

[Theme 4.]

Enhancing employees’ innovation activity through motivational factors

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Abstract

The expertise of employees determines what they are capable of doing, but the motivation determines what they actually will do. Intrinsically motivated employees do their job well and even more than business as usual. The motivation to cooperate and act for seeing the company’s best in a long run rather than individual short term success requires organisational citizenship behaviour (OCB). Transformational leadership style is capable to motivate employees to do beyond their job description and might lead on promoting OCB.

The aim of this paper is to clarify theoretically significant motivation factors for the organisational change processes, and empirically the motivational factors for salespeople to start to share more systematically the customer knowledge. The methodology used in this study is action research. The data is collected in the form of semi-structured interviews, observations as well as diaries of the researchers and literal material that the participants produce in organized sessions.

Keywords

Motivation, action research, transformational leadership, OCB

Introduction

Innovativeness has been considered one of the survival elements in the modern business environment. In the closed innovation environments innovations and inventions have been generated inside a company by their engineers and researchers. When competition has become global, it has forced companies to open up their innovation activities. Knowledge diffusion has accelerated enormously through the revolution of the Internet and during the last decade knowledge and the skills to use it has become the most important resource for companies. Open innovation philosophy (Chesbrough 2003; Dodgson et al. 2006) stress that the innovative ideas can come also from outside the organisation.

The changing environment requires every organisation skills to observe proactively inside and outside of organisation to spot the useful signals. As for creating conditions for effective innovation, Bessant and Tidd (2007) come up with three critical phases. Firstly, a company needs to have effective ways of searching the signals to generate innovation possibilities. Secondly, the selecting of the good ideas with which to proceed needs to be strategic choices. Thirdly, the implementation of ideas should be realised with balance of creativity and control.

The focus in this paper is finding ways to benefit from the proactive external linkages. One group that has a lot of proactive linkages outside organisation is the salespeople. They constantly hear the voice and opinions of the very important persons for the organisation: from the customers. Traditionally the salespeople work has been individual performance and the customer knowledge has been an asset of power in competition between salespeople. So the key question here is: How to motivate the salespeople to share the customer knowledge? This paper aims to create knowledge on how to motivate the salespeople to share their customer knowledge and discusses the influence of executives on motivation.

How to accomplish motivated employees?

To successfully conduct change process in organisation, good leaders will try to affect to employees' motivation instead of giving orders. Motivation determinates what people really do (Amabile 1998). Jobs can be assigned and they will be done adequately, but for employees to do more than business as usual they need to feel motivated. Motivation helps individuals to develop, as do organisational factors like management support, resources, work group features, reward systems, adequate evaluation process, challenge and freedom (van Dijk & van den Ende 2002; Amabile 1998).

Why motivation is still one of the most important factors while studying employees and management in the organisation? The answer would be that in order to survive in nowadays business, the motivation is the major issue to taken care of. The motivation is highly challenging and continuously changing area, since motivational factors depends on lot of different matters for example age, position, task, manager's support and behavior, reward systems and so on.

There exists numerous ways to define the motivation concept. Even though motivation approaches have been developed over the years, in most of them is possible to recognise features from history, for example from Maslow's need-hierarchy theory or Herzberg's two-factor theory. According to Kreitner (1995) motivation is the psychological process that gives behavior purpose and direction. Buford et al. (1995) suggest that motivation is predisposition to behave in a purposive manner to achieve specific, unmet needs. Higgins (1994) and Bedeian (1993) state that

basic motivational factors are an internal drive to satisfy an unsatisfied need and the will to achieve (Lindner 1998). Amabile (1998) divides motivation into intrinsic and extrinsic. Money is the most common extrinsic motivator, but it may make people feel bribed or controlled. If the work is routine and monotonous, employees work more just to get extrinsic rewards such as money. Using only an extrinsic motivator may even decrease worker's innovativeness and problem-solving skills and the lack of motivation can reflect in the quality of work.

