

Bachelor's Thesis

Turku University of Applied Science

Degree Programme in International Business

2013

Kim Suomi

MOTIVATION AND CUSTOMER SERVICE

– Does employee motivation affect customer service?



TURUN AMMATTIKORKEAKOULU
TURKU UNIVERSITY OF APPLIED SCIENCES

Kim Suomi

MOTIVATION AND SERVICE -DOES EMPLOYEE MOTIVATION AFFECT CUSTOMER SERVICE?

Motivation is what drives people to take actions and accomplish. It is a part of the lives of every human. It comprises of many factors and is diverse and personal for everyone. That is why it has been studied for a long time and is still studied today. That is also why it is studied in this thesis as a case study. The need for this thesis came from the author and the head of the studied company COMPANY X as they saw a need to study the subject. In the commercial sector, the need for better customer service is constant. If customer service is not good, it will result in the deterioration, and as a result, the end of the company since in today's market customer service quality is one of the few factors companies can compete with. COMPANY X is the market leader in hardware stores in Turku region. And that is why, for more than others, it will have to have the best possible customer service in its region to maintain its status.

The objective of this research was to compare the theoretical framework of motivation, the level of customer service demanded by the head of COMPANY X from its employees and the current level of COMPANY X's customer service to the thoughts of employees about their motivation, its affect on customer service quality and what do they think is the quality of customer service in the company.

The research method used for this study was a quantitative study in the form of a questionnaire. This was suitable for the purpose of the study as the answers needed not to be so elaborate but more controlled in the boundaries of the theoretical framework in order to draw conclusions. And also, the company had sixty employees, which in the time period this thesis was constructed, ruled out the possibility for qualitative studies such as interviews, due to the time it would take to execute them and then process them in order to come into some sort of conclusions.

This thesis was made to present the overall level of COMPANY X's employees' motivation, the affect of employee motivation to customer service, the reasons for motivation and lack of it and what could be done to motivate the employees more by the management of the company in order to give the best customer service. Note that due to a confidentiality agreement, the case company is referred to as COMPANY X.

KEYWORDS:

Motivation Case Study Customer Service Employee Motivation

Kim Suomi

MOTIVAATIO JA PALVELU -VAIKUTTAAKO TYÖNTEKIJÄN MOTIVAATIO ASIAKASPALVELUUN?

Motivaatio ohjaa ihmisiä toimimaan ja saavuttamaan asioita. Se on osa jokaisen ihmisen elämää. Se koostuu monista tekijöistä ja on monipuolinen ja henkilökohtainen kaikille. Siksi sitä on tutkittu pitkään ja tutkitaan edelleen. Siksi sitä tutkitaan myös tässä opinnäytetyössä tapauskohtaisena tutkimuksena. Tarve tälle opinnäytetyölle tuli tekijältä ja tutkitun yrityksen COMPANY X:n johtajalta, jotka näkivät tarvetta tutkia asiaa. Kaupallisella alalla, parempaa palvelua tarvitaan koko ajan. Jos palvelu ei ole hyvää, se johtaa yrityksen heikkenemiseen ja sen seurauksena lopulta yhtiön tuhoon, koska nykypäivän markkinoilla palvelun laatu on yksi harvoista tekijöistä jolla yritykset voivat kilpailla. COMPANY X on rautakaupoista markkinajohtaja Turun seudulla. Ja siksi, enemmän kuin muiden, sen on tarjottava parasta mahdollista palvelua asemansa säilyttämiseksi alueella.

Tämän tutkimuksen tavoitteena oli verrata teoreettista viitekehystä motivaatiosta, COMPANY X johtajan työntekijöiltänsä vaatimaa asiakaspalvelun laatua COMPANY X:n työntekijöiden tämän hetkisiin ajatuksiin heidän motivaatiostaan, sen vaikutuksesta asiakaspalvelun laatuun ja tämän hetkiseen ajatuksiin COMPANY X:n palvelun laadusta.

Tutkimusmenetelmänä käytettiin tässä tutkimuksessa kvantitatiivista tutkimusta kyselylomakkeen muodossa. Tämä oli tutkimuksen tarkoitukseen sopiva tapa sillä vastausten ei tarvinnut olla niin monimutkaisia, mutta enemmän ohjautua teoreettisen viitekehysten rajoihin, jotta johtopäätöksiä voidaan vetää. Lisäksi, yhtiöllä oli kuusikymmentä työntekijää, mikä opinnäytetyön tekemiseen käytetyssä ajassa sulki pois mahdollisuuden kvalitatiivisiin tutkimuksiin, kuten haastatteluihin, koska niiden pitäminen ja jotta johtopäätöksiin päästäisiin, käsitteleminen kestäisi liian kauan.

Opinnäytetyön oli tarkoitus paljastaa COMPANY X:n työntekijöiden yleisen motivaatiotason, työntekijöiden motivaation vaikutuksen asiakaspalveluun, syyt motivaatioon ja sen puutteeseen ja mitä yritys voisi tehdä motivoidakseen työntekijöitään antamaan parasta asiakaspalvelua. Huomioi että luottamuksellisuussopimuksen vuoksi, kohdeyritystä kutsutaan nimellä COMPANY X.

ASIASANAT:

Motivaatio Tapauskohtainen Tutkimus Asiakaspalvelu Työntekijän Motivaatio

TABLE OF CONTENT

1 INTRODUCTION	6
1.1 The Objective of the Thesis	6
1.2 Research Questions	7
1.3 The Structure of the Thesis	7
2 THEORETICAL FRAMEWORK	9
2.1 Motivation Theories	9
2.1.1 Maslow's Hierarchy of Needs	9
2.1.2 Herzberg's Two Factor Theory	11
2.1.3 RESPECT Model	12
2.1.4 Other Motivation Theories	14
3 COMPANY FRAMEWORK	16
3.1 COMPANY X's Service Quality Requirements	16
3.2 Customer Service Quality Requirements	16
3.3 Customer Satisfaction Survey 2012	17
3.4 Customer Feedback 2013	18
3 METHODOLOGY	19
3.1 Research Methodology	19
3.2 Research Design	20
3.3 Data Collection	20
3.4 Reliability, Validity and Generalization	20
4 RESEARCH ANALYSIS	22
4.1 Introduction	22
4.2 Background Information	22
4.3 Motivation	23
4.4 Customer Service	27
4.5 Motivation and Customer Service	28
4.6 Cross Reference	29
5 CONCLUSIONS	31
5.1 Research Findings	31
5.2 Suggestions for Further Research	32
SOURCE MATERIAL	34

APPENDICES

Appendix 1. Questionnaire

Appendix 2. Cover Letter of Questionnaire

FIGURES

Figure 1. Maslow's Hierarchy of Needs.....	10
Figure 2. Theory X and Theory Y.....	14
Figure 3. Length of Employment.....	23
Figure 4. What Motivates Best?.....	25

1 INTRODUCTION

1.1 The Objective of the Thesis

How can employees perform better in customer service situations? Why are they not performing to their full potential? An important part of the answer is in their level of motivation. Motivation has been proven to be the one driving force in making a performance the best it can be (Wiley & Kowske, 2011,2). On the other hand, the level of motivation is a well-established phrase used in all over. Why is that? Is there a level of motivation? Yes, this has been proven to be true by many studies. Studies of motivation have begun a hundred years ago (Taylor, 1911; Gantt, 1913) and are still ongoing as motivation in the workforce is a growing asset in today's market (Wiley & Kowske, 2011).

