitable method when a clarification and deeper knowledge are required.

Also, an interview is found suitable when the topic is difficult or sensitive. (Ojasalo et al. 2014, 106.) The relevant feature of a theme interview is that it does not follow a list of specific questions but is instead guided by the key topics. This gives more space for the interviewee's own perception and interpretation of the situation. Theme interview is a semi-structured method as the topics, i.e. themes, are the same for all interviewees. (Hirsjärvi & Hurme 2008, 48.) Theme interview is suitable for this case, as the reasons why personnel do not file their employee suggestions can be very personal and are difficult to estimate beforehand. Theme structure is used to ensure that the same set of relevant topics are handled with all interviewees.

Theme interview, as the name tells, proceeds according to certain themes. Instead of having specific questions, this form of interview leaves more space for the interviewee to talk about the subject freely. It recognizes the importance of interviewees own interpretation of a situation, and how the meanings that are formed in an interaction have a major role. (Hirsjärvi & Hurme 2008, 48.) As the reasons for low motivation in using the current employee motivation system could be personal and cannot be defined beforehand, it is important that the interviewees are encouraged to speak freely and that they can rely on their anonymity.

The interviews shall be performed until saturation is reached. Performing interviews to saturation point means that new interviewees shall be taken into study until no new relevant information is gained. The person performing the study draws himself the conclusion when that point has been reached. (Hirsjärvi & Hurme 2008, 60.)

A challenge for the reliability of these interviews is that the interviewer works in the same company as the interviewees. How well the interviewer can assure the interview results shall be handled anonymously and the interviewees identity will never be revealed, defines how openly the interviewees can talk and how honest the answers in the interview shall be. The second challenge is the interviewer's own attitude and perception towards the discussed topic. In a relatively small company, the personnel have known each other for some years and are familiar with each other's opinions to some extent. This might have an unwanted effect on the discussion when the interviewer cannot obtain complete neutrality.

The interviews shall be performed on the operating personnel of production and laboratory, as these personnel groups are the main target group for the employee suggestion system. The senior salaried employees are not excluded from the suggestion system, but they are expected to develop their own field of responsibility as a part of their job description without necessarily using employee suggestion system. The production has no female employees, so selection according to gender is not available there. From the laboratory, which has two male and two female employees, shall be selected one male and one female interviewee. Selection of the interviewees shall be made based on years of service, so that both long-served and more recently hired members are presented. From the production shall be interviewed three employees or more in case the saturation is not reached with this number of interviewees.

The interviews shall be performed at the offices of the industrial site. Supportive question list is created to guide through the relevant topics (appendix 1). Only employees who consent by their own will shall be interviewed. Prior to the interview the permission for recording the interview is requested from the interviewees and the interviewer engages to maintain the interviewees anonymity.

### 3.3 Suggestion systems in other companies

Interviewing another organization in order to learn from their practice through comparison is one research method. During a visit information is exchanged between equal parties and reflected reciprocally. Feedback is given and received so that both parties can learn. Visiting and interviewing as a method often widens perspective and brings courage to try out different procedures. The meaning is not to copy another's solutions, but to gain understanding and insights towards own performance. This brings inspiration to the evaluation and development work of the own company's policies. (Hätönen 2011, 81-82.)

Document analysis shall be used as a method, as the current employee suggestion system rules are in a written form. With document analysis conclusions are drawn from material that is, or is transferred, to a written form (Ojasalo et al. 2014, 136).

## 4 MOTIVATION IS NEEDED FOR CREATIVITY

As the employee suggestion system is intended to motivate the personnel to use their creativity and give their development ideas, this chapter handles the different types of motivation and how the motivation can be supported. In the case of an employee suggestion system the general motivation influences the usage activity as the employees are most creative when they have enthusiasm for their work. For this reason, the overall work motivation deserves to be observed when considering the motivation to give employee suggestions. On the other hand, the employee suggestion system should be supporting the general work motivation and commitment by offering rewards, recognition, and chances to participate in company development. Motivation is diverse and over the time multiple theories have been developed to describe it. For this thesis, the approach of intrinsic and extrinsic motivation with reference to autonomous and controlled forms are selected.

### 4.1 Intrinsic and extrinsic motivation

A person can be motivated in two different ways: intrinsically and extrinsically. When extrinsically motivated, a person performs for a reward, or to avoid a punishment. Intrinsically motivated person performs out of attraction and enthusiasm towards the work and its goals. Dividing person's motivation to intrinsic and extrinsic bases on the self-determination theory by Edward Deci and Richard Ryan, which is widely examined and currently the leading theory of a human motivation. (Jarenko & Martela 2014, 12-15.)

When a person is motivated by a reward, fear of punishment, peer pressure or provocation, the motivation is extrinsic, and working might feel coerced. This results in reluctance, exhaustion and decreases work welfare. Intrinsic motivation is the source for inspiration, happiness based on values and feeling of success in work. Intrinsically motivated person can become devoted towards the employer and be committed to perform the task. They can feel the flow in their work. (Mayor & Risku 2015.)

Many corporate managers treat the employees in a way as if intrinsic motivation did not exist. They try to control their subordinates and offer suitable rewards, and with the control they make sure everyone participates. This leads to the fading of own thinking, enthusiasm, and development aspect, as the employees settle to fulfill the set criteria. Controlling management style is harmful as it passivates employees. (Jarenko & Martela 2014, 15.)

#### 4.2 Autonomous motivation and controlled motivation

The motivation is autonomous when a person is performing willingly and by his own choice. In this type of action, person is often also intrinsically motivated. When it comes to performance at work, under certain circumstances the person can be both extrinsically and autonomously motivated. “When individuals understand the worth and purpose of their jobs, feel ownership and autonomy in carrying them out, and receive clear feedback and supports, they are likely to become more autonomously motivated and reliably perform better, learn better, and be better adjusted. In contrast, when motivation is controlled, either through contingent rewards or power dynamics, the extrinsic focus that results can narrow the range of employees’ efforts, produce short-term gains on targeted outcomes, and have negative spillover effects on subsequent performance and work engagement.” (Deci, Olafsen & Ryan 2017, 20.)

The extrinsic motivation has different forms that vary in the level of autonomy the person experiences. Externally regulated persons experience the lowest level of autonomy and their actions are controlled by contingent rewards and threats. Slightly more autonomous form is introjected regulation when a person performs to gain approval in his work from his supervisor. One step closer to autonomy is identified regulation, and this takes place when a person is identifying the importance and value of his work and behavior. Integrated regulation is the most autonomous form of extrinsic motivation when a person absorbs and integrates their own identifications. Integration is important, so a person’s identifications from work and for example from personal life, become coherent and are not in conflict. This way a person can be fully engaged to his work. (Deci, Olafsen & Ryan 2017, 21-22.) As Deci, Olafsen and Ryan derive in their

research: “the general expectation from self-determination theory is that more autonomous forms of motivation will predict greater persistence, performance quality, and well-being over time than will controlled forms, and that each of these forms of motivation will be systematically related to leadership styles, work conditions, and pay contingencies” (Deci et al. 2017, 22).

In the case of this company, the employee suggestion system offers extrinsic motivation by tangible or financial reward, but in the long term the more beneficial aspect is the chance to participate in the development work and the received feedback and appreciation from the supervisors and management. One should also bear in mind that in working life the employee’s motivation is not only intrinsic or extrinsic. It is a combination of the two, and most beneficial when intrinsic motivation can lead the way and extrinsic motivation is used to steer actions towards the common goals and this way both parties, the employer and the employee benefit the most.

### 4.3 How to build and support motivation

Supporting personnel’s intrinsic motivation is most beneficial for both the employer and the employee. It is shown that the employees are feeling better, they are healthier, perform more efficiently and are more creative when they feel enthusiastic about their work. This leads directly to higher productivity. Employees intrinsic motivation can be led by taking care of three elements: employee’s autonomy, competence, and relatedness. Autonomy means that the employee has the freedom to operate and perform the work without too much control and limitations. Competence can be supported by giving feedback on the employee’s performance and by creating systems for competence development. Relatedness, where employee is a part of a caring work society, the management can support by clarifying the meaning of the work and committing the community to the common goals. (Jarenko & Martela 2014, 6.)

#### 4.3.1 Supporting autonomy

Supporting autonomy of an employee starts already in the recruitment process. It is important that a person’s job is something he has interest and enthusiasm to do. Also,

when the future employee shall be a part of the team, it should be ensured that the new person fits in that team's culture in order to maintain the good spirit, or the that person has the features the team needs in addition. (Martela & Jarenko 2015, 74-77.)

Autonomy comes from the freedom to make decisions and from the understanding that our decisions have an effect, and they make a difference. Making decisions concerning our work creates a personal commitment to it. From a supervisor, this requires passing volition to employees and trusting them. Giving up on unnecessary controlling actions is mandatory, as the employees cannot take responsibility unless they are in control of the influencing factors. Giving this kind of operational freedom does not mean there would be no boundaries, limitations, or deadlines. Supporting autonomy is about encouraging. (Liukkonen, Jaakkola & Kataja 2006, 105-121.)