As it was stated earlier there exists multiple ways to categorise motivating factors. Next are listed common areas that are studied in many research concerning motivation in managerial and employee levels in the organisation:

- Job security
- Sympathetic help with personal problems
- Personal loyalty to employees
- Interesting work
- Good working conditions
- Tactful discipline
- Good wages
- Promotions and growth in the organisation
- Feeling of being in on things and
- Full appreciation of work done.

(Bettencourt 2004; Siitonen 1999; Lindner 1998)

Feedback is a vital part of motivation. A common belief is that the superior gives the feedback and employees receive it. However, feedback can be multi-sourced: an employee receives feedback on his performance from peers, supervisors or customers. (London and Smither 1995) Peer feedback (or exposure to that) is important as it increases collaboration, communication, effective decision-making and self-management in a group (Dominick et al. 1997).

Constructive feedback gives employees a feeling of belonging and builds mutual trust within the company. If evaluation is constantly just finding mistakes, if the ideas are not taken seriously by the management or the evaluation process is not open so that workers know how their ideas are being evaluated, a worker will no longer share his or her ideas (Amabile 1998; Schepers et al. 1999). Also the timing matters. Delay in feedback or excessive criticism kills the motivation to think creatively (Amabile 1998). Giving feedback should not be employed as an intrinsic value but to adjust a situation in hand; after all, the reaction of an individual to feedback is a combination of several factors (de Bono and Colbert 2005).

Leading the employees through changes

In this study concept as management and leadership do not get much of attention in explanatory matter. As it is stated in the literature all managerial tasks need leadership skills fairly. In addition, individual differences play an important role of handling supervisory matters. Furthermore, the case company in this paper makes bit difficulties to identify leader and managerial positions, since interviewed employees are white-collar workers and work quite independently in daily basis. Moreover, the company is family owned and Managing Director as well as President is also participating daily works additionally of their other duties.

Organisations in the turbulent business era are always confronting changes to some extent. Regardless of the type or the size of change is in question, it inevitably has an influence on people. Yet, there is no one universal principle to follow, as the circumstances are unique within

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each organisation. If organisational procedures and communication are unclear, these have an immediate impact on the success or failure of change process.

With the purpose of achieving success in the change processes, all participants in the organisation must be committed occurring changes. All the changes need some time of consideration at the individual level and therefore, open communication as well shared vision and flexibility is required thoroughly in the organisation. Managing the change is very demanding task and it necessitates plenty of different capabilities from managers than they have usually confronted (Senge 2003; Kotter & Cohen 2002; Drucker et al.1997).

The efforts of change management are easily failed if managerial level keeps using orthodox scientific management styles for example F.E. Taylor's. The change management entails much more than merely operating machines or taking care of each piece of processes in isolation. Instead, the very important task is to understand how different pieces affect on each other and while changing only some or one part it is valuable to consider the impacts on the whole organisation. In addition, importance of communication between all participants in the organisation is essential. For all kind of organisational transformation, attendance of people and managing their emotional connections are very important. In order to manage the change successfully in the organisation, the primary focus on leadership should be in the managing dynamics instead of singular parts of the organisation (Kotter 1998, Duck 1998).

Good leading style for motivated and innovative employees

A concept of transformational leadership was created by Burns 1978. His ideas were based on the research of political leaders. The basic point of view of Burns' concept is that leadership is a process, not a set of discrete acts. Leadership is described as a system where leaders are trying to develop constantly motivational responses toward followers as well as adapt different behavior on their responsiveness or resistance. (Yukl 1998).

Bass (1985) has developed the ideas of Burns' transformational leadership concept. According to Bass, transformational leadership can be clarified in the terms of the impacts that leaders have on followers. These effects and reactions can be seen for example on followers' feeling of trust, loyalty, respect to leaders and willing to do beyond their task description. In order to transform and motivate employees Bass suggests that leaders should pursue following three guidelines:

1. making employees more aware of the importance of the task outcome,
2. encouraging employees to exceed their own self-interest concerning organisation or team and
3. triggering employees' higher-order needs. (Yukl 1998)

Transformational leadership can be clarified as processes that are aiming to build commitment toward organisations' goals and empower employees to achieve these goals. In addition, some theories suggest that with transformational leadership it is possible to explore effects that leaders have on organisational culture while intending to accomplish organisational objectives.

