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**The concept of shared value as a non-financial incentive to  
enhance motivation and performance**

*Master's Thesis in the Master's Programme Design and Construction Project Management*

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## ABSTRACT

Protecting employees' values and interest are some of most imperative ways to recognise and motivate. In today's individualistic societies, managers are required to look beyond traditional monetary rewards and find alternative solutions to motivate employees, which are mandated in order to increase the organisational performance and profit. Under these circumstances, managers are continuously importuned in finding a balance, where profit does not come at the expense of employee job satisfaction. In addition to this, organisations have started to acknowledge the increased demand and pressure from various stakeholders concerning social responsibility. For this reason, organisations are striving to respond to these increased demands by developing unorthodox praxis in order to take greater responsibility. Therefore the purpose of this report is to present and underline the necessity for organisations to utilise non-financial incentives to enhance employee motivation. Moreover, explore potential benefits and value that the shared value concept can raise to individuals, society and businesses if adopted as a non-financial incentive. To address this, a comprehensive theoretical framework was produced and applied together with an qualitative research approach. More specifically, eight interviews were conducted, both on managerial and employee level at three Norwegian organisations. The evidence showed that when organisations take corporate social responsibility in terms of actively engaging in pro-social work, it gives organisations a greater meaning. Further, it is also found to have additional value and effect on most individuals' motivation. Above all, organisations gain advantages in terms of strengthening the corporate reputation and their brand, which consequently would lead to several other benefits that in turn increase individual efficiency and organisational performance. One implication is however that the benefits and added value are difficult to detect and measure due to their intangible nature and the lack of appropriate measurement systems. Although, if organisations comprehend and design the shared value concept, embrace it as a future incentive, it could be a competitive tool to increase productivity.

**Keywords:** *motivational theory, incentives, pro-social work, shared value, corporate social responsibility, organisational performance.*

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## Preface

Our personal interest throughout previous courses has given us a deeper insight of challenges related to effective leadership, management, strategy and change management. As a result, we decided to investigate motivational theory from various perspectives, since we believe that a manager should have the ability and knowledge to motivate every employee. A talented manager in our opinion is able to adapt and apply assorted tools and methods. These methods could be discovering or applying new or alternative incentives to motivate employees. This is one of the main reasons to why this theme was chosen for this report. That being said, this report further attempts to capture and highlight alternative incentive, which will have a great value for us in our future occupation. Therefore, the shared value or pro-social work topics are meant to be value adding for the targeted audience, especially within the management field of human relations, strategic, change and operational management. The initial start of this project was during the month of January 2015 and has elapsed until the beginning of June 2015. Working with this report has increased our knowledge not only related to the chosen topics but also given us a more detailed picture of how individuals differ from each other depending on the disparate context. This is fundamental knowledge useful not only in one's profession but also in one's personal life. Henceforth, we have developed as human beings and have gained a greater awareness to individuals' value sets, i.e. respect individuals and "I see where you come from", as well as the interaction between society and organisations.

In order to fully comprehend this report, it is important to acknowledge that this report is divided into three main subjects, motivational theory, incentives and pro-social work. The reason for this is to understand their correlation and their significance when addressing the concept of shared value.

We would like to especially thank our supervisor Christine Räisänen, who has guided us and provided us with continuous aid and feedback throughout the whole process, despite her fully booked schedule. We are also grateful for the time that the managers and their employees sacrificed in order to assist us on our journey, by providing us with vital empirical data. Lastly, additional thanks to the CEO of Engineers Without Borders, Norway who has been the facilitator that put us in contact with the different consulting firms and persuaded us to combine our initial motivational theme with the shared value concept. We wish you all good luck in the future.

Göteborg May 2015

Nicholai Korsgaard & Ahmed Murtza



# 1 INTRODUCTION

## 1.1 Background

The study of what motivates employees and makes them perform has been studied and tested during the past century. The subject of motivation has developed from scientific management, where employees were assessed as simple tools in the upcoming industrial society (Pink, 2009). Today, motivational theory has a greater individual focus and a multifaceted approach. A common praxis has been to primarily motivate employees through extrinsic motivational factors, where financial incentives have had a strong position in society due to the nature of work and the desire to satisfy individuals' fundamental needs.

There have, however been numerous authors (Deci & Ryan, 2000; Deci & Gagne, 2005) who state that monetary incentives are not sufficient to motivate employees in today's business environment. This could also be applied and seen from a Norwegian perspective, where increased globalisation, generational differences and the higher standard of living have had a similar outcome. These influential elements have affected how the society perceives and values monetary rewards (Dewhurst et al., 2009). Yet, not all organisations have been able to acknowledge and adapt to the pace of the generational demands and societal changes (Kreps, 1997). As a consequence, financial incentives have been the most appreciated method utilised to motivate employees, as argued by numerous authors (Wygant, 1987; Kohn, 1993; Gupa & Shaw, 1998; Jenkins et al., 1998, Banker et al., 2005, Mason & Watts, 2009). Thus, it is necessary for organisations to recognise these aforementioned changes e.g. generational differences, in order to understand how every individual in today's creative business environment is motivated.

With this understanding and the applications of non- financial incentives, organisations could be able to satisfy and motivate several more employees than by solely applying financial incentives. Hence, if organisations fail to admit and adapt to the emerging needs of employees, there is a risk of disengaged individuals, which is a common cause to demotivation and could result in higher organisational cost in terms of productivity (Kohn, 1993).

*'In the united states more than 50 % of employees are not engaged at work, and nearly 20 % are actively disengaged. The cost of all this disengagement: about 300 billion dollars a year in lost productivity, a sum larger than the GDP of Portugal, Singapore, or Israel'. (Blacksmith & Harter, 2011)*

Therefore, organisations are continuously striving to engage every individual to become more productive and efficient at their work (Garbers & Konradt, 2014). Content employees are an essential element in regards to maintaining a productive workforce (Mansfield & Odeh, 1991). As a result from various and extensive studies on how to foster, secure and assist the most productive employee, it has come down to some motivational factors associated to non-financial incentives that organisations can apply. Given this, the most precise tool in the attempt to stimulate and influence employee motivation is perceived to be non-financial incentive systems (Sorauren, 2000). In order to implement non-financial incentives it is essential for managers to acknowledge that the tasks should be shaped to meet individuals rather than individuals merely filling fixed positions with predetermined tasks. This is seen as a prerequisite in the attempt to foster intrinsically driven employees (Pink, 2009). During the last decades, there has been a decline in monotonous tasks in the western context, which strengthens the thinking that employees are in greater need of personal ownership and independence in their daily labour. In a similar manner, there are indications of constant increased creative labour and tasks are becoming even more specific. Competence is becoming a scarce resource while money does not have the same impact as it once did. All of this demonstrates the significance for organisations to recognise and comply with the increased demand of individualistic adjustments in the incentive systems.