Employees do not want to effect only on their own work, but also the how the entire organization operates. Giving employees the possibility to participate in decision making at workplace, provides the experience of autonomy. Regardless of autonomy, the employees are aware that major decisions are made by the management. But before taking decisions, ideas and thoughts of the employees should be listened as this strengthens their commitment on the made decisions. (Martela & Jarenko 2015, 83-86.)

#### 4.3.2 Supporting competence

Competence means that an employee feels he can use all his skills at work, and on the other hand, that he maintains control as his skills are enough in order to perform well. One aspect is the feeling that something has been accomplished and the work performance brings results. Developing skills by learning increases the employee's competence. Feeling of competence can be supported by clarifying the goals for each individual. Clear rules of thumb for decision making are helpful when the leading is not happening as commands coming from above but the employee makes decisions autonomously conducting his own work. A rule of thumb can be for example a checklist of list things to go through before taking a decision. As both the individuals and the organization need developing, a culture of sparring is valuable to create and to maintain.

Sparring is not only feedback from the supervisor, but also from the team to the supervisor and between the members. Supportive, constructive feedback can help the team and individuals develop faster and encourages them to set the goals higher. (Martela & Jarenko 2015, 98-109.)

Experienced competence is connected to how a person perceives the value of his work. When a person has identified the value of his work and receives positive feedback for performing well, it inspires him to continue. When an employee experiences that his work as his specific area of competence and he experiences he has performed well and has been able to tackle all the challenges, it contributes to his self-esteem in general. People have the tendency to search for activities where they feel competent and to avoid the ones where they feel they are not good at. At work, the employees who feel competent also tend to have better work results than the ones who consider their competence low. (Liukkonen et al. 2006, 124-126.)

Task-oriented person reflects his performance to his personal skills and previous development, while ego-oriented person reflects himself on other people's performance and skills. All people are both task and ego oriented. Ego orientation limits the chances to feel competence and success, and in terms of motivation and well-being it is important that the task orientation is higher. Task-oriented motivational climate can be supported by passing the tasks to employees considering their skills and wishes. Separated work tasks are beneficial, as the tasks are not the same for each individual thus the performance cannot be directly reflected, and each can perform at their own level of skills. Taking employee's wishes into consideration provides the experience of autonomy. (Liukkonen et al. 2006, 132-135.)

#### 4.3.3 Supporting relatedness

Relatedness is about belonging to a community where the members care about each other, management cares and appreciates all individuals, the promises are kept, and all the members are treated equal. Team spirit is one key, as all people have the need to be a part of some community. This means that each member is appreciated as they are, with strengths and weaknesses they have. As employees have their mutual respect, the

appreciation is needed also from the supervisors and the management. Employees should not feel they are just parts of the structure and easy to replace, but recognized, listened, and appreciated with all their features. In addition, all the promises must be kept, and the treatment must be fair. If employees cannot trust the word of the colleagues or their supervisor, all cooperation becomes difficult and motivation suffers. Same goes with unequal or unfair treatment, either seeing or experiencing this makes one lose the faith in the community. (Martela & Jarenko 2015, 119-121.)

Most of the people are afraid of failure, and creativity becomes useless when the fear of failing hinders a person from presenting new ideas at work. When creating something new, the chance for both, success and failure are always present. (Jabe 2017, 284-285.) The good experience of a community is very important at work. When the community feels psychologically safe, it provides a good ground for creativity and innovativeness. The individual can express the development ideas without being afraid of failure, shame or mocking. New inventions and ideas are created in an atmosphere where employees feel it's safe to be vulnerable. (Martela & Jarenko 2015, 120-121.)

When supporting relatedness, employees could benefit from training in teamwork skills and how to communicate with each other. As Adams (2007, 89) expresses it when talking about motivated and trained employees, the ones likely to be innovative, "it should also be noted that training in skills that are not directly related to an employee's job description, such as communication, time management, interpersonal and teamworking, and creativity skills have a substantial indirect effect on productivity and innovation."

#### 4.4 Motivation in relation to an employee suggestion system

To establish an efficient employee suggestion system, the motivational climate needs to be observed and well maintained in order to create the circumstances where creativity and innovativeness can flourish. At work the extrinsic motivation is always present as all employees work to gain their salaries, but the more the autonomous motivation can be supported, more likely the creativity will be present. Well trained, appreciated and in fair manner treated employees, who feel safe and accepted in their

work community, can feel enthusiastic about their work and are likely to create and give improvement suggestions. Motivation needs continuous care, and it is easily lost. One negative feedback from the supervisor in public can lower the motivation of a sensitive employee for a long period of time. (Hokkanen, Mäkelä & Taatila 2008, 37.) Supporting autonomy, competence and relatedness is the key in maintaining autonomous motivation of the employees and avoiding the acts that may lower the achieved state.

## 5 REWARDING AND RECOGNITION SUPPORT MOTIVATION

Many organizations think they are using rewarding as a way of creating motivation among employees. They think that by rewarding they can make the employees strive for the company. Unfortunately, rewards and especially financial rewards tend to be superficial and result in actions that are coerced. It does not make rewarding unnecessary, but requires rethinking, why to use it. When rewarding, especially financially, it should be connected to those actions which the organization considers important. It should be used to tell what has the highest importance and where to concentrate. As the employee achieves results in this field and contributes to the success of the organization, this person also deserves a reward. (Rötkin 2015, 120.)

To support motivation by rewarding, the reward should be given as soon as possible after the successful, good performance. The grounds for rewarding must be clear for all employees, as it is necessary to know what kind of performance shall bring a reward. In addition, the nature of the available reward must be also known, and it should be appealing to the potential receivers. When there is a set target for the reward, the target must be realistic and possible to reach to be motivating. Rewarding must be fair, made in an appreciative manner and communicated well. Reward is a form of feedback given for success and this way it supports motivation. (Hakonen & Nylander 2015, 153.)

Rewarding is much more than money or other tangible rewards, and the following chapters handle the different forms of rewarding and how to use them in order to support motivation. When it comes to an employee suggestion system, rewarding plays a major role. The entire suggestion system should be well designed and organized, so that it can contribute to the company's goal reaching and support the employee's innovativeness. Many systems suffer of too slow suggestion handling, insufficient feedback, or there are problems in decision making and executing the suggestion. Many innovative employees feel rewarded, when their idea is appreciated, they get feedback, and they see the idea being implemented. Tangible reward or paid money rewards best when it's connected to appreciation and feedback. (Moisio, Lempiälä & Haukola 2009, 72.)

The importance in rewarding lies in the interpretation of the receiver. Rewarding must be addressed in a way it supports the intrinsic motivation. “When the interpretation of rewards is informational, they convey positive competence information thus satisfying the recipient’s basic psychological need for competence and enhancing intrinsic motivation. Positive feedback on average has this functional significance. In contrast, when the interpretation of rewards is controlling, people feel pressured to think, feel, or behave in particular ways, so the rewards frustrate people’s basic need for autonomy, thus undermining intrinsic motivation.” (Deci et al 2017, 14.)

### 5.1 Tangible and intangible rewarding

Rewarding can be categorized to tangible and intangible rewarding. Tangible reward is either money or such reward that can be defined with monetary value. In addition to salary, tangible reward can be a bonus, special reward, gift item – anything with a clear financial value. Rewarding can also be indirectly tangible: the kind of processes and services that can be considered to steer employee’s activity and effect motivation, and either effect the employee’s future rewards or require investments from the employer. If a process is considered as a reward or not, depends on the organization itself. Examples of indirect tangible rewarding would be courses and trainings, processes helping in career development, flexible working hours or a chance to telecommute. (Luoma 2004, 39-40.)

Intangible rewards are all those actions and ways in the company culture that are used to show appreciation towards employee in a non-material way. Examples of these would be the feedback and acknowledgement from supervisor or management, showing trust and appreciation towards an employee or chance to use and develop skills. Also, good working culture in an organization and feeling of relatedness are rewarding as well as chance to participate in planning or execution of important processes. In addition, the chance to combine working life with free time or family requirements in a flexible manner is considered rewarding. (Luoma 2004, 43.)

Employee suggestion system contains both tangible and intangible forms of rewarding. Money as the tangible reward, has traditionally been considered as the main incentive in suggestion systems, but more attention should be paid to the chance suggestion system gives to use intangible rewarding. Acknowledging and appreciating the employee, for giving a suggestion, makes it likely that the employee shall repeat the action. Also, the means of intangible rewarding are to certain extent same as the means for supporting intrinsic motivation. Giving a suggestion, and seeing it being implemented, how it's positively effecting the company's performance - the employee can feel he has made a difference, especially when the feeling is strengthened with positive feedback.