The four dimensions of transformational leadership are idealised influence (or charisma), inspirational motivation, intellectual stimulation and individual consideration. Idealised influence/charisma refers to leaders' behavior in admirable ways that cause followers to recognise with the leader. Charismatic leaders appeal to followers on an emotional level. This is about leaders' capability to provide a role model for their followers having a clear set of values and demonstrating them in every action.

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Inspirational motivation is the articulation of leaders about a vision that is interesting and inspiring to followers. Leaders with inspirational motivation challenge followers with high standards, communicate optimism about future goals, and provide meaning for the task at hand. Followers need to have a strong sense of purpose if they are to be motivated to act forward individually as well as within groups. Furthermore, visionary aspect of leadership should be supported by communication skills that allow the leader to articulate his or her vision with accuracy and power in a compelling and convincing way.

With intellectual stimulation leaders are able to increase awareness of problems and persuade employees to deal with problems from different viewpoints. Moreover, leaders challenge assumptions, take risks and seek ideas of employees in order to stimulate and encourage creativity among employees. Individual consideration is about the leader attends to each follower's needs, acts as a mentor or coach to the follower and listens to the follower's concerns and demands. This also covers the need to respect and celebrate the individual input that each employee is able to contribute to the team. The true strength is on a diversity of the team.

Motivated employees performing in the innovative organisation

Intrinsically motivated employees do their job well whether or not they are supervised; they have strong intrinsic motivators, passion for doing something, to innovate (Felberg and DeMarco 1992; Thomas and Velthouse 1990; Knight 1987). When people feel that the assignment itself is exciting and rewarding, they will share knowledge (Miles et al. 2005, 98-101).

Organizational Citizenship behaviour (OCB) is an exceptional type of individual's work behaviour being productive to the organisation. This type of behaviour can not be recognised directly or explicitly by the formal reward system. OCB is based on employee's personal choice to give extra effort at work and it is related to organisational commitment and job satisfaction. (Van Dyne & Pierce 2004; Organ 1987) So the challenge of OCB in complex and innovative work environments is in the employment relationships which are not any more a bond to be taken for granted. OCB is thought to have an essential impact on the effectiveness and efficiency of work teams and organisations, as a result enhancing to the overall productivity of the organisation.

It is assumed that employees balance their working efforts with the degree they perceive the organisation to respond with desirable returns (Tsui & Wu 2005; McDonald & Makin 2000). Employees' feelings that the organisation values their contribution and is interested in their well-being are positively related to employees' performance and organisational commitment. If employees feel the organisation has failed to fulfill promised obligations they are less likely to give their best effort and less likely to engage in organisationally-directed citizenship behaviour. (Coyle-Shapiro et al. 2006, Fuller et al. 2003)

Bettencourt (2004) and Choi (2007) have studied change-oriented organisational citizenship behaviours. Even though, the concept is based on the cooperative forms of OCB but the difference from “traditional” OCB or any other extra-role behaviors to change-oriented organisational citizenship behaviour is an importance on employee character besides situational influencers. This means that employees must be change oriented and willing to take risks even it might upset the status quo as well as interpersonal relationships at least in the short term.

OCB has been conventionally tried to define by studying direct relationships from affective appraisals of managers, the job or by the factors of work context. (Mackenzie, Podsakoff & Rich 2001) In some current studies demonstrate the efficacy of espousing the interactionist standpoint

with predicting change-oriented OCB because according to Bettencourt (2004) these behaviours are seen as a consequence of the interaction between relevant person and situational factors.