*“Great companies don’t hire skilled people and motivate them, they hire already motivated people and inspire them...”* (Sinek, 2011)

The attempt to adopt, manage and succeed with this contemporary way of motivating employees calls for alternative incentive systems that require altered methods, additional processes, and improved support systems (Dewhurst et al., 2009). This is consequently to stimulate and foremost consolidate a creative working environment (Kohn, 1993). Thus, equally integrate and establish possibilities for employee that relate to autonomy, self-determination and other opportunities in terms of progression, and engagement, which in turn could increase the overall job satisfaction (Deci & Ryan, 2000). Nevertheless, evidence from studies imply that integrating both financial and nonfinancial incentives in a corporate context can give the organisation a holistic solution and is the key to improve productivity and increasing performance (Gubler et al., 2014).

The last decade social media has gotten hold of a paramount position as a facilitator for personal expressed opinions and individual values. More importantly, it has become the critical voice for every individual that in turn has lead to an increased visibility of what common businesses are doing and not doing, where bad conduct is more easily detected and thereafter put in a public spotlight. As a result it has forced businesses to act more according to what is morally and ethically expected from them (Twenge et al., 2010). Therefore, businesses have to perform and behave according to their stakeholder needs and values, especially within the younger generation that in time will either be their clients, employees or customers. This in turn calls for companies becoming more

transparent in today's society and for this reason forces organisations to take a larger corporate social responsibility (Hemingway & MacLagan, 2004). In the same manner, organisations need to comply with the rising environmental and sustainability demands. In short, this demand has gradually developed from organisations making monetary contributions to engaging its employees in performing pro-social work. Moreover organisations have started to acknowledge that by partaking in pro-social work both tangible and intangible benefits may be realised internally and externally (Fry et al., 1982). Pro-social work can be seen as an emerging contemporary non-financial incentive that can give added value to individuals and hence increase their intrinsic motivation.

*'Unless you give motivated people something to believe in, something bigger than their job to work toward, they will motivate themselves to find to find a new jobs and you'll be stuck with whoever's left.'* (Sinek, 2011)

Thus, pro-social work could be adopted as an operating practice that is defined through policies that take ethical and moral values into consideration (Burke & Logsdon, 1996). In addition, pro-social work intends to provide societal benefits while generating long-term profit put in relation to the initial short-term cost for an organisation. This, all in all can be defined as the concept of shared value. Under these circumstances, shared value could be seen as a tripartite cycle, where society, organisations and individuals gain some form of added value, see Figure 1. The shared value concept could encourage organisations to alter the focus of their business from profit maximisation to profit with purpose, connecting societal and economic progress (Porter & Kramer, 2011).

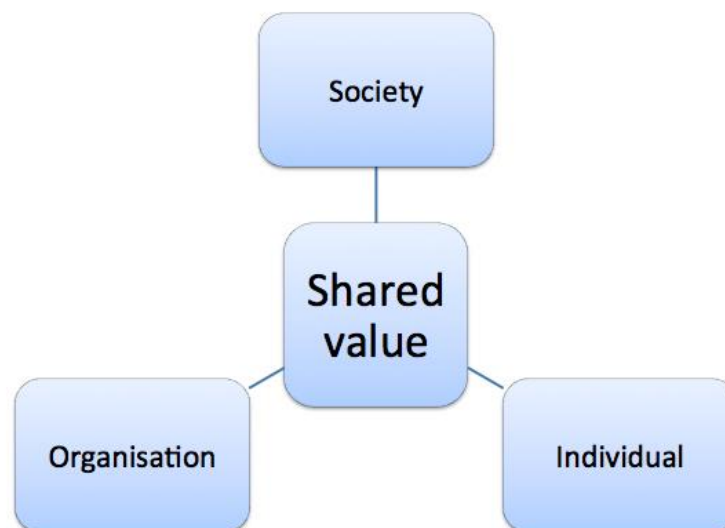


Figure 1 –The shared value concept

*'The shared value is a concept that forces companies to look beyond the short term profit and focus more on purpose in relation to profit.'* (CEO of Engineer without borders, Norway)

## 1.2 Purpose of study and RQs

This thesis attempts to identify and investigate financial and non-financial incentives applied to motivate employees. There are numerous theories and studies that have strived to understand the individual drive and motivation. The literature is according to different researchers perceived as bilateral, meaning that it does not agree with one another when it comes to the conclusion of whether extrinsic or intrinsic factors are the most effective ways to motivate employees.

Most organisations commonly apply and justify financial incentives due to their simplicity and traditional use. Non-financial incentives are believed to be more complex and problematic for organisations to deal with and implement. However, non-financial incentives have gained acknowledgement and received focus through society's altered perception of an individual's role and needs. In addition, organisations attempt to continuously gain competitive advantage by alternative means, for which non-financial incentives play a significant role. Even though theories have shown that non-financial incentives are equally important as financial incentives (Deci, 1971).

Therefore, the main purpose of this study is to present and underline the necessity for organisations to utilise non-financial incentives by adopting the concept of shared value. This, with the endeavour to identify and respond to an individual's needs and thereby stimulate, bring value and effectively enhance employee's motivation.

## 1.3 Research Questions

*RQ 1. What are the main reasons for not solely applying financial incentives in order to motivate?*

*RQ 2. What are the key motivators found in a creative work environment that uses both financial and non-financial incentives?*

*RQ 3. How can the shared value concept comprising pro-social work be utilised as a non-financial incentive to give added value both for the organisation and its employees?*

## 1.4 Research Limitations

This report has been produced within constraints such as time and resources. As a consequence, we have only been able to do a limited amount of interviews. The interviewees for this case study were located in Norway, which has created a distance barrier between the interviewees and us. We have decided to narrow down the report



by focusing on engineering consultancy professions. Furthermore, we have tried to narrow the study focus by specifically looking at incentives and how they affect motivation in a creative work environment. To take it even one step further, we decided to only study financial and non-financial incentives and find its connection to pro-social work and shared value. The subjects that participated in pro-social work and have been interviewed are all in a similar age, which could have an impact on the results. We have attempted to reduce the source of error with critical and sceptical use of existing theory as well as comply with ethical standards in order to reduce the occurrence of a biased result. Most of the motivational theory to be found commonly originates from an American study or context. When collecting data for an empirical study cultural differences and individual preferences might reduce the reliability of a report and since a majority of the theoretical content applied originates from an American context it might not be a correct representation or be applicable for a Norwegian context. Thus we have tried to give a generic perspective that is more aligned to the Norwegian perspective.

Furthermore, the individuals' behaviour, values and the way they think is dependent on and influenced by the culture and context in which they are placed. Hence, the answers received from the respondents might only be applicable and valid in a Norwegian civil engineering context, even though one might find similarities in other contexts.

It should be kept in mind that drawback with doing pro-social work has not been identified or discussed in this report since the purpose was to highlight the benefits that could be found doing pro-social work for an organisation. In a similar way, shared value is a relatively new concept that has not been fully assessed and developed as an established theoretical framework yet. Especially in terms of economic measures.