## 5.2 Feedback

Feedback is needed to tell the employees how they have performed their job. Giving feedback is a form of appreciation, and especially effective and inexpensive. Everyone wants to know how they have met the expectations. Vague or missing feedback gets interpreted as disrespect towards the work effort or gives the feeling that the work has no importance. Feedback can be received from customers and colleagues, or in form of performance figures, but feedback coming from the supervisor is the most wanted and appreciated. (Hakonen et al. 2014, 251.)

Feedback is not only given by supervisors and received by employees. Feedback should happen as a dialogue and be given and received by both parties. It should be continuous and a normal part of daily communication. In addition to making feedback a part of daily discussions, also concentration on learning and consequences is important. Finding the guilty employee and focusing on the mistake is concentrating in the past. Feedback should never be taken personal or given in a way it insults an employee personally. Feedback and its effect on motivation should not be underestimated; regular constructive interaction between the supervisor and an employee builds and maintains motivation. (Rope & Kettunen 2012, 107-108.)

Feedback tells the employee and possibly the whole work community what kind of performance is wanted. It strengthens a certain behavior and positive feedback inspires and energizes. Even the best of targets has no value if the feedback is missing. Also,

the need for corrective actions and areas for development are expressed. Feedback should be as specific as possible, and it doesn't always have to be positive: well justified and fair corrective feedback motivates better than unfounded positive feedback or completely missing feedback. (Hakonen et al. 2014, 251-253.)

Feedback is connected to learning and without feedback there cannot be development. But giving and receiving feedback can be difficult. Monetary rewarding is also one kind of feedback but it leaves too much room for interpretation when given without related communication. (Moisio et al. 2009, 85.) Careless and discrepant monetary rewarding is bad management, and monetary rewards must be well-founded (Ylikorkala, Hakonen, Hakonen & Hulkko-Nyman 2018, 51).

In an employee suggestion system feedback has very high importance. Every employee suggestion needs to be discussed and well justified, how the monetary reward was evaluated or why it was not considered successful and rewarded. Employee suggestion system could be considered as a communication channel towards the entire working community; when an employee has given a suggestion, if it is handled and implemented fast, other employees can see it and be encouraged to file in their own ideas. If an employee feels mistreated in the evaluation process, it will influence the entire community and lower the motivation of all the members. In order to send a positive message for especially successful suggestion, the employee could be given public recognition.

### 5.3 Recognition

Recognition and appreciation are often considered synonyms. Robbins (2019) describes the difference of the two: "Recognition is about giving positive feedback based on results or performance. Sometimes this happens in a formal way: an award, a bonus, a promotion, a raise. - - Appreciation, on the other hand, is about acknowledging a person's inherent value. The point isn't their accomplishments. It's their worth as a colleague and a human being." Recognition is about what a person has established, it is positive feedback after performing well. This is, as Robbins (2019) says, conditional and scarce, and based on the past.

Appreciation and recognition are both needed in an organization. Recognition should be given as it is earned for good performance. It can be in a form of personal thank you or a public praise for a job well done. Recognition takes place only seldom, but appreciation is needed on daily basis. In an employee suggestion system, recognition should take place when a suggestion is considered successful. Praise should be given to the person making the effort and improving the company's performance or well-being of the employees. That employee has deserved the recognition. On the other hand, not all suggestions turn out to be successes even when the idea or intention is good. In this case, the employee should be appreciated for the effort and encouraged to continue with the good work.

#### 5.4 How to appreciate

A major part of appreciation is the fair and equal treatment of people. When a person feels treated in the same manner, and communicated the same way as colleagues, this tells him he is an appreciated member of the team. If a decision is taken that concerns a person, it is important how the decision was made and how the person was treated in the process. The decision making and passing the information must feel fair to the receiver. (Hakonen et al. 246.)

Experiencing appreciation is about how a person is treated in communication; he should be heard, treated as equal and as an expert in his own field, and he should be able to influence the course of the discussion. Trust forms the foundation for appreciation, as honest discussions cannot be conducted without it. Gaining of trust happens with small steps over the time: discussions and cooperation, keeping promises and proceeding as agreed. Trust alone is not enough. Experiences of appreciation can be created by paying attention the accomplished, showing interest as well as by identifying and utilizing the strengths of a person. (Kuusela 2013, 65-67.)

In the case of an employee suggestion system the employees should be treated in a respectful and fair manner. When a decision is made concerning the implementation

and rewarding of a suggestion, the employee should be communicated how the decision was made. This should also include an opportunity for discussion, and the employee should be listened. As suggestions are mostly made by subordinates, it should be kept in mind, that the employee might feel vulnerable presenting his idea to the supervisors and management. To give one's idea for the superiors to evaluate, has already required courage.

### 5.5 Spontaneous rewarding

Spontaneity should also occasionally take a place in rewarding. When all the acts management does to maintain motivation seem to come off a calendar or formula, it will decrease the value of the effort. Recognition must always be sincere, and the rewarded person must feel being cared for. (Forsyth 2006, 133.) Spontaneous acts now and then will reinforce the effectiveness of planned rewarding system when every reward is not evaluated and judged according to a form.

The efficiency of spontaneous rewarding is not based on the high value of the reward, but the correct timing i.e. fast response, the fact that it is not expected and the sincerity. Small quick rewards have proven to have the highest input-output value. The well-timed small reward, a genuine special thanks, has a greater effect than badly timed high-value reward. (Rötkin 2015, 140-141.)

Spontaneous quick rewarding is an everyday tool for supervisors. The value is relatively low thus the usage has no need for moderation. Possibilities for a quick reward are many: item, service, or a small sum of money. Different organizations select to their quick reward selection the kind of options that suit their receivers and culture best. (Hakonen & Nyman 2015, 206.) Spontaneous rewarding as such is not a part of an employee suggestion system, but it complements the efficiency as it can help to maintain the motivational climate as a positive signal from the direct supervisors. In her article handling efficient employee suggestion systems Heathfield (2019) suggests, to give managers ways to reward employees for small improvements that concern their own job. This type of improvements should not need handling in employee suggestion evaluation teams but be immediately put to practice and rewarded at the same.

## 6 EMPLOYEE SUGGESTION SYSTEMS

Different rewarding systems have been the traditional way of motivating personnel. The tool of supervisory work used for guiding the employees. Adequate sum of money can be a decent incentive, but at the same time, it is superficial. It stimulates only while the chance for reward is available. It is not a reason to stop rewarding systems, but to consider them more as a channel for communication, underlining what is important to the business and clarifying the goals. (Rötkin 2015, 77-78.)

How the employee suggestion system is handled in a company can make a big difference. Well implemented system motivates the employees to come forward with their ideas. Seeing their own suggestions put to practice, improving the working conditions, or increasing efficiency, brings motivation as the employee sees he has made the difference. Having the chance to effect ones working conditions, and being rewarded by the employer, is highly motivating and this positive feedback increases the commitment towards the employer. All this will likely encourage to bring more improvement suggestions to the table, and this can lead to a positive reinforcement and continuous improvement. Company will not gain from the system only in terms of savings, efficiency, and increased working safety; committed and well feeling personnel should be considered even more important. “And there is no doubt that people who are well motivated perform better than those who are not” (Forsyth 2006, 1).

It is relatively common for a company to have a dysfunctional suggestion system. Often the problem lies in too slow suggestion handling, and there can be reluctance in making decisions for execution and rewarding. Handling process gets prolonged and personnel do not consider the system reliable if they have bad experiences of suggestion handling. Often the personnel have good ideas, but they don't come forward and present them as they might not consider their ideas good enough or they are afraid how their supervisor might receive it. (Hakonen et al 2014, 178.) The direct supervisor plays a major role in a working suggestion system. It is the supervisor's task to inform the employees how the suggestion system works and to encourage the employees to use it. (Hakonen et al 2014, 185.)

## 6.1 A tool to support motivation

Employee suggestion system can be more than a way to collect the employee's ideas to benefit from them financially. It should be considered also as a way of communicating to the employees that their creativity is appreciated, and that the company believes in their skills. Appreciating employee's activity improves their commitment towards the company and increases job satisfaction. (Erkamo 2017.)

As described in chapter 4.3, employee's intrinsic motivation can be led by taking care of three elements: employee's autonomy, competence and relatedness (Jarenko & Martela 2014, 6). Well maintained employee suggestion system can contribute to all three elements at least to some extent. In the case of a suggestion system, the employee can experience autonomy, as the system provides a way to influence the performance of the company. Giving a suggestion, seeing it being implemented and the improvement bringing results, can provide an experience of actively improving the company's performance. Successful improvement and related positive feedback allow an employee to experience competence and that directly increases his self-esteem. Supporting relatedness in the case of a suggestion system happens through equal and fair treatment of employees. System rules are interpreted in a fair manner, decisions are well-grounded and communicated to the employees. It is important that the agreed actions are made and promises kept. Employee suggestion system is a small part of daily life at work, but when handled well it can contribute to an employee's intrinsic motivation. If the suggestion system exists but is neglected, the influence on motivation can be negative.