The change-oriented OCBs suggest that despite of work routines and interpersonal relationships, the situational influencers (e.g. leadership behavior) may not be sufficient if an employee does not perceive that it would emphasise their performance. In addition, situational influencing might not be essential if an employee already think that reinforce their performance regardless of the situation. (Choi 2007; Bettencourt 2004)

Methodology

The methodology in this study is action research. During the process the researcher gets new knowledge from practice by which he changes the theory to new or better one. As the action research process aims at making changes in practice it also has to make a contribution to existing theories. (Avison et al. 1999) The roots of action research lie in social sciences, but the methodology is used more and more also in conducting and examining the organizational change processes. Action research takes collective and self-reflective forms in which participants undertake to improve the rationality of their own social and cultural practices. (Kemmis & McTaggart 1988)

Gummeson (2000) specifies ten points to describe the action research process.

1. *Action researcher takes action.* The researcher has to take two roles, one as a change agent and other one as a researcher.
2. *Action research has dual goals: to serve client and science.* How to balance the two?
3. *Action research is interactive; cooperation is continuous between client and researchers.*
4. *Complexity.* Not just the visible part but also the reasons behind the observations.
5. *To understand, plan and implement business change.* Informal and formal processes and factors that are connected in seemingly chaotic patterns.
6. *Ethical framework.* Capacity and motivation of all employees as well as empowerment.
7. *Data collecting.* Interviews, observation and participation. The researcher is not just an observer but becomes a change agent.
8. *Pre understanding of the business environment.* Universities often tend to be too theoretical or quantitative. Understanding of the environment can be firsthand through personal experience or second hand acquired through e.g. reports.
9. *Real time or retrospective?* Usually it is real time, but Gummeson raises the potential of retrospective action science for example done by employees of former work environments.
10. *Quality of the research.* Action research should be governed by the hermeneutic paradigm although it may include parts that follow positivistic paradigm.

According to McKay and Marshall (2001) the action research process consists of two interlinked cycles serving two different interests. First, there is research interest which has research method and research result. Second, the interest of making change in business which in turn has change method and change result. Cronholm and Goldkuhl (2004) develop further McKay's and Marshall's (2001) ideas emphasizing the cohesion of the two cycles of research and business interests. For example collecting the data by interviews serves not only as a source of information but also is the first step towards business change. The question of responsibility is raised by Avison et al. (2001) who examine “who is really in charge of the project?” Since the two interest can be considered being rather different, also the division of responsibility must be dual. As Cronholm and Goldkuhl (2004) state, researcher is in charge of creating research results and the partner (for example participants from a company) makes the business change possible.

	Traditional research	Action research
<i>Aim of the research</i>	Universal knowledge Theory building and testing	Knowledge in action Theory building and testing in action
<i>Type of knowledge acquired</i>	Universal Covering law	Particular Situational Praxis
<i>Nature of data</i>	Context free	Contextually embedded
<i>Validation</i>	Logic, measurement Consistency of prediction and control	Experiential
<i>Researcher's role</i>	Observer	Actor Agent of change
<i>Researcher's relationship to setting</i>	Detached Neutral	Immersed

Table 1: The main differences between action research and traditional research methodologies (Pavesi, Corso, Boer 2002)

The main differences between traditional research and action research are seen in table 1. In using action research we are able to seek answer to question *why* some organisational change processes succeed and others do not. In some cases it is more valuable to observe the actors explicit actions than receive their cognitive intentions by for example by interviews. (Avison et al. 1999). Researchers work in close connection to the environment and people and this requires sensibility and the ability to make fast reflections in action and transcend existing theories into new and better ones. Gustavsen (1996) points out the communicative action in everyday practices arguing that language and communication processes are the key for change in social context at organizations development.

Data collection

The data has been collected during an Innovation Catcher process (For theoretical background see Paalanen and Konsti-Laakso 2007) which aims to reveal the hidden innovation potential from different levels of an organisation. Innovation catcher is one of the concrete innovation tools to illustrate the practice-based innovation activities (See Harmaakorpi and Tura 2006). It is developed in Lahti region in cooperation of Lappeenranta University of technology, Lahti unit, Lahti Science and Business Park and local companies.