## **2 METHODS**

### **2.1 Introduction**

This report intends to explore, present and underline the necessity for organisations to utilise non-financial incentives in order to motivate employees and adapt the shared value concept as a non-financial incentive to create meaningful value for individuals, society and businesses. Due to the lack of empirical data regarding this subject and shared value being a relatively new concept, the first step is to establish a comprehensive theoretical framework, which is a prerequisite. Then, the theory together with an empirical study will function as a cornerstone to comprehend, analyse and conclude if non-financial incentives can function as a contemporary methodology to enhance motivation. Consequently, if the concept of shared value can be applied as a strategy for future businesses, which is argued to be a new progressive ideology within capitalism (Porter & Kramer, 2011).

### **2.2 Case description**

The purpose of the empirical study is to compare the stated theoretical framework against conducted interviews, which will work as a base for the analysis and answer the formulated research questions (Moody, 2002). Moreover, the interview was formed and divided in two separate parts, where the first part comprises of interviews conducted with regards to the specific management personnel that have been involved and been facilitating along with IUG. The second part consists of interviews with engineering employees that have carried out pro-social facilitated by IUG. In addition, each theme and each question for both the managerial and engineering categories will be summarised based on every respondent's answers. From one perspective we had an aspiration to uncover how management perceived and uncovered e.g. the employee's motivational factors. While, in a contrasting perspective, there was an attempt to detect what an engineering employee would consider factors of motivation to be. To conclude, the questions were formed to both highlight the interviewee's personal reflections and the individual's perception of the company's motives that relate to research questions.

This is done by choosing a relevant theory that can explain or corroborate our findings. This report includes a qualitative research method in form of interviews. The interviews were conducted at four different organisations, Company A, Company B, Bank 1 and Engineers without borders (IUG). Both Company A and Company B are large and leading multidisciplinary consultancy firms, working with both private and public clients, providing services toward community planning and design. The reason why individuals at these two organisations were interviewed was that they both have a partnership agreement with the non-profit organisation IUG. Bank 1 is a financial holding company owned by an alliance of Norwegian savings banks. One of the main

motives why Bank 1 was of high interest was due to the differences in cultural and interpersonal motivational interest. IUG is a non-governmental organisation, which aims to provide technical aid to parts of the world, which are in need of support. Lastly, both the consultancy firms and the bank were selected for study together with IUG in order to identify and compare the differences that might exist concerning individual values and preferences, which might be of value to allocate important motivators. Hence, to understand motivation and incentives systems implemented in the respective firms.

At Company A, there were two interviews conducted, one with the Chief-Executive of HR, IT and Markets and another with an engineering employee. At Company B, the interviews were conducted with two engineering employees and one HR executive. At Bank 1 the interviewee was the Vice President of HR and the one interviewed at IUG was the CEO of the organisation. The last interview was conducted on a senior engineer at a governmental organisation, in total 8 interviews were conducted. The intention of interviewing both managers and engineers was to get a better perspective on how different individuals perceive financial and non financial incentives and what they think motivates people. Furthermore, it enables an analysis of whether or not the manager's perception of what motivates employees is aligned with the employees at the firm. The Vice President at Bank 1 was interviewed since that bank recently took the decision to remove bonuses from its internal strategy. Lastly, interviewing the CEO for IUG would provide a better understanding regarding individual motivation as well as how shared value can benefit the different parties involved in the collaboration with IUG. All of the interviews were conducted in Oslo, Norway during the month of March 2015.

## **2.3 Selection of Literature**

Firstly, keywords relevant for the chosen topic and theoretical framework were identified to function as a filter in order to narrow down the scope. Thereafter, keywords such as incentives, shared value, pro-social work, corporate social responsibility, intrinsic motivation, extrinsic motivation were used to browse through various databases in order to find articles that were of relevance and of interest. In this undertaking, we have read through books, previous course literature and a broad collection of articles within multidisciplinary research, from various published databases and journals. Each article was assessed regarding its year of publication and how many times it had gotten recited in order to determine the relevance, validity and reliability of the article. A second filtering was based on the content of the abstracts. The remaining articles were sorted into applicable theoretical perspective, namely individual motivation, pro-social work and shared value. The three chosen themes was a result of a discussion with our internal and external supervisor. As an outcome of this, we needed to find the link between these topics so that conclusions could be drawn. Subsequently, we ended up with approximately 65 articles, which were put into different folders depending on the subject of area that they covered. We continuously

eliminated articles that would not go in-depth within the subjects that we wanted to study. An outcome related to the thorough study was that the highlighted theory from the remaining articles was divided into separate documents, where each document contained the basis for the selected theory, which would give us a better structure and enable us to faster find the needed theory.

## **2.4 Research Method for Empirical Study**

The research method chosen for this report is one of the most common one in management research, which is called passive observation (Remenyi & Williams, 1998). This is often applied when the researcher is not able to perform an experiment and has to solely rely on documented evidence from other researches. Our research was an investigation of the added value found through doing pro-social work and how it affects motivation. Quantitative research is usually applied when grouping of numbers are required and when results are to be presented in numerical values. (Merriam, 2009 ). This was not the case for us; we chose to conduct an interpretive qualitative research due to the time and resource constraints. Furthermore, we needed to capture their underlying assumptions when gathering data. Therefore we thought that a qualitative method would be the best-suited collection instrument for this study (Merriam, 2009 ).

IUG has a partnership with consultancy firms and they have maintained contact with a small population of employees that have been contributing their competence to pro-social work in a foreign environment. In order to capture the most significant information containing soft values and the personal opinions about employee experience we thought that it would be better to conduct a qualitative research rather than quantitative. Thus, IUG was able to share the contact information of these individuals as well as their managers, which were chosen as the primary empirical study objects for this research. The interview objects worked in different engineering firms and were contacted through numerous emails that were formulated after thorough studies in order to increase the clarity that in turn could decrease the risk of misinterpretations.

Due to the limited size of the population available for study, the time constraint and the need of extracting relevant data, capture the respondents thoughts, impressions and reflections, which are difficult to measure and envisage through a quantitative analysis e.g. individual values and unconscious aspects of the interviewees. Therefore, we thought that it would be ideal to conduct a qualitative, which in turn strengthened the empirical findings with the purpose to draw plausible conclusions that are related to the research questions.

## **2.5 Design of Interview**

The interview questions were designed as a result of internal discussion between us as well as our supervisors so that the questions would be aligned with the themes covered in the theoretical framework. To start with, we decided to make three different interview questionnaires: one for management, one for employees and one for the financial institution since they are heading towards a more non-financial approach by removing their bonus systems. The purpose of this was to better adapt the questions to different backgrounds and functions in the organisation. Three main themes were chosen to organise the questions and create clarity. During the development and design of the questions, we used and applied course literature related to qualitative research, the theoretical framework and intuitive thinking. Throughout the process, we tried to design the questions in means to keep them objective and less deferred to bias, which was done by reading books on methodology. Afterwards, the questions were discussed and evaluated. In total, there were 8 interviews conducted, where each interview was approximately 1 hour of recording.