An employee's motivation can be supported by rewarding and recognition as described in chapter 5, and suggestion system could be viewed as a chance and channel to give both. In most of the cases supervisors overestimate the amount and underestimate the meaning of the recognition they give to their subordinates. By giving recognition the wanted behavior will strengthen and repeat. Employee's self-respect is made of experiences of success, and success increases motivation. Success can be reached, when the goals are clear, and the goals are meaningful. (Vesterinen 2012, 91-95.) In the case of an employee suggestion system, this requires clear description of the system and its

rules. Clear rules with described rewards are needed in order for the employees to know what is expected from them and what they will be rewarded for.

## 6.2 Employee suggestion system rules

There is no regulation how the employee suggestion rules must be established, but they become valid only after handling in the co-operation procedure. Hakonen et al (2014, 186) have collected together some good policies to take into consideration, when establishing and exercising a suggestion system:

- always give a personal feedback on a suggestion, regardless of implementation
- evaluating suggestions as fast as possible motivates best
- reward also the persons evaluating the suggestions
- keep track on the problems the suggestions were targeted to solve, the solutions and the executed suggestions, until the problem is truly solved
- measure the handling time of suggestions
- support the teamwork of the suggestion handling team
- in case the handling of a suggestion takes longer than the defined limit for maximum handling time, pay a sum of penalty interest, for example 60 euros to the employee

Heathfield's article (2019) lists several practical steps on creating an efficient suggestion system. A cross-functional team representing all departments should be set to evaluate the suggestions and the team members must have the authority to execute the improvements. The team should include also other than managers and selected persons should have a positive attitude towards change. One employee should be named as the responsible administrator to keep the processes moving. The received suggestions are advised to be reviewed and acknowledged within 48 hours. It should be specified in the rules what can be accepted as a suggestion, meaning the suggestion should bring cost savings, improve the quality or the processes, or establish some other identifiable improvement. Suggestion should also always include a plan for implementation.

Regarding recognition, Heathfield (2019) advises to define the rewards paid for a suggestion very clearly and suggests measuring the performance before and after the implementation in order to define savings in case they are the basis for reward calculation. When savings cannot be calculated, additional chart for reward evaluation is needed. In addition, she underlines that often the most important reward is the recognition.

“Make the feedback to people with suggestions private, especially if the idea is rejected. Otherwise, people are unlikely to stick their necks out by offering out-of-the-ordinary suggestions that are possibly your most fruitful.” (Heathfield 2019.) Heathfield (2019) also advises to keep the employee updated as the handling of the suggestion proceeds – silence and long waiting time destroy motivation. Accepted suggestions should have a timeline for implementation and the employee who gave the suggestion, could be included in the implementation team. When rewarding, the employee should be acknowledged, but publicly only with the employee’s permission. All people do not enjoy public praise. Given reward should be published and the implementation team members could also be mentioned. In addition, supervisors, who have been able to support and encourage their teams to give their ideas, should be acknowledged when their team performs well and files several suggestions.

When compared to these policies, the current company employee suggestion system rules fulfill them partly. A cross-functional team is selected for the evaluation of the suggestions, and one person is responsible for setting the meetings and keeping the process moving. At this moment, the handling time is neither followed nor is there any penalty fee applied for slow handling. Discussions or feedback towards the employee who gave the suggestion are not described in the rules. The current rules describe in detail, what can be accepted as a suggestion, and the reward evaluation matrix is detailed, in the case of cost-saving suggestion and the second chart for improvements without clear monetary value is also established. Heathfield (2019) stresses the importance of personal communication and keeping the employee updated while the suggestion is evaluated, as well as the importance of supervisor’s encouragement and support in giving suggestions. These are not handled in the suggestion system rules but they have a major influence on the motivation to use the system.

## 7 INTERVIEWS

Five company employees were interviewed during May and June 2020, and the selection of interviewees was made according to years of service in order to have a representative group that varied from long career employees to more recently hired staff. In addition, selection according to gender was taken into consideration, and senior salaried employees were excluded. Most of the interviewees had experience in filing an employee suggestion. The interviews followed the themes of the supportive question list (appendix 1) and varied as the different experiences and perceptions of the interviewees were discussed. In general, the interviews were considered successful, as the interviewees discussed openly about their personal experiences in using the suggestion system. Saturation point was considered reached as descriptions of the similar challenges repeated. All the interviews were recorded and transcribed for analysis.

Analyzing transcribed material starts with reading the material multiple times while figuring out what the text contains and what is the message and meaning. This can be done by classifying the collected material according to the concepts provided by the studied theories. Other option is to develop the coding for different concepts based on the issues arising from the material itself. (Kananen 2012, 213-215.) In this thesis the material classification was made using the theoretical concepts, and the following chapters sum the interview results, as they concerned the employee suggestion system, motivation, rewarding and recognition. The chapters describe the employee's view on the employee suggestion system and how the suggestions are given and handled currently, challenges in motivation support, and how the rewarding and recognition have been experienced.

### 7.1 The employee suggestion process

At the beginning of all the interviews the current process for giving a suggestion was discussed. All interviewees mentioned that the current way of filling the form and passing it onwards was clear and was not considered to require too much effort. Some challenges were mentioned by single employees, like expressing oneself in foreign

language could be challenging and potentially cause misinterpretations. To attach photographs to a suggestion could be made easier by providing equipment as a picture would often clarify the suggestion. But several weaknesses were described in the receiving, handling and all the communication related to the suggestion system.

Some employees expressed their need to give additional clarification through a discussion when giving a suggestion. This possibility is not automatically available at this time but need to be requested by the employees, and this part of the process was considered effortful. The handling and evaluation process did not appear clear to the employees. All knew the formula that needed to be filled, but what would happen after that to the suggestion seemed unclear. Evaluation team would handle the suggestion, but when and who exactly participated in evaluating of one specific suggestion was not well known. On one hand the rules were mentioned to appear clear, and the rules state that the handling will be started within one month, and how the responsible line organization would suggest a reward for the suggestion committee to decide.

In the interviews the handling time was described to be unreasonably long, to start the handling could take months and time between giving a suggestion and receiving monetary reward can be over a year according to the interviewees experience. The interviews gave the impression that the rule for handling start might not have been followed, but what became evident was the lack of communication towards the employee in the suggestion handling process and proceeding of implementation. This silence was interpreted as lack of interest and reluctance towards development. After giving a suggestion the employee could only wait to receive a reward or rejection after the evaluation team meeting that would take place after an undefined time.

Another challenge for the process was the evaluation step, more specifically on what grounds a suggestion was rejected. It appeared that often the reason for rejection was that there already has been a suggestion of a similar kind, or a similar solution has been discussed before. From information point of view, some of the interviewees felt they have no chance to know what has been suggested before, not to mention why it was not executed. Working on developing an idea, that was later judged as an old one felt frustrating to the employees. Interviewees experienced the suggestions were often rejected on light grounds when referring to existing planning and discussions. Freely

translated, one interviewee said, 'the rejection reason can be just an old corridor discussion'. The evaluation was considered unfair, and a clear rule was missing what kind of documentation should exist if the rejection reason was an existing plan. One rejection reason mentioned in the interviews was the job description. Interviewees experienced that the tasks on the job descriptions are wide and many actions can be considered as a part of their duties.

## 7.2 Challenges in motivation support

The long suggestion handling time in this organization is a challenge for the motivation support, and most of the interviewees shared this experience. The efficiency of the reward as a positive feedback suffers with long waiting time and the reward misses its goal. Some interviewees also expressed, how difficult is to discuss a suggestion they had given months ago, and suddenly after a long waiting time additional information is requested. With long waiting, the suggestion and its details slip off the employee's memory, and interest fades.

Some interviewees mentioned the lack of support in giving suggestions. One experienced that the supervisors had not actively introduced the suggestion system to the new employees and couple interviewees mentioned the lack of encouragement in filing suggestions. In general, the received feedback on suggestions was considered poor, even non existing. The result of the suggestion evaluation was not discussed in person and personal positive feedback was given seldom. Just receiving a recognition gift or a monetary reward was often the only feedback the interviewees could recall.

Absence of detailed follow-up of the suggestion implementation came up with several interviewees, and in general the implementations were described to take long. This also harms the motivation, as in the currently valid suggestion system rules the monetary reward payment pends on the implementation, and some interviewees expressed frustration towards the slow proceeding.

### 7.3 Rewarding and recognition

The lack of experienced appreciation was clear among the interviewees who had given suggestions. Couple of the interviewees had received positive personal feedback for their successful suggestions from an indirect supervisor, but all interviewees who had given suggestions, stated they did not feel appreciated for their efforts in general. Absence of positive feedback or personal feedback came up in the interviews, the implementations were not followed or discussed afterwards in public. Recognition for successful implementation or gained advantages in public was missing, gratitude was not expressed in person. One interviewee considered the suggestions were not taken seriously. Another interviewee described the received monetary reward, feeling as paid unwillingly, and this undermined the rewarding effect for this person. Most had the same opinion on the recognition gift items – they were not actually wanted. Money would be preferred or a gift card with a small sum, where the person could decide how to use it.