The data was acquired through an action research process. All together 14 interviews, duration from one hour to 1, 5 hours, were conducted during summer 2007. As the interview process evolved and the understanding and knowledge of the researchers was accumulated, some more detailed questions were added to the semi-structured interviews. Software Atlas.ti was used to help to analyze the data. The interview data was fed back into the process. The feedback from the

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interviews was given collectively. The feedback was given on purpose in a way that the most common problems were stressed and no individual respondent could be identified.

Experimental and observational data was also acquired in the forms of diaries. Two of the research team wrote regularly their observations of the sessions held. Also the literal material that the participants produce during sessions is used as a data. After every contact session the participants received a memo of the things that had been on the table in the session. In the next session the same thing were repeated briefly and reflected orally. After six months the participants were given an assignment to write down their opinions of what had happened in the process and what they expected to happen next. From eight months to a year after the first interviews group reflections of the process are to be held. The follow-up reflection gives not only information to researchers, but also informs the practitioners if any change has happened.

Description of the AR environment

Nature of the leadership in the case company is quite traditional but the atmosphere is changing gradually. Current leader and manager are still responding of the weight that former leader has been created over the years. And to be honest, the former leader is still able to affect on daily works in the organisation. The former leader has been very demanding and challenging character but he has also made the company successful for many years. Employees' perceptions of the former leader are respect as well as gratitude.

Though, the next generation's interest to sustain in the competitive business environment is obvious along with all employees. And some changes can be clearly seen. First of all, there are two new executive positions and their roles differ noticeable. Managing Director (Leader) is focused on people and innovation processes and he is operating mainly from headquarter. President (Manager) is more responsible for finance and systems, and he is shifting location between one unit of the company and headquarter. With this separate interest areas both executives are able to influence on different kind of people and appeal various emotional levels.

The company has not been involved in many projects with other organisation, especially concerning innovation processes. Therefore, this project has had high expectations since executives have agreed on this and have wanted to participation from employees in order to improve and develop their daily work together. The participants were 12 salespeople and two managers. The effort that all of them have made to join the required meetings is essential. The busy schedules rarely gives the opportunity to meet and purely develop own duties. Also in these meetings all salespeople have achieved, at least to some extent, unique attention from executives and have had extra support for their ideas as well as demands.

The leader had a need and idea for the project already before starting the process. He was hoping for receiving customer information from the salespeople better. He got the required figures but the weak signals of possible near future happenings were missing. When salespeople came from customer back to the office, they might tell the managers the important observations what they had seen, little but important details which in repeated by many customers could indicate near future changes in demand. But usually because of the tight schedule of the managers this knowledge never came out.

In spite of the fact that the leader had the need in the beginning of the process, he had no means just a blurry vision of what the result could be. Therefore a process where the salespeople could define themselves the need and the tools with which they wanted to operate. During the action

research process, the company decided to implement a new software tool to ease the customer knowledge flows and facilitate the sharing between salespeople.

Motivational factors to collect and share customer knowledge

The motivation of the participant salespeople to collect and share customer knowledge was examined in individual interviews and collective meetings (See table 2). Traditionally salespeople possess a lot of important customer knowledge which can be used as an asset for power. They have an obligation to report figures to the manager, but qualitative knowledge rising from intuition is left to minority. Employees can not be told to say their intuitions at loud; only affecting through motivational factors can that silent knowledge be encouraged to daylight.