## **2.6 Data Analysis Method**

All of the interviews were recorded after receiving the consent of the respondents. Subsequently, the recordings from the interviews were transcribed. The content of the document was further analysed, where selected parts of the empirical findings were grouped. However, one question in the interview was of a quantitate nature, which was assessed and clearly presented and visualised in a Likert scale. Likert scale was chosen due to its simplicity in visualising results, even though it is more appropriate to utilise in larger population studies. Later, the empirical findings was summarised in the attempt to clarify as well as simplify the findings for the reader and further be able to compare it to the theoretical framework in the discussion. Further, the structure of the discussion was divided into three themes, consecutive to the rest of the report. Thereafter we had an open-dialogue and produced a mind map regarding the relevant data that should be discussed. By doing so, it was easier to detect the main findings and allocate correlations as well as differences.

## **2.7 Validity and Reliability**

When conducting a qualitative interview, it is of great importance to understand the biases and limitation that the interviewer can have, which in turn can implicate the results. Firstly, the size of population is of importance when conducting a qualitative interview. Since the chosen interviewees could be part of a subculture, meaning it would not be possible to draw conclusions about the overall corporate culture of a an firm for instance. Therefore a small population can increase the likelihood for interpret deviation that in turn give the results low validity (Merriam, 2009 ). We have tried to solve this possible pitfall by interviewing several companies.

Personal bias or subjectivity can also be another source that decreases reliability (Denzin & Lincoln, 2011). Since the individuals who were interviewed and we have personal values that are difficult to separate from the questions asked and questions answered, it leads to a built-in bias, which is unavoidable. This subjectivity can lead to further issues later on during the analysis. To minimise the risk of this occurring, we have tried to formulate and state the interview questions through a discussion between each other. In addition we have listened to the recordings self-critically and read the transcripts and discussed our interpretations. This in turn could reduce the subjectivity in the answers and the data we have transcribed and interpreted. To avoid subjectivity in a qualitative research is however difficult and has to be kept in mind (Denzin & Lincoln, 2011).

Another factor that can affect the validity of the qualitative research is the interviewee's ability to answer the questions when the interviewee has to speak in a foreign language (Denzin & Lincoln, 2011), which in this case was English. It has to be kept in mind that some individuals have a better ability to communicate the intended thoughts and answers than others. These linguistic barriers were minimised by giving the interviewees the opportunity to answer in their native tongue in cases where it was needed. Furthermore, if the questions were difficult to answer, we provided a form of discussion to extract the actual thoughts that the interviewee had. Lastly, the respondents received the interview questions beforehand, to give the respondents time to prepare and get a sense of comfort that might have increased their openness to the interviewers. On the other hand, it might have reduced the level of self-reflection and in terms of validity since the respondents had time to prepare their answers. This could decrease reliability due to the lack of spontaneity or the respondents responding in a way that is assumed to be appropriate.

### 3 THEORETICAL FRAMEWORK

Figure 2 below illustrates and explains how this chapter is structured with the various topics and their connection.

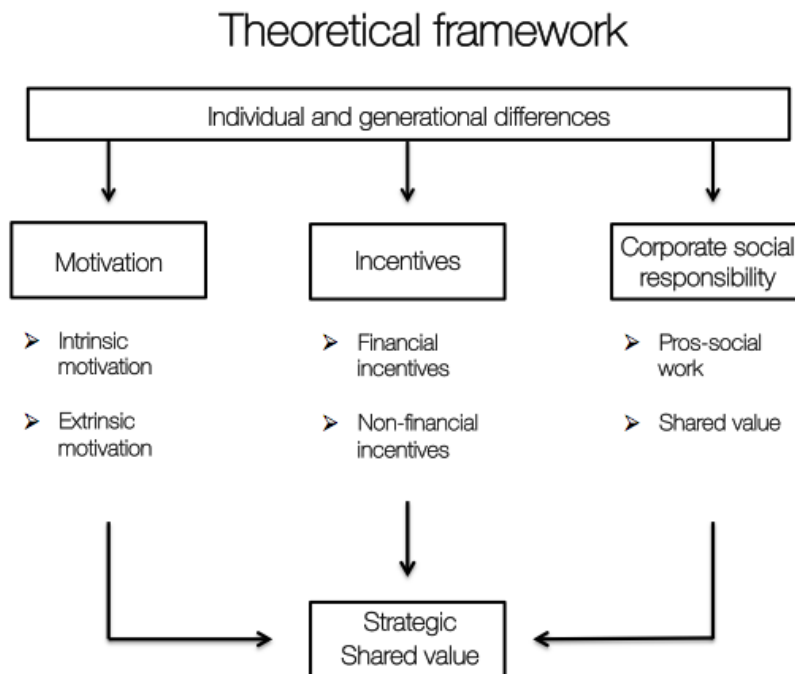


Figure 2 - Design of theoretical framework

## 3.1 Motivational Theory

### 3.1.1 What is motivation

*'Motivation has been defined in many texts as 'an inner state that energizes, directs and sustains people's behaviour towards goals.'* (Mansfield & Odeh, 1991)

Motivational drive is identified as an element that directs, sustains, and energises personal behaviour (Wong et al., 2008). In contrast to values, motivation is a driving force in the actual performance; values on the other hand, are prevalent and relatively resistant to change (Twenge et al., 2010). According to Maslow (1943) motivation theory assumes that people will be motivated by tasks and activities that they value and find useful and that cover their fundamental needs, which is illustrated in Figure 3. Some examples of work values that have impact on motivation are the ability to influence and autonomy. These are commonly found in the decision-making; job security or stability; altruistic rewards, social rewards, leisure such as free time, vacation, and flexibility. (Twenge et al., 2010).



Figure 3 - Maslow's Hierarchy of needs (Vidisha, 2013)

### 3.1.2 Intrinsic and extrinsic work values

In the classification of work values, there is a distinction between intrinsic and extrinsic values (Deci & Ryan, 1985; Porter & Lawler, 1968; Ryan & Deci, 2000). Intrinsic work values relate to intangible rewards that originate from the process of work, which in turn meet the desire to learn and be creative that is the basic inherent interest of an individual. In contrast, extrinsic work values are fundamental for the consequences and outcomes of work, in particular tangible rewards such as income, advancement, opportunities and status that are examples of external factors for many individuals. The perception that extrinsic rewards e.g. monetary pay, material possession are principal motivators to get humans to work, which is as old as the scientific study of work itself (Twenge et al., 2010). Nevertheless, there is a lot of emphasis on extrinsic motivation in modern organisational theory (Richard & Deci, 2000), and it stills plays an important role in the employment process.



### 3.1.3 Intrinsic motivation

The construct of intrinsic motivation is essential to understand human cognition and social development, and is the principal source of enjoyment and vitality in life. Intrinsic motivation can explain personal mastery, spontaneous interest, and exploration of emergent ideas and creativity (Csikszentmihalyi & Rathunde 1993, Ryan & Deci 2000).