When the interviewees were asked how the suggestions are received, about fairness of evaluation and received recognition, four out of five interviewees described or referred to the negative discussions in the company around the suggestion rewarding. None of the interviewees referred to their personal experiences, instead they described a situation when their colleagues had been treated unfair, how the company appeared reluctant to pay for the suggestions and how this had a negative impact on their own motivation to give new suggestions. This kind of atmosphere is very harmful to the motivation and creativity of this work community.

### 7.4 Other challenges brought up by the interviews

Even if the suggestion system rules were mentioned to appear clear by one interviewee, there was one obvious failure that came up in four out of five interviews. In 2019 an additional evaluation chart was added as an attachment to the valid suggestion system rules. Information, how and when this chart should be applied, was unclear to the majority. The chart itself is not mentioned in the valid suggestion system rules at all, and

the native language translation was missing from company's public files shared to employees at the time of the interviews. The information about the chart's intention had failed to reach the employees and interpretation was very negative - that the chart shall be applied to all employees in order to cut the monetary rewards of the employee suggestions. It could be for this same reason, the job description, and tasks in it came up so many times in the interviews, as this additional evaluation chart concerns them. This point must be corrected and taken care that the correct information reaches all employees of the company. The additional evaluation chart is only meant for senior salaried employees, who are expected to make improvements as a part of their job and might also have the authorization to do so.

The term money-saving came up with several interviewees, and the perception was that every suggestion should save a huge sum of money or it is not worth the effort of making. Suggestions improving for example ergonomics or practices were not considered to be valued by the company as there is no financial benefit for it. The currently valid employee suggestion rules state the suggestion could be made also for improving quality, occupational health, and safety or for environmental protection issues.

#### 7.5 Improvement suggestions from the employees

Most employees were hoping to see more encouragement, support and positivity from the company when working with employee suggestions. Supervisors were wanted to present the employee suggestion system to the employees and advice and challenge the employees to use it. Employees suggested the company should think more in a way how they can motivate and reward more, instead of how they can avoid reward payments. Good motivation and successful improvement suggestions should benefit both. In addition, recognition and small rewarding was also hoped to receive for smaller suggestions by one employee. As not all have the knowledge to make suggestions that save thousands of euros; even a little recognition for the trying and effort would give a positive signal. A new employee suggestion campaign was requested, and one employee suggested anonymous handling of suggestions in order to ensure equal treatment.

## 7.6 Employee suggestion system in another industrial organization

To compare the employee suggestion system execution and to gain more ideas for improvement, Oras Group representatives Kaisa Huunonen and Tanja Uhlig were interviewed on 27.5.2020, and the theme interview followed the supportive question list (appendix 2). Oras Group was selected for an interview as they also operate in manufacturing industry and their operations take place in different locations internationally. Oras Group had renewed their suggestion system, as a part of Idea Management System and it had been in operation since 2018. With the support of a consultant Oras had performed benchmarking with other local industries while developing a new system that covered all the production sites internationally. In all, the company had recently made a lot of efforts to gain knowledge and to improve their own processes and this made them an interesting source for information. Huunonen and Uhlig had both participated in the development process and were operating as coordinators of the Idea Management System. In the system the ideas fall into five different categories: improvement proposals, initiatives, future potential, inventions, and safety observations. The discussion concentrated on the improvement proposals and especially on the initiatives. (Huunonen & Uhlig personal communication on 27.5.2020)

In the Oras Group the suggestions are given directly to an electronic system, where the handling proceeds. Smallest suggestions, referred as improvement proposals, are the simple and straight forward improvements that can be implemented directly within the team. These suggestions are handled by the supervisors, put to practice immediately and not rewarded financially. Bigger suggestions with potentially financial benefits, referred as initiatives, were handled with the lead of the coordinators. This type of suggestion handling begins with a startup-meeting, where are present the giver of the suggestion, coordinators, employee representatives and possibly specialists, who are called in when needed. The start-up meeting was considered important especially for two reasons: firstly, in the discussion the suggestion and the thinking behind it would always expand to the involved people as they understood it better. Not all employees have the skill to express themselves in writing. The idea might appear plain on the written document, but a discussion would always bring more dimensions to it. Secondly, it was considered important not to forward the messages in any other way, then face to face and privately. Especially in case of rejection it was considered important

that the discussion takes place and rejection is not given on an e-mail or in the corridor when passing by, but in person. If the coordinators would see the chance for the suggestion to be rejected, in the discussion the employee could also be given advance information and prepared to some extent. In the best cases the start-up meeting could take place within a week after a suggestion was filed, and the target was to start as soon as possible but the time was not actively observed. (Huunonen & Uhlig personal communication on 27.5.2020)

When launching the new system at Oras Group an idea campaign was established in order to introduce the system to the employees. In addition, in planning was a new campaign with a theme, in order to enable the employees to participate in the future plant development. For rewarding Oras had selected only monetary rewards. Gift items were not considered to fit the less-material-trends of the day or the increasing environmental consciousness. Reward payment could be made with quick schedule up to an agreed level, and the payment did not have to wait for implementation in these cases. Or, in case of major improvements, the reward could be paid partly and the rest after the savings have been verified with a follow-up period. The system enabled fast response in terms of reward payment in all cases. Huunonen estimated, that roughly half of the suggestions were rewarded in their organization. (Huunonen & Uhlig personal communication on 27.5.2020)

When discussing the support, the supervisors at Oras Group receive, in order to be able to support the employees in giving suggestions, no specific measures came up. In general, the interviewees had the perception that many supervisors in their organization were keen on challenging their subordinates. One interesting feature did turn up in relation to given suggestions; at Oras Group, at least this site had for the supervisors a target to reach a certain number of suggestions from their subordinates. (Huunonen & Uhlig personal communication on 27.5.2020)

When challenges were discussed, the interviewees described the motivation of clerical workers to give employee suggestions being difficult to support. As a suggestion cannot be given for an improvement of the area that the person is responsible for, and the job descriptions of clerical employees were experienced to be wide and covering many

functions. For these employees it is difficult to come up with improvements they could be rewarded for. (Huunonen & Uhlig personal communication on 27.5.2020)

### 7.7 Reliability

The selected methods were considered suitable and adequate for this case study. The theme interviews were considered honest, the discussion was open and the statements the employees made in the interviews correlated with each other to some extent. For this thesis five employees of the target company were interviewed. As the employee suggestion system is mainly intended for the operating personnel in this organization, five interviewees covered one third of this personnel group. This way, the five interviewees can be considered as a relatively representative sample. Additionally, the interviews reached the saturation point as the similar statements repeated and no more new significant aspects were coming up.

The interviewees were able to describe their impressions clearly and based on the interviews reliable conclusions could be drawn. The employees also gave some well-grounded improvement suggestions for the new employee suggestion system. Based on the interview results and the examined theory it was possible to make clear and valid suggestions for development.

## 8 SUGGESTIONS FOR DEVELOPMENT

The interviews clearly brought up topics that require attention and improvement when this company aims for a better working employee suggestion system. The existing suggestion system rules could be improved by some changes, but the most work is required in the field of communication and motivational support of the employees. Based on the reviewed theory, employee and external company interviews, the suggested changes for the target company are described in the following paragraphs.

### 8.1 Start-up meeting to improve involvement and discussion

The studied organization could benefit of a start-up meeting with the employee who has given a suggestion. In the start-up meeting should be present the suggestion coordinator, the employee and the supervisor or specialist responsible for the function the suggestion concerns. In this meeting the employee would have the chance to explain verbally and show with pictures or drawings how the suggestion is intended to work. Need for this type of communication came up in the employee interviews. The meeting would also give the chance for the suggestion handlers present questions in a situation where the employee is prepared to answer. Just as Uhlig mentioned in the interview (27.5.2020), not all the employees have the skills to express themselves so well in writing and in nearly all the cases at Oras Group the thinking behind the suggestion gains dimension during the discussion. In the target organization this is even more valid as the employees often write the suggestions in a foreign language, and due to this the written suggestion might lack in depth and descriptiveness even more.

Start-up meeting would also clarify for the employee who is handling the suggestion and the steps for proceeding should be agreed and scheduled, also when the suggestion requires further clarifications and calculations. Need for the handling information and process steps came up in the interviews with the employees. As the currently valid suggestion rules also state, the suggestion system is intended to increase the employees influence and participation possibilities in developing the company. In terms of moti-

vation support, the participation chance is important as it supports the employee's autonomy. In this organization establishing a start-up meeting would improve the participation of an employee by involving them in the handling.