It has to be stated that motivation is not the sole factor in providing good customer service. The employee has to be trained to give good customer service. Also the arrangements in the workplace may cause the employee to get negative feedback eventhough the customer service had been good on his or hers part. The arrangements of the organisation, when not working, can cause frustration in customers, that will result in unjustified bad feedback on the employee's customer service. One goal of the study is to separate the motivation created or received outside the work environment and focus on the motivation created at work, for work or/and with work.

It has to be stated that there are theories of good customer service by known authors that could be used as an extention to my theory section. But as the comparison in this thesis is done between the motivation of the employee and the requirements of good quality service demanded by the company, such theories are not used.

My purpose is to research the connection between the employee level of motivation and the level of customer service. This is done in the subject group of employees of COMPANY X. The focus is on the employees perception of motivation's effect on customer service. This perception is then compared to

facts, in precise, to the results of the Customer Satisfaction Survey 2012 and the customer feedback of the case.

A secondary purpose for this study is finding out what motivates the employees of COMPANY X and is there any division among them. This will then provide accurate projections to the management of what factors affect employees' motivation positively and negatively in the working environment. And it will also give explanations to the results of Customer Satisfaction Survey 2012 and the customer feedback.

1.2 Research Questions

In this thesis I want to bring out the answers to the following research questions:

1. How motivated do employees feel and do they think motivation affects customer service in COMPANY X?
2. What is the employees' perception of their company's customer service and also good customer service?
3. What do the employees think would increase their motivation in regards to customer service in COMPANY X?

1.3 The Structure of the Thesis

The second chapter THEORETICAL FRAMEWORK comprises of the theoretical framework. It is the reference point for my study results and the study was conducted in accordance to that theory. The theory presents the main principles of motivation and they are also explained. There is a spectrum of old and newer productions of theories not only to represent validity in quantity but to show motivation to be almost the same entity it was over a century ago.

The third chapter COMPANY FRAMEWORK will include the referencial points of the subject company COMPANY X in customer service quality indicators. Customer Satisfaction Survey 2012 and customer feedback from this year will provide an accurate depiction of the quality of customer service of COMPANY X. Customer service quality requirements are the requirements for the

employee shown to both customers and employees and should be fulfilled by every employee to maintain the customer service quality.

The fourth chapter METHODOLOGY explains methodology and the use of certain theories in the questionnaire. It explains the execution of the study and all the data acquired by the research is shown. Lastly, this chapter discusses the validity, reliability and generalization of the study.

Research findings are analyzed in the fifth chapter RESEARCH ANALYSIS. The questionnaire is compared to the theory there. The results are divided based on the division of the theory and questionnaire.

The sixth chapter CONCLUSIONS is the final chapter. It will bring together all aforementioned sections of the thesis. There the research questions are answered and research findings are brought together. At the very last, future applications for this study is discussed.

2 THEORETICAL FRAMEWORK

2.1 Motivation Theories

First it was thought that enough money would motivate anyone to their top performance (Taylor, 1911; Gantt, 1913). The idea was soon realized to be too narrow in practice and that there were needs also for other factors like physiological needs, safety needs, social needs, esteem needs and needs to create one's own identity (self-actualization)(Maslow, 1943). Maslow is thought to be the creator of motivation study which shows in motivation studies following his work. They are all in some way connected to his work and for a good reason. In his work, human motivation is studied from all aspects of human life. But as Maslow studied the whole of human motivation, the scope has narrowed to more business related motivation and employee motivation in particular (Herzberg et al. 1959; McGregor, 1960; Jordan 2000; Ramlall, 2004; Arnold et al. 2005; Boveé & Thill, 2005; Wiley & Kowske, 2011; Rice et al. 2012).

In the following chapters of chapter 2.1, theories of motivation are introduced with examples. The introduction starts with Maslow's Hierarchy of Needs, which gives the base of division of motivation for all following theories. It is also the vastest theory, due to the fact that it targets the whole of human motivation. The chapter 3 introduces the case company COMPANY X and its own data on customer satisfaction, customer feedback and customer service requirement. These attributes are used in comparison to the motivation theories in the employee questionnaire.

2.1.1 Maslow's Hierarchy of Needs

Maslow's (1943) vision of motivation is a set of needs and wants a person has to satisfy unsatisfied needs. He has created a five-stage pyramid scheme of these needs and wants (see figure 1). It is called "The Hierarchy of Needs". It is a presentation of different categories of needs on top of each other that need to be satisfied starting from the bottom in order to proceed higher in the pyramid. First stage is the physiological needs. It comprises of the physiological needs

humans have like the need for food, water, air to breathe and sleep for instance. Second stage of needs is the safety needs. Examples of these needs are security of body, employment, health and family. When physiological needs and safety needs are met, social needs need to be met. The third stage includes social needs such as friendship, family and social integrity. Fourth stage comprises of the esteem needs. There are the needs for self-esteem, confidence, recognition and respect. At this point the needs have become more diverse and personal rather than a code of conduct made for a grouping of people. The fifth stage is the stage of self-actualization. This stage holds needs like morality and creativity. On this stage the person forms his or hers self-image and the norms of oneself. The stage of self-actualization is the most diverse stage and also the hardest to fulfill of the five stages. It is this stage that most people spend most of their time, since the other stages are more easily met in their needs. The Hierarchy of Needs implies that a plan or a program has to be created to satisfy unsatisfied and also emerging needs. (Ramlall, 2004)

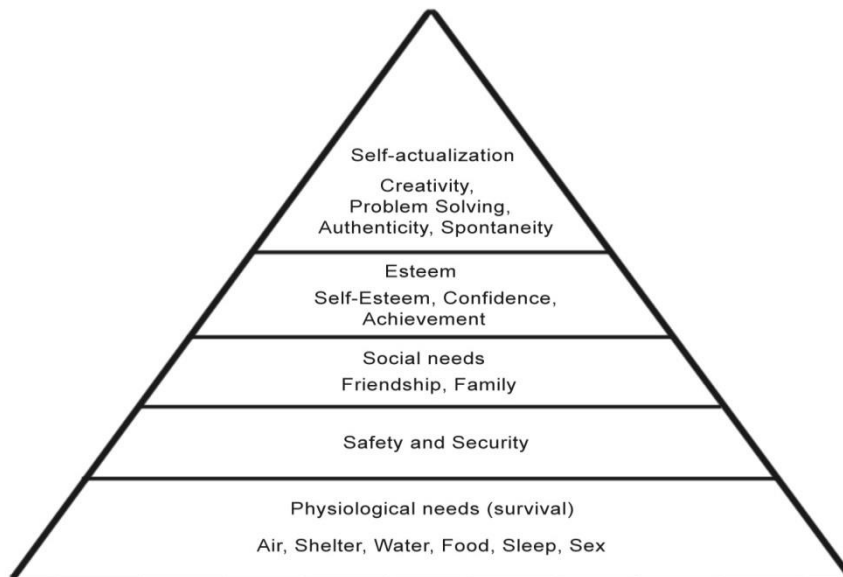


Figure 1. Maslow's Hierarchy of Needs

The achievement of Maslow's (1943) Hierarchy's fifth stage, the self-actualization stage, doesn't mean that a person never has to come down the stages ever again. If there is a change or a crisis in the safety of oneself or there is trouble to acquire food the person will have to fulfill that need and begin climbing stages from that particular stage. Also the change in self-actualization stage causes the needs of lower stages to change their nature and the pyramid has to be climbed down to fulfill the needs (Jordan, 2000).