Intrinsic motivation is described as the value and the significance an individual places on a specific task based on its perceived pleasure and its fulfilment (Applebaum & Kamal, 2000). In order to foster intrinsic motivated employees it is necessary that the individual needs are fulfilled. Thus, individuals require that an activity is interesting and that it entails a spontaneous satisfaction (Deci & Gagne, 2005). In other words, an individual that does not feel an inner drive or wish to perform is characterised as unmotivated, whereas someone who is triggered and energised is seen as motivated. If a task is appreciated and manifested for its own self-sustained conduct it is explained to be intrinsically motivating to an individual (Calder et al., 1973; Gagne & Deci, 2005; Larkin et al., 2014). Furthermore, characteristics of jobs that affects intrinsic motivation to a greater extent are claimed to be the ones involving high level of task ambiguity, which in turn stresses the need of creativity and high quality of work (Kreps, 1997). Several studies have indicated that organisations that attempt to enhance the intrinsic motivation among their employees have had an increase in corporate performance (Pink, 2009). On this subject, the literature in psychology describes job satisfaction as one of the most important driving factors in human intrinsic motivation (Dewhurst et al., 2009). Furthermore, job satisfaction is explained to derive from the process of an activity, based on the relationship between individual needs, personal experience and behaviour.

Sorauren (2002) describes intrinsic motivation among employees as a necessity to yield efficiency in an organisation. In order for organisations to foster intrinsic driven employees they must facilitate work as challenging and interesting. The author further explains that enjoyment of their profession is essential to generate motivation. Hence, when employees enjoy their work they will increase their effort. Moreover, it is suggested that the optimum way to motivate people is treating them as respectable human beings and not as tools. To accomplish this, it is crucial to consider all individualistic aspects to secure a good outcome. It can be noted that the latter author states that what is commonly perceived as shared goals or work for a common good is regarded as a strong motivator in an organisational context. This implies that the employees are motivated to work harder for something greater than their own personal needs and will therefore be motivated even when they do not find enjoyment in their work. Deci (2005) advocates and further clarifies that when individuals experience approval, recognition and get support for their task engagement, and their engagement feels unconstrained, employees are autonomously motivated, which is an example of

intrinsic motivation. Intrinsic motivation can be created from external rewards that are not financially related. This is shown in Deci's (2005) research, where he claims that external factors or rewards can motivate an individual e.g. to be assigned with more responsibility or be given more freedom in task engagement can lead to a sense of autonomy. As a result this can create a feeling of mastery as well as autonomy that improves performance and work satisfaction.

### **3.1.4 Extrinsic motivation**

From the literature, extrinsic motivation has been perceived as pale and weak form of motivation in comparison with intrinsic motivation, even though extrinsic rewards may have strong effect on e.g. a non-financial incentive such as praise and feedback (Deci & Gagne, 2005). Extrinsic motivation is represented as behaviour or performance that emerges in the pursuit of self-fulfilment during a task according to Reiss (2012). Extrinsic motivation is not an independent or distinct form of motivation. Therefore, the same author clarifies that when an individual does a task X to get Y, Y motivates both itself and X, then all motivation is derived from Y and not from the two sources, X and Y.

### **3.1.5 Herzberg two-factor theory**

Research in economics and social psychology proposes various reasons to why employees might be motivated and would perform a task in a satisfactory manner without the expectation of a formal reward. Penner (2002) explains that if one wants to unscramble why a person is engaged in some manners, "*one needs to identify the purpose of the need to serve that behaviour*". To understand how individuals behave and react to rewards Herzberg's two-factor theory, which originates from the field of social psychology. This acknowledged two folded theory also called Herzberg's (1959) hygiene factors, is on one side labelled with hygiene due to its maintenance factors, while on the other side contains performance enhancing motivators found in organisational contexts. This highly relevant and applicable theory comprises the following individualistic factors; achievement, recognition, job interest, responsibility, advancement, salary and benefits, working conditions, company policy, status, supervision and autonomy, job security, and personal life (Heller & Hindle, 1998). These internal mechanisms include topics such as intrinsic motivation, pro-social motivation, peer pressure and others (Gubler et al., 2014). It has been pointed out by Penner (2002) that organisations that treat their employees fairly can most likely expect an increased voluntary pro-social behaviour among the employees.

### **3.1.6 Cognitive response to rewards**

Grant & Berry (2011) explained on the theory of perspective taking and explains that human cognition is quite different especially in their perception of and in their attempt to understand other individuals viewpoint based on others preferences, values, rewards and needs. It has been stated in the social psychology literature that people have different motivations regarding task and awards, and these differences should be taken into account and comprehended before organisations implement e.g. incentive plans, due to its counter effect it may cause. Gubler et al., (2014) state that when awards are accounted for employees will experience increased extrinsic motivation, but simultaneously it reduces intrinsic motivation. In addition, when a reward is removed the extrinsic motivation is eliminated but the intrinsic motivation will not reappear (Deci, 1971). Yet, as many social psychologists and management scholars acknowledge, employees' personal ambitions towards specific tasks that originate from other sources than external rewards are essential in understanding intrinsic motivation (Gubler et al., 2014). Nevertheless, Deci's research from (1971) gave indications that if an individual cognitive evaluation of various external rewards differ, it is most likely that various rewards would have different effects on a person's intrinsic motivation. This is also supported in Gublers research (2014), which further explains that to comprehend the efficiency of an award it is imperative to recognise that employees have various levels of task-specific internal motivation in the absence of any rewards system in organisation. Individuals have their own interest, which are rarely aligned with other individuals' interests in an organisation, which raises the question on how to apply and motivate each employee through incentives (Sorauren, 2000).

### **3.1.7 Individual differences**

To comprehend how people are motivated and what they are motivated by, there is a need to analyse work values and beliefs of employees also from a generational outlook. The fact that people are different would make each individual's motivation and motives unique. Suppose some employees value autonomy while others prefer strong economic incentives in a group where financial incentives are actualised. The most likely outcome of this situation is a net drop in some aspects of productivity (Kreps, 1997). Failure to recognise and address these generational and individual characteristics and preferences can lead to misinterpretations, miscommunication, conflicts, reduced organisational citizenship behaviour, lower employee productivity and higher employee turnover, which relate to the reduced well being of an individual (Wong et al., 2008). Taking young individuals work values into consideration aids the organisation in their attempt to structure work, create compensation packages and work conditions and focus on more aligned human resource policies to attract new generations (Twenge et al., 2010).

Therefore, motivation theory also needs to be explored in terms of one's inherent interest, which leads to the elementary phrase that some people are intrinsically

motivated for some particular task or activity and not others. The fundamentally in intrinsic motivation is that it exists where a person and task meet. Most of the motivational theory until now has almost exclusively explored the impact of an award on an appointed or predetermined task. Secondly, the literature rarely considers individual differences and preferences, which also has an impact on employee motivation. The outcome of such negligence in terms of giving reward to an already highly motivated employee is a constrained methodology on how to approach motivational theory. In addition to the common disregard to an individual's loss of opportunity to receive an award, either due to the lack of competence or e.g. the change of an incentive program (Gubler et al., 2014).