Phase of development	Actions taken	Characteristics of knowledge	Users' key benefits
1. A Start. What are we starting?	Informative "lecture" Individual interviews	Information about the existing need Individual motivation factors	To get everyone informed at the same time Everyone gets to express opinions
2. Justification for the process Why should we do this?	Individual writing Collective agreement	Collective motivation factors Tacit knowledge	Diminish the de-motivator "no understanding why this is important"
3. Creating solutions Generating ideas around the need	Generating ideas with creative methods Creating agreement in a small group	Collective proposition for a solution Organising the ideas	To receive knowledge of other's opinions and starting to create a collective vision about how we want to do this "Many weak signals from different customers make a trend"
4. Agreement	Introducing the work of the small group and discussion	Introducing the software and agreeing on the meetings and their agenda Choosing a proper software to ease the share of knowledge	A promise of the actions to be taken and the key persons in the realisation
5. Next steps	Company arranges meeting in different factories	Overall knowledge of the different units of the company	Successful implementation will increase motivation to share customer knowledge

Table 2: The phases of the development process

In the interviews the motivation to bring customer knowledge to the organisation was asked with questions like (The form of question does vary some according to the person interviewed):

- Do you get ideas from other salespeople? Do you share the weak signals you hear with others?
- What is the atmosphere to share the customer knowledge? Do you feel like you can say your wildest ideas at loud?
- What motivates you in your work?

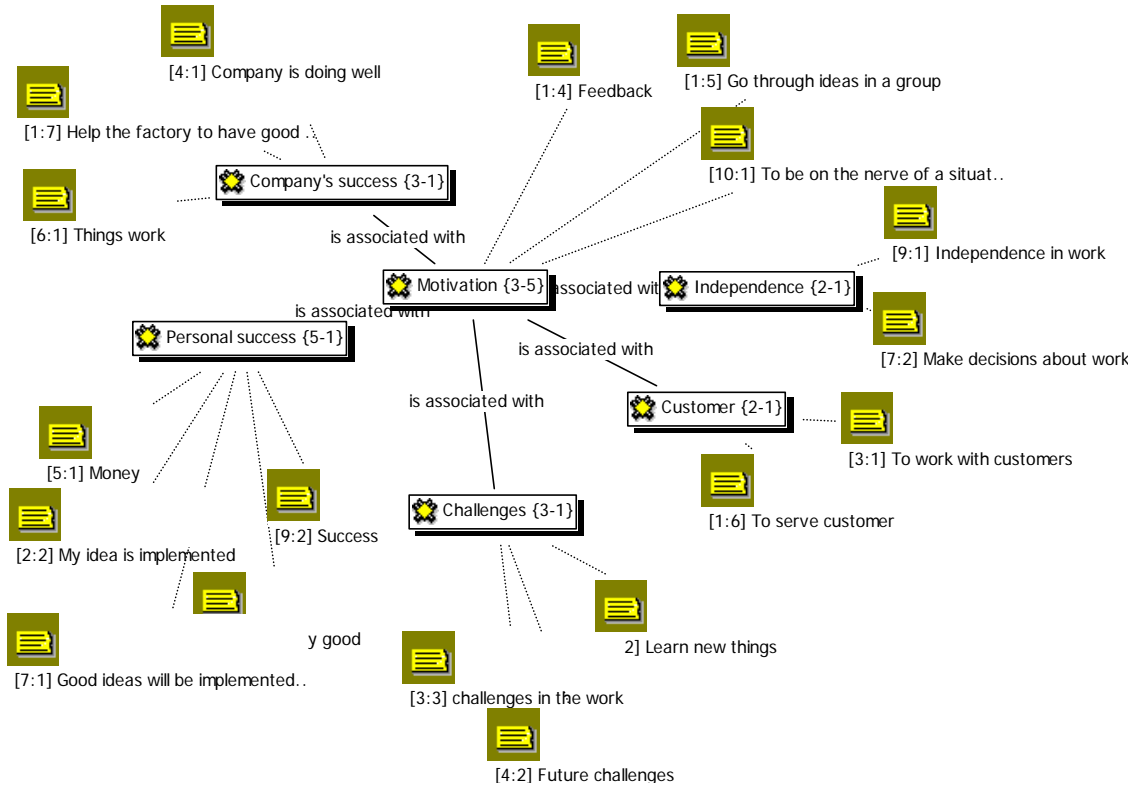


Figure 1: The positive motivational factors on individual level

When asked what motivates the salespeople in their work, few things were mentioned more often than others. Certain kind of ambition drives the participants in their work. A part of it has to do with company’s success, to enjoy that things work and future in the company looks bright. Naturally another bigger motivator was found in everyone’s personal goals. Future challenges and accomplishments were seen motivating. Only one of the participants did mention money when asked about motivation. Figure 1 illustrates the positive motivational factors.