2.1.2 Herzberg's Two Factors Theory

Herzberg et al (1959) provide a theory in which a division between motivating factors and factors which when not met cause the motivation to lessen. They are hygienic and motivating factors called dissatisfiers and satisfiers. According to Herzberg et al, the fulfillment of dissatisfiers does not increase motivation but removes factors reducing motivation and the subject reaches a neutral state. On the other hand, satisfiers when fulfilled do nothing but increase motivation. (Ramlall, 2004)

Dissatisfiers consists of status, interpersonal relations, quality of supervision, station, working conditions, job security and salary. If even one of these factors is not met, the subject's motivation will diminish. On the other hand, when fulfilled, they will not increase the motivation. Satisfiers conclude of challenging work, achievement, growth in the job, responsibility, advancement and recognition. When dissatisfier factors are met, the motivation of the subject will increase with every satisfier factor met. The message in the Two Factors Theory, is that the basic environment of the subject needs to be at a sufficient level in order not to affect the motivation negatively. From that point, the subject's motivation can be increased. This is something that management has to target first when creating better surroundings for a motivated workforce. (Herzberg et al, 1959)

A problem exists in the Two Factor Theory. Individuals in the company think of the satisfiers and dissatisfier differently. They consider some factors of dissatisfiers to actually be satisfiers and the other way around. This creates

complexity in creating a motivating work environment. This complexity can be reduced by listening and understanding the individuals of the company. (Jordan, 2002)

2.1.3 RESPECT Model

Wiley & Kowske (2011) present a model for motivation with employee motivation as the target in specific. The model consists of seven different parameters: recognition, exciting work, security of employment, pay, education and career growth, conditions at work and truth. The first letters of the parameters form the word RESPECT when put together and Wiley & Kowske do consider the meaning of employer's respect for his/her employees includes all the seven parameters. In the following are the explanations of these parameters.

Recognition= the employee is recognized in the organization and by associated managers and receives some sort of stimulus of this recognition. Recognition is best served soon after the effort of the employee, it is focused enough to the specific effort, recognition is done frequently, recognition is accurate, it is given to those that deserve it and it is helpful, including also negative input alongside the good to guide the employee to the right direction. (Wiley & Kowske, 2011, 27-44)

Exciting work= the work is something that is interesting, the employee has joy doing it and finds challenges in it day in and day out. To achieve this, the employee has to have a clear picture of the work and what it consists of, he or she identifies the role he or she has in the organization, feels accomplishment through completing tasks or seeing the product completed, feeling responsible of tasks and getting feedback and recognition. (Wiley & Kowske, 2011, 45-60)

Security of employment= simply the fact that the employee isn't in constant stress of possible termination of employment. Reassuring is done by managers being open and frank and also discussing the topics involved, such as lay-offs and downsizing. (Wiley & Kowske, 2011, 61-78)

Pay= the right amount of money given to the employee for job done. Paying employees well increases their commitment to the organization and tributes also to their work performance, but to make employees understand their pay and what pay is sufficient is done through education of what is the current market situation and what happens when they leave the company for what seems to be a better employment. (Wiley & Kowske, 2011, 79-96)

Education and career growth= skill development and career growth are something that are enforced in the organization. It is done through formal education, creation of milestones and open discussion of what can be reached through growth in that specific organization. (Wiley & Kowske, 2011, 97-116)

Conditions at work= the physical and social surroundings of where the work takes place have to meet a certain level of quality. Achieving this is done by informing of organizational resources, problem prevention, safety education, workspace management, acknowledgement of employees' needs and altering the workplace itself to fit the work done there. (Wiley & Kowske, 2011, 117-138)

Truth= the leaders are open with all information regarding and necessary for their employees. The most important factor of truth is the information about productivity and performance in the form of recognition and feedback. (Wiley & Kowske, 2011, 139-154)

In their studies, including two hundred thousand employees from all over the globe, Wiley & Kowske (2011) show that only a quarter of the respondents consider pay to be the most important parameter of the seven. That translates to three quarters of the respondents not considering pay to be the most important factor. In fact recognition is considered the second most important parameter by one fifth of the respondents and third largest parameter is security of employment with eighteen per cent. The remaining four parameters are divided as follows: conditions are represented by eleven per cent, truth by ten per cent, education and career growth by nine per cent and lastly exciting work is presented by seven per cent. These results support Herzberg et al's Two Factor Theory (1959). The factors are similar between the two theories and as

Herzberg et al predicted, the perception of what are satisfiers and what dissatisfiers is not the same for everyone.

2.1.4 Other Motivation Theories

Theory X and Theory Y

McGregor (1960) divided the managerial motivating of workforce into two types of ways of doing so. They are referred to as Theory X and Theory Y. In Theory X, the manager sees the workforce hating their job and motivates them through fear and rewards. They are made to feel fear of losing their jobs and rewarded when appropriate with money and other extrinsic rewards to gain results. Theory Y is based on the assumption that employees want to gain recognition to boost their self-esteem through responsibility. To gain results in Theory Y workers are given room to grow and express themselves.(see figure 2)

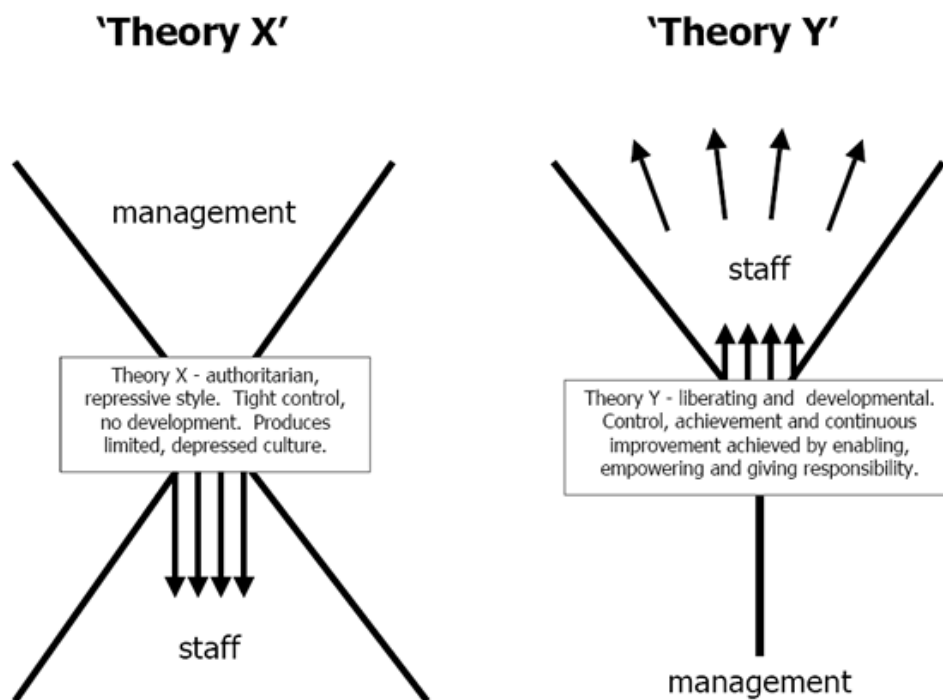


Figure 2: Theory X and Theory Y

Expectancy Theory

Motivation is considered to be linked to the outcome of one's action. Workers are trying to gain job satisfaction through accomplishment. But they will only put a certain amount of effort into their actions that is in correlation with the end result they believe that action will have. This theory is known as the Expectancy Theory. (Vroom, 1964) It suggests that more insignificant actions that receive less recognition are executed with lesser effort. In more detail, the amount of effort is dependent of three things; the expectations one has for his or her abilities to execute, the expectations of the reward and how desirable the reward is in accordance to one's own goals (Bovée & Thill, 2005).