### **3.1.8 Generational differences**

To maintain a satisfied and motivated workforce in various generations, organisations need to comprehend the variations and distinctions in personality preferences that relate to behaviours, values and beliefs systems, which in turn influence motivation (Twenge et al., 2010).

*'The relationship between age and employee motivation is an issue of increasing importance and is likely to remain so for at least the next two decades. (Jurkiewicz & Brown, 1998)*

One generational group differs from another due to distinctive historical and social experiences. Therefore there is a constraint in the possibility to develop. If a whole generation undergo personal financial stress due to a financial crisis like the one in the 1929, a specific outcome of such an experience might be that the generation might place greater value on compensation e.g. bonuses salaries or other social benefits. The various life experiences generations encounter might affect the perception of the value of financial incentives (Twenge et al., 2010). Moreover, studies claim that the social context which a generation develops from impacts an individual's personality, values, work ethics, feelings towards authority, why and how they work, their desired goals and aspiration for their work life (Wong et al., 2008). Twenge et al., (2010) state that even though organisations are starting to understand and focusing on how to foster intrinsically motivated employees, there is little empirical evidence on the disparity regarding motivation among different generations, demonstrated in Figure 4.

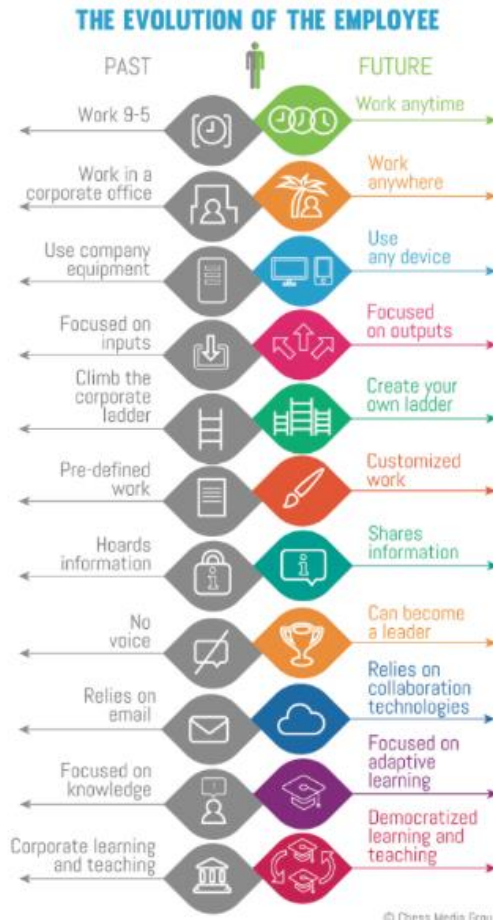


Figure 4- The evolution of the employee (Morgan, 2014)

The new generation, also known, as the Y-generation is the largest generation in the labour market today, which have attracted a lot of attention from both popular press and human resource departments (Twenge et al., 2010). How to attract or deal with this generation needs to be examined (Needleman, 2008). The same author suggests that companies try to attract the younger generation with pro-social programs that focus on social underpinning their business, which in turn allow their employees to volunteer in pro-social work during working hours. On the subject of pro-social work, Twenge et al., 2010 agrees with and further state that generation Y is possesses greater interest in volunteerism and social issues than did previous generation. In addition, the Y generation is considered to be different from other generation in that they seem less optimistic, have a more pragmatic view on life, (Wong et al., 2008) and life to them is more than a high salary. Thus they put lower emphasis on financial rewards, value individual traits and positive self-views, and are more interested in work that gives personal meaning (Twenge et al., 2010).

*'If the only advantage of a job is that it brings in money, if it frustrates the individual in other ways, if it fails to meet needs for self esteem or demands for meaningful work, then employees will demand more money even if they know it is not deserved.'* (Jurkiewicz & Brown, 1998)

### 3.1.9 Pro-social motivation and work

Pro-social motivation has been defined as the desire of doing endeavours in regards to aiding or contributing to other human beings (Grant & Berry, 2011). Pro-social motivation can serve multiple goals, e.g. helping others because it is the “right thing to do”, giving self-pleasure or because there is concern for certain individuals. Grant & Berry (2011) however, make a clear distinction between pro-social motivation and altruism. They state that pro-social motivation is about the concern one has for another, but that it does not necessarily mean at the expense of one's self-interest. Finkelstein et al., (2005) have similar ideas, claiming that people get involved in pro-social work to satisfy various personal needs. These motives have been classified in six categories, which are highlighted in Table 1:

Table 1- Motives for engaging in pro-social work

<b>Values</b>	Express values related to altruistic and humanitarian concerns for others
<b>Understanding</b>	Acquire new learning experiences and/or exercise skills that might otherwise go unused
<b>Social</b>	Strengthen social relationships
<b>Career</b>	Gain career-related experiences
<b>Protective</b>	Reduce negative feelings about oneself or address personal problems
<b>Enhancement</b>	Grow and develop psychologically

According to Gebauer et al., (2008), there are two kinds of motivation that drive people to get involved in pro-social work. The first is *pleasure based pro-social motivation* and is described as an intrinsically driven motivation to help others so that personal pleasure is gained. The second is *pressure-based motivation*, which is extrinsically driven by a sense of duty or need to conform to a certain social norm. One main reason for pro-social behaviour can hence be a way to signal that one is good or to gain societal acceptance (Ariely et al., 2009). The first one is expected to meet fundamental psychological needs such as personal growth that in turn can lead to a higher personal well being (Gebauer et al., 2008). In addition, describing subjective well being in more specific; it is said to include elements such as self-actualisation, self-esteem and an overall positive state of mind.

Nowadays, companies are becoming more aware and willing to lend out their skilled workforce for short periods of time to non-profit organisations around the world, who

in turn can apply their skills and offer their services to the organisations, which they are sent to (Needleman, 2008). These volunteer programs or pro-social activities are according to some scholars an effective way to attract and retain employees. Especially the younger generations, which can be linked back to the previous section regarding generational differences in terms of values and needs (Twenge et al., 2010). In addition to this, employees see many benefits with these kinds of programs. According to a recent survey, over sixty-four per cent of a company's employees answered that they became more loyal if their employer was involved in social and environmental activities. Employees also feel that they bring back experience in terms of better communication skills and ability to work with different kinds of people and in general become more effective, this because projects like the ones in the pro-social organisations mean working with people with various backgrounds.