The start-up meeting should take place as soon as possible, as by fast response and feedback the motivation is supported best. Oras Group has in the start-up meetings the employee representatives present, but for this organization, as it is so small compared to Oras, this might not be suitable as it could prolong the handling time as the representatives are working in different shifts. The suggestion handling should be made in an equal and fair manner, and when attending a start-up meeting all parties should bear in mind that the decision is not made before the meeting. As Martela and Jarenko (2015, 86) describe, if people feel that the discussion is a formality and decision is made without listening, the discussion is in vain - in order to commit the employees to the made decisions, they must be truly listened first. In case the suggestion still does not appear feasible after the discussion and the coordinator considers the rewarding unlikely, the employee should be prepared for this by the coordinator in the meeting.

## 8.2 Improvement follow-up

Employee interviews brought up that the implementation of the suggestions was not followed and often the reward payment was the only feedback the employees could remember receiving. Hakonen et al (2014, 186) suggest, to follow up the improvements and the implementation until the problem is truly solved. Rewarding should not be only monetary, but together with related feedback and appreciation they support the motivation of an employee. For motivation, the participation and influence are important, and the company could use the follow-up to support these. Seeing their idea getting executed, considered important and bringing the company forward is rewarding to the employees. The follow-up could also be used for giving public recognition for the employee's efforts, but only with the employee's consent. As Heathfield (2019) mentioned, not all people enjoy public praise, and this must be respected.

Following the improvements would not only support the motivation of the employee who gave a suggestion, but also show the work community how the suggestions are

appreciated and wanted. Made development, gained advantages, and improved efficiency should be brought up and even celebrated. Follow-up would bring the improvement suggestions regularly to the discussion and might also inspire others to write down their ideas.

### 8.3 Supervisor's role in the employee suggestion system

Supervisory work also plays a big role in a successful suggestion system. The interviews showed, in the target company the employees were missing support and advice in giving suggestions. The feedback coming from the supervisor is most wanted and appreciated, and employee suggestion system is no exception. The supervisor's motivation should also be supported, so they would challenge their subordinates to think how to improve the company performance. Heathfield (2019) suggests companies to acknowledge those team leaders, who successfully have inspired their teams to give improvement suggestions. The target company could also consider following the number of suggestions made by different teams and use it as one way of evaluating the supervisor's performance, in a similar way that Oras does.

How the supervisors perform their work and communicate with the employees also influences the employee suggestions. Creative suggestions are given in a work environment that feels psychologically safe, where the employees are appreciated, listened, and treated as experts in their own field. Interviews showed the employees were missing encouragement in giving employee suggestions. The target company should observe the motivational climate in general and take care that the supervisors have the leadership skills and knowledge to perform their task well.

### 8.4 How to improve rewarding in the target company

In an employee suggestion system, the rewarding is not only monetary. The feedback, appreciation, and the chance to participate in developing the company are very important and have more long-lasting effect than money. Effective feedback is always detailed and personal to the receiver. In order to give effective feedback, the company's employee suggestion committee members must concentrate on how to give it.

The feedback for a suggestion starts with fast handling, showing the suggestions are important and interesting. The suggestion is discussed with the employee in detail, to ensure it is understood correctly and in full. Any decisions are not made prior to the discussion in start-up meeting, as otherwise the discussion does not serve the purpose. When a suggestion must be rejected, it must be communicated to the employee in private – rejection often feels uncomfortable and public rejection could be interpreted as mocking. Most of the people are afraid of failure, and the risk of failing is high with the most creative ideas. But as the most creative ideas are likely also the most beneficial, all suggestions must receive well-founded constructive feedback.

Monetary reward is also one form of feedback, and like any other feedback, it should be given instantly after good performance in order to reinforce the wanted behavior. But the feedback should not stop at the payment: the follow-up of the implementations also offers a good opportunity to give positive feedback in public. Feedback and experienced appreciation support the employees feeling of competence and this company should take the chance to give it for a good performance.

According to the interviews the employees had the perception that small improvements, non-saving suggestions were not appreciated, and that often the monetary reward was the only received feedback. As the personal, constructive feedback is missing and there is neither follow up for the implementations nor related communication, the experienced appreciation is low. The smaller suggestions should be acknowledged the same as bigger ones, as the experienced appreciation for those contributes also to the employees feeling of competence and self-esteem. The target company should pay more attention to this, as the employee bringing a small suggestion might with good experience become inspired and next time come up with a bigger and more creative idea. Previously the target company has given gift items as a reward for some low-value suggestions or as a part of campaign. Those are suggested to stop, as most of the employees would prefer money or a gift card.

In the currently valid employee suggestion system, the additional evaluation chart of senior salaried employees requires discussion with the work community. The interpretation of the chart differs strongly of the intended use. The native language version should be presented and communicated well to correct the false information. Only

adding the information to some public folder is not an adequate action but requires more clarification.

### 8.5 Changes in the employee suggestion rules

To improve the involvement and participation of the employees as well as the experienced fairness, speed and feedback in the process, the valid suggestion system rules were modified to a new suggested form (attachment 3). The currently valid rules included a lot of good features along with clear reward matrixes, and therefore they were used as the base. The changes include a brief description of a start-up meeting and members participating in the meeting and evaluation. Currently valid rules mention line-supervisors to evaluate the suggestions, but since line supervisors are not responsible for safety improvements or environmental actions for example, the wording was revised to the form 'the responsible supervisor or specialist, who's area of responsibility the suggestion concerns.' Regarding the participants of the committee meeting and evaluation, the number of involved people was described as a minimum of three; the chairman, the suggestion coordinator and minimum one member to be called upon invitation. This way a meeting can be summoned quickly, decision made, and suggestion implemented fast. More specialists may be called for the meeting when necessary. Due to holiday seasons and other potential delays in handling the new suggested rules states the handling of a suggestion to start within a month, but the goal should be to start much faster than that.

Regarding rewarding the new suggestion for rules mentions reward payments to be made right after implementation decision up to EUR 1500. This sum is also the upper limit for suggestions without calculated net profit. In the currently valid suggestion system, all rewards are paid only after implementation. This rule does not support fast positive feedback, that would support the motivation of this work community. All approved suggestions should be implemented instantly, but that is not always possible. The employee should not need to wait for implementation as he cannot influence it himself, but instead get the recognition immediately and continue searching for more ways to improve. The new suggestion for rules states the suggestions that result higher reward than EUR 1500 shall be paid in portions: after implementation decision the

EUR 1500 and remaining part after successful implementation. As the rewards for the high-value suggestions may be several thousands, it is reasonable that the remaining part of the reward is also paid after the savings are also pouring in and the improvement has been verified to work. Reward payment in portions enables fast feedback and at the same it is reasonable for the employer. After their development work Oras Group has also implemented a similar reward payment method.

From evaluation point of view the employee suggestion rules are suggested to be changed: all suggestions should be handled via a start-up meeting without the possibility to suggest rejection directly. In the currently valid suggestion system, the line supervisors may reject a suggestion without any discussion, and the coordinator shall inform the employee. If the new rules are established and a start-up meeting is held, the rejection possibility, when necessary, can be discussed in person in the start-up meeting. In any case this type of information should be always given in person in order to treat employees respectfully, and the established meeting would serve the purpose.

Another change in evaluation would be a better clarification of the rejection reasons. Especially, if the rejection reason is an existing plan to improve the process, the plan must be found somewhere in written. As it turned out in the employee interviews, several employees had the idea that a suggestion can be easily rejected as something similar has been suggested or just discussed before. To avoid this interpretation, in the rejection it should be described why something similar was not established last time it was suggested or when and where a similar improvement has been decided to implement. If neither cannot be stated, the idea should be treated as new. Well-grounded rejection decision should be communicated after the decision to the employee in person in private. This way the feeling of unfair treatment can be avoided and negative discussions, as they have been taking place according to employee interviews, should settle. Open discussion and fair treatment help to avoid harmful gossips.

## 8.6 Suggestion campaign

One interviewee suggested the company to have a suggestion campaign, in order to present the existing system again to the employees. Oras Group was planning a themed

campaign to challenge the employees in the planning of the future plant. In case the target company decides to take the new suggestion system rules to use, a campaign could be used to introduce the system in order to get a good start for it. But with time the company could consider regular themed campaigns; for a certain process or area in need of development, a campaign would collect the ideas and thoughts of the employees. It would allow the employees to participate in the development of something that is about to undergo changes, and it should be easy for the company to implement the suggestions along the project.

## 9 CONCLUSIONS

Well executed and maintained employee suggestion system is an influence channel for the personnel to participate in development work and to contribute to the company's success by their skills and knowledge. For the company it is an important source of development ideas, but also an important chance to support the employee's motivation by rewarding, feedback and appreciation. Highly motivated personnel are also more creative. Good employee suggestion system requires clear rules for execution, but rules do not guarantee success. It is important how the evaluation and handling is communicated, so that the employees feel they're heard, treated equal and with respect, and they feel their efforts are wanted and appreciated.