Job Characteristics Model

Another insight to motivation concludes that in order to be motivating, the work has to have three main characteristics. The employees must feel personal responsibility for the outcome of their work, the work has to be meaningful to them and they need to understand their effectiveness in relation to the larger entity that is their company when they convert their efforts into performance. In short, motivation is gained through the employee experiencing responsibility, meaningfulness of work and understanding the outcomes of his or her efforts. (Pinder, 1984)

Equity Theory

Bovée and Thill (2005) emphasize the importance of justice and fair treatment. Giving rewards results in motivation, but it has to be balanced throughout the employees, because if the employees are rewarded differently for the same effort put in, tension will start to rise and motivation lower (Robbins, 1993). That is why the system of rewarding needs to be developed so that it's just and fair (Ramlall, 2004).

3 COMPANY FRAMEWORK

3.1 COMPANY X's Quality of Service

COMPANY X is a limited liability company located on the east side of Turku, in Finland. It has 70 employees and a turnover of 13 million euros. It is a retail store for building, renovating, furnishing and gardening materials, but most of all in the eyes of the public a hardware store. COMPANY X is part of the larger group and among other brands, sells its own brands.

The competition is hard between hardware stores in the Turku region. The biggest competitors for COMPANY X are other hardware stores located in Turku. COMPANY X is the market leader of the bunch at the moment, which is no foregone conclusion in the future. As resources are limited for all, a competitive edge needs to be found. Customer service is something COMPANY X is very keen on having that edge in.

3.2 Customer Service Quality Requirements

This chapter doesn't introduce better ways of giving customer service. There are many literary sources that could have been used to define the best alternative ways for COMPANY X's customer service. But as this study was conducted in the environment of COMPANY X and is about employee motivation's effect on customer service, it is best to study the customer service rules and guidelines of the company itself. The guidelines for good customer service of COMPANY X in short are as follows:

1. Treat customers as you would like to be treated. You are mainly there to solve a problem the customer has.
2. Greet and say goodbye. Provide the customer attention even if he/she doesn't need it at the moment.
3. Treat all customers equal. Friends and relatives must not take all your attention, when coming to the store.
4. Try actively to sell. Selling is your main task and there is no harm in trying.

5. Know the store. Despite divisions in the store, you need to be able to guide the customer in the right direction.
6. Provide accurate and clear information. If you don't know something, ask someone who knows. Go "the extra mile" by guiding customers to other departments and selling things from other departments when needed.
7. Handle customer complaints accordingly. Be polite, helpful and calm. Listen carefully. Apologize for your company and be efficient in handling the complaints. Ask help if needed from someone who knows complaints handling. Thank the customer for the complaint.
8. Use phone correctly. Answering needs to be quick, clear and polite. Remember to take contact information especially in unsolved matters.
9. Gather customer feedback. Write them down or pass them on verbally to management.
10. Gather additional information from reliable sources to better your know-how.

3.3 Customer Satisfaction Survey 2012

TNS Gallup interviewed 31,965 customers in every store of the same group and 1,125 customers in COMPANY X. The questions consider every factor that might affect customer satisfaction. Of these factors, I look at customer service in this study.

The study listed the three factors that received highest scores and the ones that received lowest scores. The three factors with highest score were opening hours, reliability of the store and location of the store, all to which customer service has little effect on. The three factors with lowest scores were fast customer service, the efficiency of the internet pages and information accessibility in the internet pages. Despite the fact that customer service received a low score, the score is still on the positive side of neutral in the scale of answers. The satisfaction in the store as a whole was 3.84 out of 5.

The survey also asked the willingness of customers to recommend the store to friends and family, affected by also customer service. 26 per cent would recommend the store and 19 per cent would not recommend, leaving a big portion of neutral answers. The division in recommendators form a net promoter score of 7 which is calculated by extracting the would-not-recommendators from the recommendators. The division for all stores was a little better with a net promoter score of 10. When asked what affects the choosing of hardware store to go to, only 14 per cent answered fast and easy transactions in store and only 13 per cent answered the professional know-how of sales personnel.

3.4 Customer Feedback 2013

A total of 71 different customer feedback have been given to COMPANY X in this year. They have come to the company by e-mail and in feedback forms one can fill out in the store. Out of the 71 feedbacks, 35 were negative feedbacks about customer service, 6 feedbacks had something both negative and positive about customer service, 10 feedbacks had only positive feedback on customer service and 20 feedback were about subjects other than customer service. As negative feedback are taken more heavily and dealt with, positive feedback rarely gets any remarks. This is probably why good feedback is rarely documented by the employees and given by the customer. Also a great percentage of feedbacks is given about things like products, arrangements in the store and opening hours.

4 METHODOLOGY

4.1 Research Methodology

The word research means a systematic way of collecting findings and also systematically interpreting them. The certain way this is done is called research methodology. There are many ways of gathering and interpreting information. Examples of gathering information are interviews, questionnaires and observation of the subject. Mainly, the methodology is either qualitative or quantitative. (Saunders et al, 2007)

Qualitative data is data comprised of non-numerical findings that cannot be compared by any standards as such, but can be categorized. These findings are in word, picture, video or other non-numerical form. Analysis in qualitative data research is done by conceptualization rather than numerical statistics. Quantitative data comprises of numerical data. It can be standardized and charts, diagrams and graphs can be produced to indicate a division in the data. A questionnaire with a points system is a good example of a quantitative study. Analysis in quantitative data research is done by numerical statistics. (Saunders et al, 2007)

Data can be divided into primary and secondary data. Primary data is the data collected for that specific research. Secondary data is data collected for some other purposes that is just used in addition to the research. (Saunders et al, 2007) In this thesis, the questionnaire results act as the primary data. They are novel and only collected for this thesis. Secondary data are the theoretical framework of motivation and COMPANY X's customer service quality studies and feedback.

For this thesis, I chose the quantitative method of research. It fitted me better as I had limited time to interpret the questionnaire answers. It provided me a perspective wide enough to integrate all my theoretical framework. Depth is something it lacks which an additional section of qualitative data would have given.

4.2 Research Design

The questionnaire design was based on clarity and fast execution. As the questionnaire had to be answered by as many as possible it needed to be clear in structure and easy and fast to answer. It also had to be handed out to avoid any misunderstandings that would lead to refusal to answer and the subjects could be informed to more detail about the importance of the questionnaire. The structure of the questionnaire is of four segments: general background, what motivation is to the employee and what motivational factors of the framework are used at the workplace, how good is the employee's customer service and does the employee see a clear connection between motivation and customer service.