*'The larger the number for whom I worked, the more positively effective I became. Thus, it is obvious that if I worked always . . . for all humanity, I would be optimally effective'*  
R.Buckminster Fuller pp.93

Employees also felt that pro-social motivation and work provided them with meaningful goals, where the outcome was about helping others (Grant & Berry, 2011). Moreover, employers see volunteer programs as way to develop their employees, e.g. improving their leadership skills and their abilities to work in diversified environments. Lastly, corporate volunteerism is claimed to create a better relationship between different departments and between colleagues at different levels within a company. Thus, research has indicated that involvement in pro-social related activities can be beneficial in many ways, such as enhancing employee creativity or increasing job performance, productivity, personal initiative taking and a sense of belonging with the company.

## **3.2 Incentives**

### **3.2.1 Incentive systems**

Scholars in social psychology, economics and management have reviewed the assumption that monetary incentives such as whether rewards for performance can stimulate employee productivity (e.g. Larkin, 2014). Such a view on motivation is called incentives theory, which means that desired behaviours are primarily rewarded through payoffs of individuals (Kenneth & Seifert, 2012). An incentive is commonly viewed as a reward or punishment affiliated with various actions. Motivating an individual to take a particular course of action can be achieved through various incentives systems that might result in different outcomes that are classified by the author Kimiz (2013). The taxonomy divides incentives in four categories: financial, moral, coercive and natural. Moreover, incentives theory explains and affects two

contrasting types of motivation, intrinsic and extrinsic motivation (Kenneth & Seifert, 2012). An incentive has an effect on an individual performance, motivation and action and therefore Baker et al., (1988) among others focus on compensation as a motivation stimulant and control mechanism, to influence how individuals behave internally at an organisation.

Satisfying employees' motivation through incentives is essentially an issue most organisations strive to understand in order to retain and maintain employees as well as to keep them highly motivated (Mansfield & Odeh, 1991). However, there is a need to understand that motivating employees is very complex, due to different individual needs and behaviour. Due to the different individual motivational needs, many authors to merit-pay studies e.g. Wygant, (1987), Kohn (1993), Gupta & Shaw (1998), Jenkins et al., (1998), Banker (1996), Mason (2010) justify the utilisation of financial incentives because of its simplicity and increased individual motivation. This is one reason why many companies use financial incentives in corporate contexts. Gubler et al., (2014) state that 80% of all American corporations use extrinsic rewards systems that primarily focus on the outcome of an award, which is discussed in the literature as an inferior motivator compared to the intrinsic non-financial incentives (Garr, 2012). Throughout the 1990s and 2000s personal incentives programs for instance bonuses could exceed base salaries. The outcome of these incentive programs varied; in some extreme cases they had a negative consequence. Incentives schemes designed to increase competition within an organisation were deliberately introduced to encourage production, although they had a disastrous effect internally, which was thereafter called cutthroat work environment. Kimiz (2013) further elaborates from a case study of Enron where employees would not dare to leave their computer terminals due to the fear of co-workers stealing information to exploit for their own purposes. There has been a longwinded discussion regarding motivational theory, whereas intrinsic and extrinsic motivation has been studied since 1970s (Deci & Ryan, 2000). The debate concerning which and what kind of incentives that are preferred in an organisational context for the intention to increase productivity is still on-going and is commonly divided in two groupings; the motivational effects of financial incentives and the effect of non financial incentives. There are numerous researchers mediating on both sides of what has the greatest motivational effect measured in monetary terms. As a group of scientist pointed out, some particular rewards bring more harm than good, while other financial incentives have been proven to be favourable for organisations (Deci, 2000; Larkin, 2014)

### **3.2.2 What is an financial incentive**



Literature in economics and management reveal how to motivate employees, foremost it focuses on how monetary rewards can increase employees' extrinsic motivation (Gubler, et al. 2014). A financial incentive is equivalent to a reward, bound to a specific performance, which increases extrinsic motivation and in turn improves employee endeavours (Banker, et al. 2005, Gubler, et al. 2014). Jenkins (1998) relates financial or remunerative incentives to a person's specific behaviour to a tangible or intangible reward. From Jenkins earlier research in 1986 it was demonstrated that financial incentives have a positive effect on quantitative based tasks, although a non-appearing effect on quality based tasks, which was also supported by Baker (1988). Lazear (1996) carried out an experiment, where he switched from a time-rate wage to a piece-rate in a production line facility. The results of this change increased the productivity by 36 %, which further strengthened the argument that performance based pay systems are effective tools in increasing productivity for quantitative tasks. Financial incentives are proven to be effective for monotonous tasks, but with rising cognitive sophistication and creative thinking, the performance gets worse with the use of financial incentives (Kohn, 1993). Moreover, it was later stated by Jenkins (1998) that financial incentives must address meanings for an individual or have a certain value; this can be literal, symbolic of money, or other symbolic meanings or outcomes such as promotions, resentment, recognition, status and turnover etc. The latter author is one of many that proclaim that financial incentives serve multiple functions and are commonly intended to meet individual needs.

### **3.2.3 Historic use of financial incentives**

Financial incentives have for the last two centuries been accepted by organisations as the main way to influence employee motivation and performance in addition to improve productivity within an organisation (Mansfield, 1991, Jenkins, et al. 1998). Thus, create maximum possible output for an organisation (Garbers & Konradt, 2014). The latter authors state that this approach has gained strength through various researchers, who have conducted both theoretical and practical studies. One of the first researchers who highlighted a reward system based on carrots and sticks was Frederick Winslow Taylor during the early 1900s (Pink, 2009). Taylor came to the conclusion that businesses were running inefficiently and had many shortcomings, which lead to the theory of scientific management. Taylor's concept of matching employees was to select and hire the best people for a given job and train them accordingly to the needs of the specific task, which was to be executed (Wygant, 1987, Jenkins, et al 1988). For instance, according to Banker et al., (1996), paying a performance-based wage attracts and retains the most productive job contenders and remove the less productive. As a result, an organisational culture with an output based compensation plan is created that fosters employees driven by financial incentives.

The theory of scientific management gained acceptance and became a well-established theory that perceived individuals as "hands" and the idea was to reward specific

behaviours that were desired and punish unwanted behaviours. In addition, this theory assumed that introducing a sales-based bonus plan would stimulate greater effort and attract more productive workers or make the current workers more productive, thereby improving the outcome for the organisations (Banker et al., 1996). Due to the nature of work during the past decades, this theory has been widely and uncritically adopted by organisations and has proven to be very effective in making technological progress, giving prosperity to organisations (Pink, 2009). However, as society and organisations have evolved, human capital as a resource has received a new meaning, which emphasises individualistic perception. The scientific management theory relies entirely on extrinsic motivation and rewards, also recognised as financial incentives. The concept has been inculcated in today's society, that is, improvements of performance and increased productivity can only be accomplished by rewarding the positive behaviours in order to make them reoccur and punish the bad behaviours to eliminate them (Gupta & Shaw, 1998). One of the reasons for its wide acceptance is that an individual's performance is easily identified and visible which thereby simplifies the decision of giving reward or punishment (Hetzel, 2011). An additional reason for why this concept has gained acceptance among employees is the basic fundamental that money can give individuals better lives through tangible assets. Furthermore, money implies status and symbols worth in the society that the individual is in need of and living in (Jenkins et al., 1998, Gupta & Shaw, 1998).