In this thesis the suggested ways to support motivation base strongly on the theoretical part. In the interviews the question handling motivation and how the interviewee's motivation to give suggestions could be supported turned out to be difficult and the answers to this question were mostly vague. Motivation is diverse from the theoretical point of view and during the interviews it also appeared difficult to discuss. The interviews strongly suggested the communication to be one of this work community's challenges. In future this company could benefit from a research and development in the field of organizational communication.

If the thesis is considered successful, the company can introduce the new system. After a successful launch, the suggestions would start to flow and by putting the good suggestions into action, a positive reinforcement can be created. As the employees feel rewarded, appreciated, and become more committed, the company profits from improved processes and practices, as well as from the efficiency of motivated, committed personnel.

Similar employee suggestion systems are used in many companies. Regardless of the field of industry or business, the basic features of evaluating the suggestions and reward matrix can be similar. For sure this company is not the only one with low suggestion income and some of the findings of this thesis might be helpful also to other

companies. Although each company has its own challenges, the ways to support employee motivation are universal and the findings of this thesis can be beneficial to other organizations to some extent.

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## APPENDIX 1

**Theme interview of the employees, supportive question list**

## Giving a suggestion

- How easy is it to make a suggestion? Please describe the process and what you find inconvenient.
- When you have made a suggestion, how was it received and handled? Please describe your own view of that situation (discussions, complementing the suggestion).

## Evaluation process

- Please describe how your suggestion was evaluated, from your point of view.
- When your suggestion was rejected or approved, please describe the process and feedback you received.
- How clear is the evaluation process? Please describe how your own view.
- How do you find the speed, openness and fairness of the evaluation?

## Implementation

- When a suggestion is approved, how does the implementation proceed? Please describe for example the speed, participation chances and follow up.

## Rewarding and recognition

- When your suggestion was implemented, how did the rewarding meet your expectations? In addition to monetary reward, how was your performance recognized?
- What made you feel appreciated when you made a suggestion?

## Current system, pros and cons

- What do you think is good about the company's current employee suggestion system?
- What are the weaknesses of the current system in your opinion? What would you change?
- What could motivate you personally to give more suggestions?

## APPENDIX 2

**Interview of another company representative, supporting question list**

## Usage activity

- How many employee suggestions do you receive / employee / year in average?
- How do you see the number?
- What actions have you taken in order to increase the activity? Were the actions successful?
- What actions are you planning to take in the future (campaigns, themes, etc)?

## Functionality of your suggestion system

- Please describe how you collect the employee suggestions
- How often and how fast do you handle the suggestions?
- How do you see the handling speed?
- When a suggestion is approved or rejected, how do you bring the information to the employees?
- How do you communicate the approval or the reasons of rejection?
- What do you find dysfunctional in your own system? What would you change?

## Rewarding

- what kind of incentives are available to the employees?
- what kind of reward matrix do you apply? does the rewarding pend on the implementation?
- When a suggestion is approved, how does the rewarding proceed?
- How does the rewarding pend on the implementation?

## Feedback

- Are the employees happy with your current system?
- What kind of criticism (if any) do you receive from your employees regarding your suggestion system?

## APPENDIX 3

## **ALOITETOIMINNAN SÄÄNNÖT / RULES OF THE EMPLOYEE SUGGESTION SYSTEM**

### **JOHDANTO / INTRODUCTION**

Aloitetoiminnan tarkoitus on hyödyntää henkilöstön luovuutta ja lisätä henkilöstön vaikutus- ja osallistumismahdollisuuksia yrityksen kehittämiseen.

*The meaning of this Employee Suggestion System is to benefit from employee's creativity and knowledge and increase their influence and participation possibilities in developing the company.*

Aloitetoiminta on järjestelmä yrityksessä olevan asiantuntemuksen, kokemuksen ja osaamisen keräämiseksi ja hyödyntämiseksi. Aktiivinen aloitetoiminta lisää tuottavuutta sekä parantaa turvallisuutta, työolosuhteita ja toiminnan laatua.

*Suggestion system is used to collect and benefit from expertise, experience and knowledge within the company.*

*Active employee suggestion system increases productivity and improves safety, working environment and quality of work.*

### **1. ALOITTEEN MÄÄRITELMÄ / DEFINITION OF A SUGGESTION**

#### **Mikä on aloite? / What is an Employee Suggestion?**

Aloite on kirjallinen ehdotus tai idea, miten ongelma voidaan ratkaista tai toimintaa parantaa. Aloite voi koskea esimerkiksi:

- raaka-aineiden ja tarvikkeiden säästöä sekä niiden tehokkaampaa taloudellista käyttöä
- tuotteiden ja toiminnan laadun parantamiseen, valmistusmäärien lisäämiseen ja työn parempaan tuottavuuteen tähtäävien menetelmien parannuksia
- työsuojelua ja ympäristönsuojelua

Aloitteenteko-oikeus on jokaisella yhtiön palveluksessa olevalla henkilöllä ja henkilöryhmällä toiminnasta, joka ei sisälly henkilön tai ryhmän toimeksiantoon. Tehdessään aloitteen aloitteentekijä hyväksyy myös aloitteita koskevat säännöt ja niiden sovellusohjeet.

Aloitteen pitää sisältää myös vähintään yksi ongelman ratkaisu- tai parannusehdotus.

*Employee suggestion is a written suggestion or idea how to solve a problem or improve the performance. Suggestion could handle for example:*

- *raw material or equipment savings and more efficient usage*
- *product and process quality improvement, increasing product volumes, extending work efficiency*
- *safety and environmental protection*

*All employees and employee groups within the company have the right to give an employee suggestion unless it already is included in their assignment or the instruction for the work in hand. When employee initiates suggestion he/she approves the regulations and applications of the suggestion system.*

## APPENDIX 3

*Suggestion must include at least one plan or idea how to solve or improve the issue.*

### **Mikä ei ole aloite ? / *What is not a suggestion?***

Vihje että jokin ei toimi kunnolla. / *A hint that something is not working properly.*

Jos aloitteessa ei ole mukana parannusehdotusta/ehdotuksia, se ei täytä aloitteen määritelmää.

*If the suggestion does not contain any solution(s), it does not fulfil the definition of a suggestion.*

Jos samasta aiheesta on jo tehty aloite, tai asian parannuksesta on jo olemassa kirjallinen suunnitelma.

*A similar suggestion already exists, or the improvement is already described in a written improvement plan.*

Jos aloite tehdään aiheesta, jonka korjaaminen/parantaminen kuuluu omaan vastuualueeseen/toimenkuvaan, ja työntekijällä on valtuudet muutoksen toimeenpanemiseksi.

*There will be no reward payment if the suggestion handles a topic that is a part of the employees own job description or responsibility area, and the employee has the authority to implement the suggestion.*

## **2. ALOITTEEN KÄSITTELY JA TOTEUTUS / *SUGGESTION HANDLING AND IMPLEMENTATION***

Aloite toimitetaan tarkoitukseen hyväksytyä lomaketta käyttäen aloitetoiminnan hoitajalle. Aloitetoiminnan hoitaja numeroi aloitteen ja toimittaa kopion sille esimiehelle, tai erityisasiantuntijalle, jonka vastuualuetta aloite koskee.

Aloitetoiminnan avoimuuden hengen mukaisesti aloitteet tulee aina tehdä omalla nimellä ja kaikissa aloitteen käsittelyvaiheissa nimi on julkinen.

Aloitteen käsittely aloitetaan kuukauden kuluessa sen jättämisestä. Käsittely aloitetaan pitämällä aloituspalaveri, jossa aloitteen tekijä voi sanallisesti täydentää aloitettaan ja aloitetta käsittelevät henkilöt voivat esittää täydentäviä kysymyksiä. Aloitteen palkitsemisesta päätetään aloitetoimikunnan kokouksessa. Käsitlevä esimies tai erityisasiantuntija esittää aloitetoimikunnalle ehdotuksen palkkion suuruudesta tai aloitteen palkitsematta jättämisestä perusteluineen ennen seuraavaa kokousta.

Tehdessään aloitteen aloitteentekijä luovuttaa samalla yhtiölle oikeuden käyttää aloitetta ja sen sovelluksia. Mikäli aloitetoimikunta toteaa, että esitetty idea mahdollisesti täyttää patentoitavuuden edellytykset, aloitetoimikunta siirtää asian erikseen nimettävän asiantuntijan hoitavaksi.

Aloitteen tekijällä on oikeus vaatia kirjallisella pyynnöllä aloitteen uudelleen käsittelyä aloitetoimikunnalta kolmen vuoden kuluessa päätöksestä.