4.3 Data Collection

The questionnaire was handed out to 60 employees of COMPANY X. This target group included all those employees that were required to give customer service. The employees were reminded on a daily basis to fill out the questionnaire for a duration of two weeks. Out of all 60 employees, 38 answered the questionnaire. This equals to a response rate of 63 per cent. Generalization requires the minimum of 20 per cent in response rate. This limit was well exceeded.

The questionnaire's first segment was of general background. This segment was used to some extent as a indicator of somebody answering twice or trying to hamper the research as the actual general background of every employee is known. No evidence of hampering was found.

4.4 Reliability, Validity and Generalization

Reliability of the research can be measured by three factors. First, if conducted again, will the results stay the same? Second, can another researcher reach the same results? An third, is it clear how the raw data was processed to results? There are four threats to the reliability of the research; subject or participant error, subject or participant bias, observer error and observer bias. They are

affected by timing, attitudes, autonomy and interpretation of the questionnaire.(Saunders et al, 2007)

Validity of the research measures the causality of relationships between variables. Causality is when a variable affects another variable. The threats to validity are history, testing, instrumentation, mortality, maturation and ambiguity about causal direction. The research findings are generalized if they can be applied to other circumstances.(Saunders et al, 2007) In this thesis, the framework of customer service requirements is specific to the subject company, which at its own unables generalization of the research results.

The results and analysis are only reliable, valid and generalized in the target group of COMPANY X's employees. They are reliable and valid only among the employees of COMPANY X due to the fact that the employees of COMPANY X form a particular group with its own company rules and division. In that grouping the answer rate is more than 20 per cent, the limit for the generalization of the results, which enables the drawing of conclusions of the whole target group.

5 RESEARCH ANALYSIS

5.1 Introduction

In this chapter, the questionnaire and also the division of results are presented in more detail. All theories referred to in this chapter can be found from chapter 2 THEORETICAL FRAMEWORK. The questionnaire is formed mainly on those theories. The questionnaire consists of four segments: Background Information, Motivation, Customer Service and Motivation and Customer Service. These segments are separately studied in the following subchapters. Questions are mainly simple multiple choice questions.

5.2 Background Information

As shown in chapter 3 METHODOLOGY, a main reason for the background information segment in the questionnaire is the recognition of the one answering the otherwise anonymous questionnaire. When the general age, sex, education, place of work and length of employment are known, it is easy to know who answered the specific questionnaire. This knowledge is used then to minimize the risk of dishonest answers. The segment of Background Information was also used for the purpose of studying the influence of age, sex, and length of employment on customer service and motivation. The results of that is found in subchapter 4.6 Cross Reference.

The first question is about the sex of the respondent. Of the 38 answers, 10 are female and 28 are male. This translates to 26% female and 73% male. The second question was about age. 15 persons, 39%, are from age 18 to 28, 9 persons, 23%, are from 29 to 38, 6 persons, 15%, are from 39 to 48, 5 persons, 13%, are from 49 to 58 and 3 persons, 7%, are from 59 to 68 years old.

The third question is about the level of education of the employee. The options were either no education or a student, lower education or higher education. 6 persons, 15%, has no education, 25 persons, 65%, has lower education and 7 persons, 18%, has higher education.

The fourth question is about the duration of employment. 9 persons, 23%, has worked less than a year for the company, 10 persons, 26%, from one to three years, one person, 2%, from three to five years and 18 persons, 47%, has worked for the company over five years. This division in work years is consistent to the change of the head of the company four years ago. Almost half of the employees stayed after the change of management. This also explains why only one person has worked in the firm from three to five years (see Figure 1).

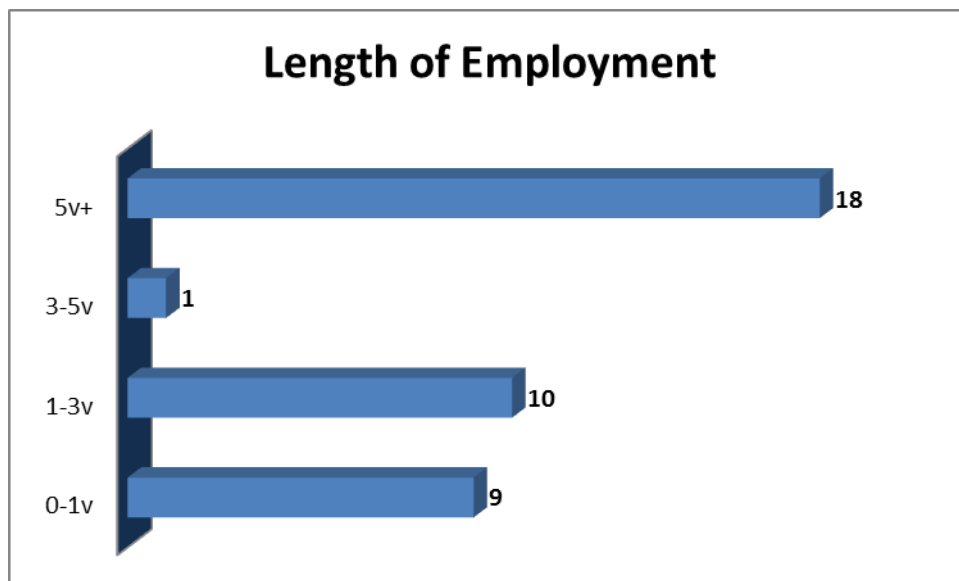


Figure 3. Length of Employment

The fifth question is about the satisfaction employees feel about the current current line of their work. 6 persons, 16%, are dissatisfied, 30 persons, 79%, are satisfied, and 2 persons, 5%, are unsure of their satisfaction in their work.

The sixth question is about the the department the employee works in. 5 work in hardware, 4 in tools, 1 in garden, 4 in interior design, 4 in design center, 2 in warehouse, 7 in builder's yard, 8 in cashiers and 3 in B2B.

5.3 Motivation

The second segment of the questionnaire is about the employees' motivation. The understanding of the motivation is important when comparing customer

service with employee motivation. All the questions in this subchapter are based on the theories of motivation.

The seventh question is an open question about motivation itself and what the employee thinks it is. There are as many different answers as there are filled questionnaires. Everyone perceives motivation differently, which is not a surprise looking at the different meanings the theories present. The only reason this question is in the questionnaire is to show that precise fact, not to serve any bigger purpose in the study.

Questions from 8 to 12 and questions from 14 to 18 state an assumption of the situation in the workplace and they all have the same five options from “I totally agree” to “I agree to an extent” to “I neither agree nor disagree” to “I disagree to an extent” to “I totally disagree”. These options are ranked from 1 to 5, 1 standing for total disagreement and 5 standing for total agreement. “I agree to an extent” meaning a 4, “I neither agree nor disagree” meaning a medium of 3 and “I disagree to an extent” meaning a 2. If the mean of the answers is more than three in positive effect, factors can be considered motivating to some extent. The closer the mean is to five, the more motivating the factor is.

Question 8 “I feel that I am motivated on an everyday basis at work” has a mean of answers of 4,07, resulting in a little more than “I agree to an extent”, which means that majority of the employees feel motivated.