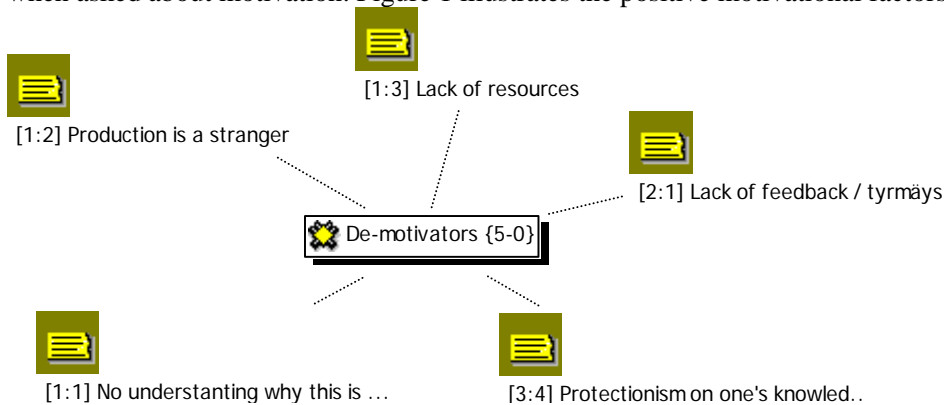


Figure 2: The negative motivational factors

The negatively affecting motivators did not come up as often as the positive ones. Few things that were found can be seen in figure 2. The salespeople thought that things that would be a hindrance to collect and share customer knowledge. If a person does not understand why this is important or

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does not know how the manufacturing process goes he or she will definitely be more reluctant to collect knowledge. Also lack of time or feedback does affect on the motivation. The threat of protectionism of knowledge is present; customer knowledge is the asset that salespeople possess.

After the feedback from the interviews was given, the participants were asked to write down things that came to their minds from question: “Why bother collecting customer knowledge?” So, after the interviews we stopped for a moment and reflected the important question: Why are we doing this? The answers were written down randomly. An interesting, though more or less obvious observation was made. As the individual interviews were focused on the self enriching motivation, the assignment given in a bigger group led to more collective responses. So being the data could not have been acquired only by interviews or only by collective sessions.

The share of customer knowledge is based on voluntary participation and it can not be forced. However, the emerging knowledge is always contextual so the listener has his responsibility of making an interpretation. Most of the factors were positive, but the care was presented also for the focus on collecting the knowledge; it should not be collected just for the fun of sharing but a business and innovation point. Table 3 presents the motivational factors the salespeople wrote down in a group.

<p>Knowledge sharing A lot of little ideas makes a one big one EVERYONE knows what is going on</p>	<p>Identity in work We learn new ways of working: “Could this be our way, too?” A more interesting work Multiple skills</p>	<p>Information about products To get new ideas for products</p>
<p>Reasonable use of resources Remember not to focus solely on the ideas Remember to question why are we doing like this?</p>	<p>Why to collect customer knowledge and ideas?</p>	<p>Customer We will be able to serve customers better We will understand customers’ needs better and be able to react to those</p>
<p>Developing business Future success of the company</p>	<p>Leadership and future Difference Better predictability of the demand</p>	<p>Competitors To be able to analyze competitors better To be ahead of competitors</p>

Table 3: The motivational factors to collect and share customer knowledge¹

The factors that were mentioned highlighted the teamwork and making effort together that the collective goal could be reached. As an interpretation of researchers, the employees seemed to be willing to do more than business as usual and the atmosphere during the sessions was warm and friendly. One of the signals that the researchers kept as a positive sign was that the employees and the managers could make jokes and did not seemed to have to be careful on what they were saying.