*Suggestion is delivered to the Suggestion Coordinator using a printed form accepted for this purpose. Suggestion Coordinator gives a running number for the suggestion and forwards a copy of it to the responsible supervisor or specialist, who's area of responsibility the suggestion concerns.*

*In terms of openness suggestion shall always be given with employees own name, and the name remains public throughout all the stages of handling.*

## APPENDIX 3

*Handling of a suggestion is started within one month after it has been delivered to the Suggestion Coordinator. The handling begins with a start-up meeting, where the employee can supplement the suggestion verbally and the persons handling the suggestion may present additional questions. Decision about rewarding a suggestion is made in the Suggestion Committee meeting. The handling supervisor or specialist will suggest a sum of reward or rejection of the suggestion with grounds of evaluation to the Suggestion Committee before next meeting.*

*When a suggestion is given, the rights of ideas in question are given to company for further use, as well as applications of it. If Suggestion Committee sees that there is a possibility to patentability, the case is transferred to an expert named separately.*

*Employee has a right to demand a re-evaluation of a suggestion within three years from Suggestion Committees decision. The demand must be presented in writing.*

### 3. ALOITTEEN PALKITSEMINEN / REWARDING FOR A SUGGESTION

Aloitteentekijälle voidaan myöntää aloitteesta erilaisia palkkioita, joiden ylä- ja alaraja-arvon vahvistaa yhtiön toimitusjohtaja.

Aloitepalkkion suuruus määräytyy ensisijaisesti aloitteesta saatavan nettohyödyn perusteella liitteessä 1 esitetyllä tavalla. Käytännössä nettohyöty pystytään laskemaan ainoastaan aloitteista, jotka koskevat tuotannollisen hyödyn saamista. Jos nettohyöty ei ole laskettavissa, käytetään liitteen 2 mukaista arviointimatriisia. Aloiteaktiivisuuden lisäämiseksi voidaan aloitteista myöntää myös tunnustuspalkkioita tai kampanjapalkintoja. Aloitepalkkio maksetaan heti toteutuspäätöksen jälkeen, kun palkkio on arvoltaan EUR 1500,00 tai pienempi. Aloitteet, joiden arvioitu nettohyöty johtaa EUR 1500,00 korkeampaan palkkiosummaan, maksetaan erissä: EUR 1500,00 heti toteutuspäätöksen jälkeen ja loput kun aloite on toteutettu menestyksekkäästi.

*A suggestion can be rewarded with different types of rewards. Upper and lower financial value limits for rewards are determined by Managing Director.*

*The financial reward is primarily determined based on the net profit gained annually by the suggestion, as presented in attachment 1. In practise it's possible to calculate the net profit only for suggestions that bring productive benefit. If the net profit cannot be calculated, evaluation is made according to attachment 2. In order to increase the activity also recognition rewards and campaign prizes may be given for suggestions. Suggestion shall be rewarded immediately after it has been decided to be implemented, and the reward is in value EUR 1500,00 or less. Suggestions with high net profit resulting a reward higher than EUR 1500,00, shall be paid in portions: after implementation decision EUR 1500,00, and after successful implementation the remaining part.*

- Ryhmäpalkkioissa palkkiokerroin on 1,25 / *In group suggestions the reward multiplier is 1,25*
- Ylempien toimihenkilöiden odotetaan kehittävän omaa vastualueitaan osana päivittäistä työtään. Tämän johdosta ylempien toimihenkilöiden tekemät aloitteet arvioidaan lisäksi liitteen 3 mukaisesti palkkion suuruutta määritettäessä.  
*Senior salaried employees are expected to improve their field of responsibility as a part of their daily work. Therefore, the suggestions given by senior salaried employees shall be evaluated with additional matrix described in attachment 3.*

## APPENDIX 3

**4. ALOITETOIMINNAN ORGANISAATIO / *SUGGESTION SYSTEM ORGANIZATION***

Yhtiöllä on aloitetoimikunta, jonka puheenjohtajana on toimitusjohtaja ja aloitetoiminnan hoitajana on tuotantojohtaja. Aloitetta arvioimassa ovat siitä toiminnosta vastaava esimies tai asiantuntija, jota aloite koskee, ja muut tarvittaessa kutsuttavat asiantuntijat. Toimikunta kutsutaan koolle tarvittaessa aloitetoiminnan hoitajan toimesta. Kokouksessa ovat paikalla vähintään puheenjohtaja, aloitetoiminnan hoitaja ja yksi kutsuttaessa osallistuva jäsen.

*Company has a Suggestion Committee, which includes Managing Director as the Chairman and Head of Operation as the Suggestion Coordinator. In suggestion evaluation participates the supervisor or specialist responsible for the function the suggestion concerns. Suggestion Coordinator will call for a meeting when required. Meeting must have in minimum the following participants: Chairman, Coordinator and one member participating upon invitation.*

- Aloitetoimikunnan jäsenet, jotka osallistuvat aloitetoimikunnan kokoukseen:
- *Suggestion Committee Members participating in the committee meetings:*
  - Toimitusjohtaja/ *Managing Director*
  - Tuotantojohtaja/ *Head of Operations*

Kutsuttaessa osallistuvat jäsenet / *Members participating upon invitation:*

- Tuotantovastaava/ *Head of Operation, Packaging and Warehouse*
- Tekninen/EHS-päällikkö/ *Head of Engineering & HSE*
- Laatupäällikkö/ *Head of QC*
- Kunnossapito/ *Maintenance*
- Talous/ *Head of Accounting*
- Logistiikka/ *Disposition and Logistics Clerk*

## APPENDIX 3

## LIITE / ATTACHMENT 1

**Aloitepalkkion suuruus / *Size of reward***

Jos nettohyöty laskettavissa, lasketaan palkkio alla olevan taulukon mukaan:  
*If the net profit can be calculated, the reward is calculated according to the matrix below:*

Vuosittainen hyöty Annual profit	Palkkio [% lasketusta hyödystä] Fee [% of calculated benefit]
0 ... 10.000 €/a.	35 %
> 10.000 ... 25.000 €/a	25 %
> 25.000 ... 50.000 €/a	15 %
> 50.000 €/a	8 %

Esimerkiksi: *For example:*

Aloite, jonka hyöty on € 32500 /vuosi: / *For a suggestion that brings a profit of € 32500 /a:*

10000 alittavasta osasta 35% eli € 3500 / *35% up to 10000 = € 3500*  
 10000...25000 välisestä osasta 25% eli € 3750 / *25% for the amount between 10000...25000 = € 3750*  
 25000...32500 välisestä osasta 15% eli € 1125 / *15% for the amount between 25000...32500 = € 1125*

Kokonaisuudessaan palkkio olisi siis € 8375 / *Reward would be in total € 8375*

Jos nettohyötyä ei voi laskea: / *If the net profit cannot be calculated:*

- Palkkio määritellään liitteessä 2 olevan palkkiomatriisin avulla / *Fee is determined according to the matrix in attachment 2.*
- Jos aloite hylätään, käsittelevä esimies tai asiantuntija voi antaa aloitteen tekijälle kannustuspalkinnon, arvoltaan korkeintaan € 20.
- *If the suggestion is rejected, the handling supervisor or specialist may give the employee a recognition reward with maximum value of € 20.*

## APPENDIX 3

## LIITE / ATTACHMENT 2

Palkkiomatriisi, kun nettohyötyä ei voida laskea.

*Reward matrix, when the net profit cannot be calculated.*

Taloudellinen hyöty <i>Economical benefit</i>	Pieni <i>Small</i>	Keskisuuri <i>Medium</i>	Suuri <i>Considerable</i>
Kopioitavuus tai merkittävyys <i>Reutilization or significance</i>			
Pieni <i>Small</i>	75 €	190 €	375 €
Keskisuuri <i>Medium</i>	190 €	375 €	750 €
Suuri <i>Considerable</i>	375 €	750 €	1125 €
Erityinen <i>Remarkable</i>	750 €	1125 €	1 500 €

## APPENDIX 3

## LIITE / ATTACHMENT 3

**Ohjesääntö määriteltäessä kuuluuko aloite omaan työhön ja vastuualueeseen.**  
**Guideline to determine if an employee suggestion is a part of the job and responsibilities.**

Sovelletaan kun arvioidaan ylemmän toimihenkilön tekemää aloitetta.  
*To be applied when evaluating a suggestion made by a senior salaried employee.*

Ohjesääntö määriteltäessä kuuluuko aloite omaan työhön ja vastuualueeseen. Guideline to determine if an employee suggestion is a part of the submitters job and responsibilities.	Kyllä Yes	Ei No
1.) Onko aloite aloitteentekijän palkan ja työnkuvan perusteella häneltä odotetulla suoritustasolla? Is the suggestion within the expected performance according to salary and work of the submitter?		
2.) Kuuluuko aloite aloitteentekijän päivittäiseen toimialueeseen tai onko ollut erillinen toimeksianto työskennellä tämän aiheen parissa? Does the suggestion belong to the submitters daily business or has there been a specific request to work on this topic?		
3.) Onko aloitteentekijällä valtuudet päättää tai panna toimeen kyseinen aloite? Does the submitter have the authority to decide or execute this specific suggestion?		
<p>3 X Ei/No = 100 % Palkkio / Fee</p> <p>1 X Ei/No tai/or 2 X ei/no: 50 % Palkkio / Fee</p> <p>0 X Ei/No = 0 % Palkkio / Fee</p>		