Question 9 “I feel that my main tasks are motivating” gives the mean of 3,78, which translates to the majority being somewhat motivated by their tasks.

Question 10 “I feel I can use all knowledge and skills in my work” gives the mean of 3,31, a number close to the neutral of not agreeing or disagreeing. This is something that can be seen as not motivating the employees.

Questions 11 “My work environment affects my motivation at work a lot” and 12 “The environment outside my work affects my motivation at work a lot” are in the questionnaire to differentiate the power of external outside the work forces on the work at hand. The work environment’s effect on the work is greater,

scaling at 4,44, than the environment's outside the work environment, scaling at 3,76.

Question 13 is where the employee has to rank seven motivators in order to his or her perception of importance. The motivators are the ones from Wiley and Kowske's (2011) RESPECT model. They are recognition, exciting work, security of work, pay, education and career growth, conditions at work and truth. 2 persons, 5%, thinks recognition is most important factor of motivation, 12 persons, 31%, think it is exciting work, 8 persons, 21%, think it is security of work, 7 persons, 18%, think it is pay, 4 persons, 10%, think it's education and career growth, 4 persons, 10%, think it's working conditions and none of the respondents consider truth to be the most important factor of motivation (see Figure 2).

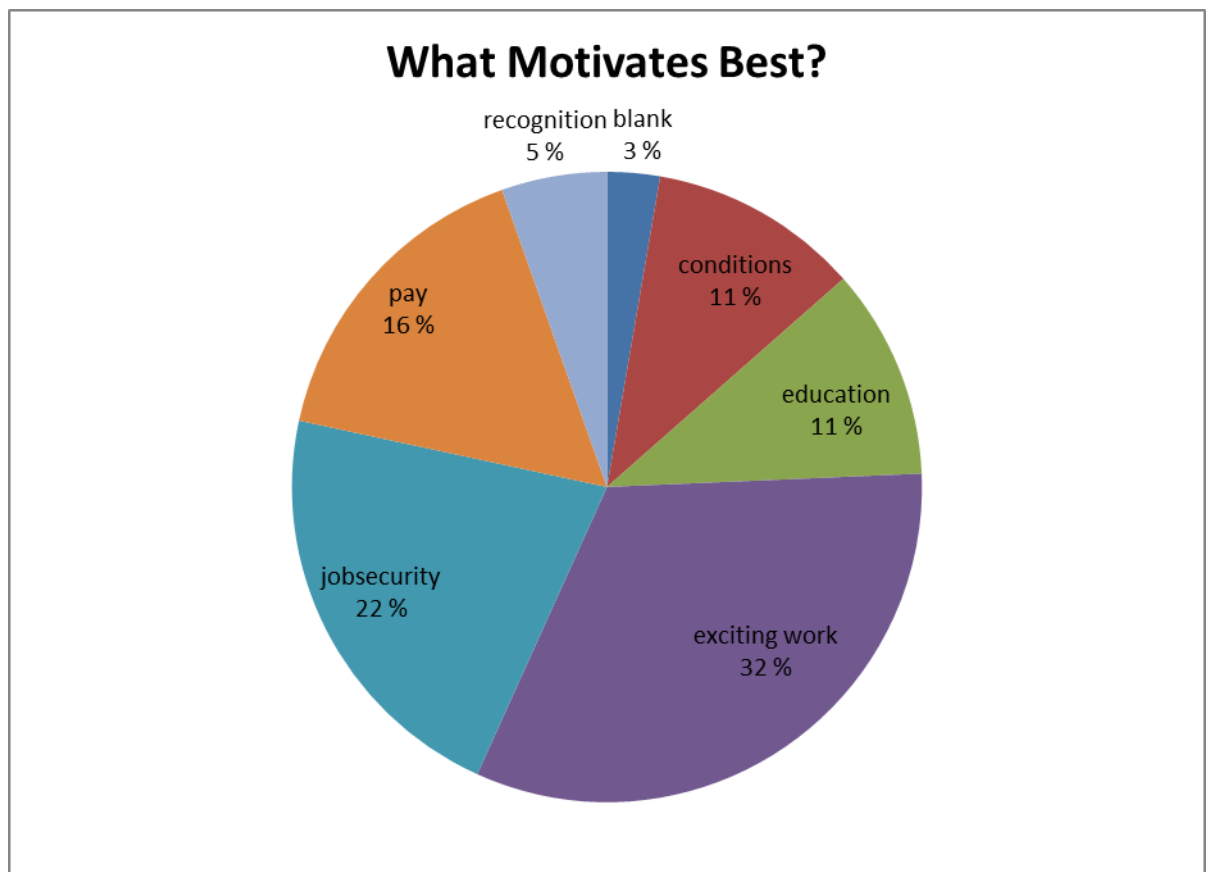


Figure 4. What Motivates Best?

When looking at what factors are least important, 8, 21%, answered education and career growth and another 8, 21%, answered truth. Both security of work and pay were answered by 4, 10%. Recognition was answered by 2, 5%. Exciting work and working conditions were each considered least important factor of motivation by only one, 2%.

The division between factors is great and supports the study of motivation represented in chapter 2. Pay, which was formerly known to be the sole motivator of employees, is not even in this study ranking the top. Interesting work is most important, then job security and then pay. Pay is even considered least important of the seven by 10% of the respondents. The results support the study of Wiley and Kowske (2011) as the answers are divided and there is no clear most important and least important factor in the model. They are all needed to create motivating work environment.

Question 14 "I feel secure with my job" has a mean of 3,86, meaning only some motivation to employees. If looking at Herzberg's (1959) Two Factor Theory, job security is a dissatisfier. Little lower mean would equal to dissatisfaction in the work environment.

Question 15 "Pay raise and bonuses are motivating tools at COMPANY X" gives a mean of 1,84, representing the total opposite of the assumption. This assumption represents the X theory of McGregor (1960). Fear and reward definitely are not the tools of management.

Question 16 "My work gives me possibilities to grow, succeed and gain self-esteem through my tasks" represents Theory Y of McGregor (1960). It receives a mean of 3,26. This is just above neutral in the scale but the difference to question 15's mean is distinctive, which translates to a more Theory Y implemented work environment.

Question 17 "In your work, do all these characteristics come true? You experience responsibility, work is meaningful for you and you understand why you put effort into your tasks." receives a mean of 4,23. According to Pinder

(1984) and the Job Characteristics model, the work at COMPANY X has the characteristics of being motivating.

Question 18 “Do you feel the reward system at your workplace is just and fair?” gives a mean of 2,5. This means that majority feels the reward system is unjust and unfair. According to Robbins (1993) this will result in rise of tension and lowering of motivation.

5.4 Customer Service

The third segment of questions, Customer Service, consists of questions from 19 to 28. All of the questions are in the form explained in the subchapter 4.3 Motivation. They give a mean of all answers in number form for easier study and comparison. A mean of 3 is a neutral state of not agreeing or disagreeing, mean under that equals to disagreement and mean higher than that shows agreement. Questions 19 to 28 consist of the ten guidelines into good customer service of COMPANY X presented in chapter 2 THEORETICAL FRAMEWORK.