¹ Translated from the participants’ written language in Finnish

Based on the motivational factors that were mentioned during the action research process we ended up with following classification of motivational factors (Figure 3). Self-enriching motivation refers to individual intrinsic motivational factors and the feeling of self-efficacy. If employees are highly motivated they will be considered committed to developing their working environment. Group-enriching motivation makes a combination of the individuals working together. Here the influence of leaders as role models is important as it reveals the increased willingness to leverage knowledge. Company-enriching motivation indicates the shared vision of the group.

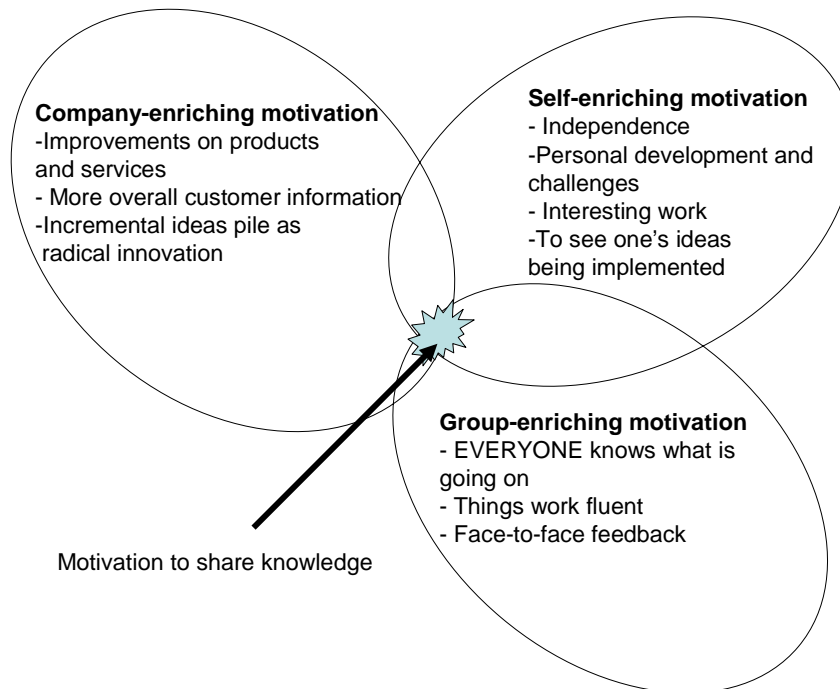


Figure 3: Motivational factors for salespeople to share future-oriented customer knowledge

To eliminate de-motivator “production is a stranger” the participants will organise meetings in the different factories of the company. In every meeting there are the salespeople and people from the operational level. The meetings have a certain agenda though they are meant to be casual heading for better understanding of others work and better transferability of knowledge.

Discussion

One major thing during the whole process in the case company has been the participation of leaders. They both have been in all meetings and trying to behave as one of the “regular worker”. Leaders have contributed for example in the tasks that this project has challenged participants to do. With this kind of behavior leaders have been able to stimulate employees to create new ideas and encouraged them to improve current functions.

Among salespeople exists the enthusiasm toward developing the systems and knowledge sharing. The relatively independent daily work requires the support of the whole organisation. Leaders' behaviour has impact on employees' motivation, commitment and trust. In order to achieve any of those or gain any extra effort from employees toward the organisation, open communication and the leaders' own commitment must be seen. Naturally, there is significant influence what

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kind of character is distinguishing the leadership behavior, because the employees themselves must be open-minded and ready to try something new in the competitive business environment.

When comparing the empirical factors to those presented in theory, some observations were made. Money was not mentioned at all among the salespeople, apart from one exception. No one was worried of losing their jobs (job security) or the appreciation of work done. Instead, possibilities to personal development were mentioned a lot as a motivating factor.

As further studies, the benefits from this action research process can be further used in considering managerial practices (For example reward system) that enhance motivation.

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