Question 19 “I treat customers as I want myself to be treated” has a mean of 4,36. Majority of the respondents feel they treat customers as they want themselves to be treated. Question 20 “I always greet the customers and pay attention to them even if they don’t need customer service” has a mean of 4,31, also being a high score among respondents.

Question 21 “I use the same amount of time to serve friends as with other customers” has a mean of 3,68, remarkably closer to neutral. This represents a lack of objectivity in customer service. Question 22 “I try to actively sell also to those, who don’t inform me of a want to buy” has a mean of 3,42, also very close to neutral. This can be linked to time management or work load of a respondent, not only the want and will to execute.

Question 23 “I know the store well. I know how to direct the customer to any product” has a mean of 3,81. This is probably due to non-existent training on products and the fact that learning of products is mainly extra-curricular activities done by the most motivated. Question 24 “I always ask a colleague

when I need help” has a mean of 4,84. This means almost every respondent asks help if they need it.

Question 25 “I know how to process complaints” has a mean of 4,44. All respondents feel they are able to process complaints. Question 26 “I answer my work phone quickly and politely” has a mean of 4,28. Majority of respondents feel they know how to use the phone.

Question 27 “I always write down verbal customer feedback and pass them on to my managers” has a mean of 2,26, meaning the respondents disagree with the assumption to an extent. This is somewhat time consuming and can be overlooked midst high work load. Question 28 “I gather additional information from business and products on my freetime” has a mean of 3,07. Majority of respondents have little opinion on this subject, but don’t disagree with it.

A mean of all question from 19 to 28 is 3,85, corresponding close to agreeing to some extent in all assumptions of guidelines. This is a positive result of employees doing their work as they are supposed to leaving room for improvement. The questions of direct customer service received high means, meaning the employees feel their efforts are extensive.

5.5 Motivation and Customer Service

The fourth segment Motivation and Customer Service asks the employees of their thought on the relationship between motivation and customer service. It also asks if there is something in the work place that can be improved in order to increase motivation among employees. The motivational improvements are something useful for the company, if they choose to enhance motivation.

Question 29 “I feel my motivation affects the quality of my customer service directly” has a mean of 4,5, almost a total agreement to the assumption. According to the result, employees believe there is a link between motivation and customer service. In other words enhancement of the employee motivation would then enhance customer service in the thoughts of the employees.

Question 30 “Do you have to be motivated to give the best customer service possible?” was a simple yes or no question. 31 persons, 81%, answered yes and 7 persons, 18%, answered no. Majority believes motivation to have an effect on the best possible performance. This is in accordance with the study of Wiley and Kowske (2011).

Question 31 “What specific/concrete changes would you want in your company that would increase your motivation?” was created to give the company concrete data on what the employees want in order to feel more motivated. Many, 13 out of 38, left this question blank for reasons unknown, but the rest gave good answers the author would divide in two; those that require money to be implemented and those that don't.

For changes that require money, respondents' most wanted changes were pay raises, bonuses and sales related bonuses, mentioned by seven respondents. Others were more working hours for those not working full time, in house competitions and vouchers for sports. For changes not considering money, equality, better information flow, appreciation from management and feedback from management, especially constructive and positive feedback received most attention. Other noteworthy aspects considering daily activities were purpose of tasks, clear job description, better social work environment and development discussions that actually lead to development of things in the company. Changes that would either not cost or cost depending on the execution, were changes in rewarding, more training and education of products, consistency of the organization and better conditions for work.

4.6 Cross Reference

For extra cross referencing, the author chose age, sex and length of employment. They all were compared to Wiley and Kowske's (2011) seven motivators presented in chapter 2 THEORETICAL FRAMEWORK. In this group of respondents, no distinctive differences between age and motivators, sex and motivators or length of employment and motivators were found. The

preferences were similar to the answers of the whole group regardless of sex, age and length of employment.

6 CONCLUSIONS

This research was constructed to study the motivation and its effect on customer service in the population that is COMPANY X's employees. The research questions were as follows:

1. How motivated do employees feel and do they think motivation affects customer service in COMPANY X?
2. What is the employees' perception of their company's customer service and also good customer service?
3. What do the employees think would increase their motivation in regards to customer service in COMPANY X?

In the following subchapter, the research questions are answered and concluded by the author. In subchapter 5.1 future application is discussed.

5.1 Research Findings

It can be said that the findings made in this research are in accordance with the theory in chapter 2 THEORETICAL FRAMEWORK. More detail study of the questionnaire is made in chapter 4 Research Analysis, from which this chapter will draw conclusions.

The first research question is about how motivated do employees feel and do they think motivation affects customer service. These information are answered in the questionnaire in questions 8 and 29. Majority of the respondents both feel motivated and think motivation affects customer service. These beliefs are proven true as the respondents consider many of the motivators stated in chapter 2 THEORETICAL FRAMEWORK being present in the work place. Main motivators to be worked on are a just reward system and the removal of pay raises and bonuses from motivating tools.

The second research question was about the employees perception of good customer service and the quality of customer service in the company. This question was represented by questions 19 to 28. The answers were clear on

customer service. Majority of respondents felt they handled well all customer service aspects. The two aspects not handled that well were the extra-curricular activities and servicing friends and family objectively.

The third research question was what do the employees regard as motivation enhancing changes in the company. The subject was represented by the open question 31 in the questionnaire. A large number of blank answers tell a story of not believing the change is going to come. The ones that answered had similar patterns in what they want to be changed. Reward systems and feedback were most valued by the respondents.

In addition to the research questions age, sex and duration of employment were compared to the motivators recognition, exciting work, security of work, pay, education and career growth, conditions at work and truth with no division between the given parameters.

In conclusion, when comparing how motivated employees feel, how good customer service they give and what is the situation of customer service when looking at customer feedbacks and the customer satisfaction survey, the overall situation is that the customers are receiving good customer service and the employees feel motivated and feel the two are linked to each other. The finding of this study is that motivation affects customer service quality and is to be taken seriously.

5.2 Suggestion for Further Research

The time used to execute this research was limited, which is why it lacks depth in both research and theory. This is something that can be build upon if this research were to be used in the future. Adding more framework and more concrete interviews would result in more specific data. Also conducting the same survey to get a larger proportion of answers from the subject group would result in a more accurate depiction of the overall thoughts of the employees.

This study could also be altered to target a larger population of stores, or it could be taken to another country. The study would then be better as a quantitative study as the population would be bigger than the sixty in this study.

SOURCE MATERIAL

Arnold, J. et al. (2005), *Work Psychology: Understanding Human Behaviour in the Workplace* (4 Ed.). Pages 306-347. Prentice Hall.

Bovée C.L. & Thill J.V. (2005) *Business in Action* (3rd ed.). Prentice Hall, 222-231

Herzberg, F., Mausner, B. & Snyderman, B. B. (1959). *The Motivation to Work*. John Wiley. New York.

Customer Feedback of COMPANY X (2013)

Customer Service Quality Requirements of COMPANY X (2009)

Customer Satisfaction Survey of COMPANY X (2012)

Maslow, A. H. (1943). A Theory of Human Motivation. *Psychological Review*, 50, 394-395

McGregor, D. (1960). *The Human Side of the Enterprise*. McGraw-Hill. New York. 33-49, 114.

Pinder, C. (1984). *Work Motivation: Theory, Issues and Applications*. Glenview: Scott, Foresman and Company

Rice, C., Marlow, F. & Masarech, M.A. (2012). *Engagement Equation: Leadership Strategies for an Inspired Workforce*. Wiley

Robbins, S. (1993). *Organizational Behavior* (6 Ed.) Englewood Cliffs: Prentice-Hall

Saunders, M., Lewis, P., Thornhill, A. (2007). *Research Methods for Business Students* (4 Ed.). Prentice Hall

Vroom, V.H. (1964). *Work and Motivation*. New York: Wiley.

Wiley, J. & Kowske, B. (2011). *RESPECT: Delivering Results by Giving Employees What They Really Want*. Pfeiffer

Web Sources:

Jordan T. Motivation of Employees: The Pros and Cons of What Works and Doesn't. Copyright © 2000, Global Business Trainers, LLC [online, referred to 14.6.2013] available on the web at

http://www.businesstrainers.net/pdf/EMPLOYEE_MOTIVATION.pdf

Ramlall S. A Review of Employee Motivation Theories and their Implications for Employee Retention within Organizations. Journal of American Academy of Business, Cambridge; Sep 2004; 5, 1/2; ABI/INFORM Global. 52. [online, referred to 25.6.2013] available on the web at

ftp://ftp.cba.uri.edu/Classes/Beauvais/HPR412/Ramlall_2004.pdf

Figures:

Figure 1: Maslow's Hierarchy of needs, [online, referred to 15.8.2013] available on the web at <http://communicationtheory.org/maslow%E2%80%99s-hierarchy-of-needs/>

Figure 2: Dudovskiy, J.(2013). Theory X and Theory Y, [online, referred to 20.8.2013] available on the web at <http://research-methodology.net/theory-x-and-theory-y/>

Appendix 1: Questionnaire

Background Information:

1. What is your gender?

- male
- female

2. How old are you?

- 18-28
- 29-38
- 39-48
- 49-58
- 59-68

3. What is your level of education?

- no education/ student
- lower education
- higher education (university level)

4. How long have you worked for COMPANY X?

- less than a year
- one to three years
- three to five years
- five or more years

5. Are you happy in your current line of work?

- yes
- no

6. What “department” do you work in?

- Hardware
- Tools
- Garden
- Interior design
- Design center
- Warehouse (indoor unit)
- Builders’ yard (outdoor sales/warehouse)
- Cashiers
- B2B sales

Motivation:

7. What is work motivation to you? (Describe in short)

8. “I feel that I am motivated on an everyday basis at work” (Choose the most correct alternative)

- I totally agree
- I agree to an extent
- I neither agree nor disagree
- I disagree to an extent
- I totally disagree

9. “I feel that my main tasks are motivating” (Choose the most correct alternative)

- I totally agree
- I agree to an extent
- I neither agree nor disagree
- I disagree to an extent
- I totally disagree

10. “I feel I can use all knowledge and skills in my work” (Choose the most correct alternative)

- I totally agree
- I agree to an extent
- I neither agree nor disagree
- I disagree to an extent
- I totally disagree

**11. “My work environment affects my motivation at work a lot”
(Choose the most correct alternative)**

- I totally agree
- I agree to an extent
- I neither agree nor disagree
- I disagree to an extent
- I totally disagree

12. “The environment outside my work affects my motivation at work a lot”

- I totally agree
- I agree to an extent
- I neither agree nor disagree
- I disagree to an extent
- I totally disagree

13. What motivates you best at the moment? (Rank alternatives from 1 to 7, 1 being the most important)

- recognition (by management/peers)
- exciting work
- security of employment
- pay
- education and career growth
- conditions at work
- truth (management transparency)

14. “I feel secure with my job” (Choose the most correct alternative)

- I totally agree
- I agree to an extent
- I neither agree nor disagree
- I disagree to an extent
- I totally disagree

**15. “Pay raise and bonuses are motivating tools at COMPANY X”
(Choose the most correct alternative)**

- I totally agree
- I agree to an extent
- I neither agree nor disagree
- I disagree to an extent
- I totally disagree

16. “My work gives me possibilities to grow, succeed and gain self-esteem through my tasks” (Choose the most correct alternative)

- I totally agree
- I agree to an extent
- I neither agree nor disagree
- I disagree to an extent
- I totally disagree

17. In your work, do all these characteristics come true? You experience responsibility, work is meaningful for you and you understand why you put effort into your tasks.

- I totally agree
- I agree to an extent
- I neither agree nor disagree
- I disagree to an extent
- I totally disagree

18. Do you feel the reward system at your workplace is just and fair?

- I totally agree
- I agree to an extent
- I neither agree nor disagree
- I disagree to an extent
- I totally disagree

Your Customer Service:

19. “I treat customers as I want myself to be treated”

- I totally agree
- I agree to an extent
- I neither agree nor disagree
- I disagree to an extent
- I totally disagree

20. “I always greet the customers and pay attention to them even if they don’t need customer service”

- I totally agree
- I agree to an extent
- I neither agree nor disagree
- I disagree to an extent
- I totally disagree

21. "I use the same amount of time to serve friends as with other customers"

- I totally agree
- I agree to an extent
- I neither agree nor disagree
- I disagree to an extent
- I totally disagree

22. "I try to actively sell also to those, who don't inform me of a want to buy"

- I totally agree
- I agree to an extent
- I neither agree nor disagree
- I disagree to an extent
- I totally disagree

23. "I know the store well. I know how to direct the customer to any product"

- I totally agree
- I agree to an extent
- I neither agree nor disagree
- I disagree to an extent
- I totally disagree

24. "I always ask a colleague when I need help"

- I totally agree
- I agree to an extent
- I neither agree nor disagree
- I disagree to an extent
- I totally disagree

25. "I know how to process complaints"

- I totally agree
- I agree to an extent
- I neither agree nor disagree
- I disagree to an extent
- I totally disagree

26. "I answer my work phone quickly and politely"

- I totally agree
- I agree to an extent
- I neither agree nor disagree
- I disagree to an extent
- I totally disagree

27. "I always write down verbal customer feedback and pass them on to my managers"

- I totally agree
- I agree to an extent
- I neither agree nor disagree
- I disagree to an extent
- I totally disagree

28. "I gather additional information from business and products on my freetime"

- I totally agree
- I agree to an extent
- I neither agree nor disagree
- I disagree to an extent
- I totally disagree

Motivation and Customer Service:

29. "I feel my motivation affects the quality of my customer service directly" (Choose the most correct alternative)

- I totally disagree
- I disagree to an extent
- I neither agree nor disagree
- I agree to an extent
- I totally agree

30. Do you have to be motivated to give the best customer service possible?

- yes
- no

31. What specific/concrete changes would you want in your company that would increase your motivation? (Give a short description)

Appendix 2: Cover Letter of Questionnaire

QUESTIONNAIRE

Dear employee of COMPANY X,

I am an International Business student from TUAS and working on my thesis in which I study the affect motivation has on customer service.

I would appreciate you taking a moment to fill out this questionnaire about motivation and customer service. It will only take about five minutes to answer.

The only requirement to answer this survey is that you are an employee of COMPANY X. The survey is anonymous. Every employee answers the survey only once. Note that you can only choose one alternative per question unless advised otherwise in the question.

Thank you for your time,

Regards,

Kim Suomi.