### **3.2.4 Purpose of financial incentives**

The main goal with implementing financial incentives has been to enhance employee motivation and engagement for an overall increase of productivity in a business (Garbers & Konradt, 2014). Studies have also indicated that the use of financial incentives can enhance the willingness among employees to accept more difficult performance goals, which in turn improves the performance (Jenkins et al., 1998). Another function of applying financial incentives for some organisations can be to change the employee focus, making observed behaviour easier to interpret, which is more difficult when considering intrinsic incentives (Read, 2006). The motive behind such actions are claimed to be that intrinsic payoffs might in some cases not be equivalent to maximum economic payoff. This is the main cause to why some decision-makers might want to set aside the focus on other more non-financial incentives, so that employee focus remains on maximising the earnings for the organisation. Lastly, one main argument in the literature for designing and implementing financial incentives is said to be due to it being economically defensible (Kohn, 1993), its lack of complexity in comparison to non-financial incentives (Mansfield, 1991) and an accepted customary approach (Pink, 2009) in motivating employees.

### **3.2.5 Drawbacks with financial incentives**

As many authors and researchers have stated, financial incentives are complex in their design to praxis and the utilisation of them without comprehensive understanding of why and how incentives should be implemented (Jenkins et al., 1998, Kohn, 1993). This can cause the implementation of these to be counterproductive or in some cases lead to failure in terms of their intended purpose. As it is pointed out, applying a poorly designed or less suitable incentive plan in an organisation can do more harm than good, because this will send conflicting and confusing message to its employees. An opposing view is that financial incentives such as promotion systems can have positive effects on creativity among employees, in some organisational contexts and structures (Baker et al., 1988), a statement, which is supported by Kohn (1993). The aim of an incentive should therefore not be to alternate employees' values but rather to direct behaviours towards organisational and personal benefit, which is where many companies fail. Financial incentives as in reward that are not aligned with the employee core values might lead to a decrease in motivation (Deci, 1979).

Many studies claim that the use of financial incentives can reduce self-determination and the intrinsic motivation among employees (Kohn, 1993). In addition, they can reduce risk-taking behaviour, which in turn can prevent individuals from pursuing innovative and creative ways of working. Kohn (1993) states similar ideas, claiming that when individuals have to think of what they will get for taking on a specific task, they become less willing to take risks or explore new possibilities and solutions, diminishing creativity. Financial incentives also tend to narrow the employee thinking and focus to solving the task as quick as possible rather than implementing new ideas. This as a result constraints the employees thinking and autonomy and can result in demotivation, less engagement and commitment in solving a task. Pink (2009) described a research, in which it was claimed, *"When money is used as an external reward for some activity, the subjects lose intrinsic interest for the activity"*. Banker et al., (1996) arguably expressed a similar statement that *"monetary rewards encourage people to focus narrowly on a task, to do it as quickly as possible, and to take few risks...extrinsic rewards can erode intrinsic interest ...and, people come to see themselves as being controlled by a reward"*. Pink (2009) further claimed that rewards can be effective in a short term but will in the end have a negative effect on motivation seen through a long-term perspective. Although, Deci (2005) more specifically explains, from the results of his research that the effects of financial incentives do not in every occasion undermine the intrinsic motivation, but are rather dependent on the interpersonal climate and level of autonomy present in an organisation. Furthermore, Banker et al., (2005) claim that the introduction of monetary incentives increase the risk of decreased interest and performance among employees, due to it being experienced as a controlling mechanism, undermining their competence.

Deming's (1986) findings indicate that when decision-makers are asked what they think that their employees value the most, money is ranked the highest. On the other hand, when employees are asked about what motivates them the most at work, financial compensation ranks at fifth or sixth place, further strengthening the fact that it does not

necessarily have to be an effective motivator even though it is perceived so by co-workers.

The next issue that arises is dependent on what level the financial incentives are given (Kohn, 1993). If the incentives are based on individual performance, there is a bigger risk that employees at a company will pursue personal gains, which might have a negative effect on relationships with others or on collaborations across divisions. As Jenkins et al., (1998) article states *'getting people to chase money...produces nothing but people chasing money'*, or as Kohn (1993) indicated earlier *'Everyone is pressuring the system for individual gain, no one is improving the system for collective gain.'* Creating an environment of competition and ranking-system among employees will result in everyone seeing each other as obstacles for their own gains and improvements for the organisation's overall will be disregarded. Moreover, this is supported by Banker et al., (2005), who further claims that financial incentives impose intense competition, which in turn foster uncooperative environment, and feelings of resentment among employees and that they are being manipulated by management. Some theorists state that by compensating performance, the business in concern, risks to encourage self-interest instead of organisational commitment. As both Pink (2009) and Kohn (1993) stated, rewards tend to have an effect that undermines intrinsic motivation, this becomes particularly important and accurate when the task involves high level of complexity and requires innovative and creative thinking. Furthermore, Pink (2009) points out that financial incentives have "seven deadly flaws" which are presented in Table 2.

Table 2 - Seven deadly flaws with financial incentives

They can extinguish intrinsic motivation
They can diminish performance
They can crush creativity
They can crowd out good behaviour
They can encourage cheating, shortcuts and unethical behaviour
They can become addictive
They can foster short term thinking

When an employee or individual solely focuses on reaching personal milestones in the attempt to satisfy personal purpose. The individual will most likely focus on narrowed minded personal issues than manage to recognise the importance of the greater good in their work environment (Pink, 2009).

*'Tell people that their income will depend on their productivity or performance rating, and they will focus on the numbers. Sometimes they will manipulate the schedule for completing tasks or even engage in patently unethical and illegal behaviour.'* (Kohn, 1993)

Suvorov (2003) introduced the “principal-agent” theory, where he by using an econometric model presented that the principal, being the employer is worried about making the agent, the employee used to rewards. Meanwhile, the employee as a mean to get rewards shows less signs of eagerness to perform a task without compensation. He further claimed that once an employee has been rewarded financially for a task, that person will not perform the task without a reward again, since the reward itself signals that the task is undesirable, *'principal who offered a high bonus in the first period is doomed to give it again in the second.'* The employee will then produce an “addiction” to rewards that is difficult to remove, resulting in the employer needing to offer higher financial compensation in order to maintain the employee performance at the same level. According to Pink (2009), a study involving a brain scanning technique indicated that participants getting rewards produced a brain chemical which is the same that is produced during intake of substances, similar to same reaction you encounter in drugs. McClelland (1987) discovered similar findings, were financial incentives demonstrated to affect parts of the brain that gave arousal bound in an emotional state, same as drugs.

Many organisations tend to have a focus on quarterly and yearly results due to the need to demonstrate positive figures for shareholders (Pink, 2009). Studies have indicated that companies that put most emphasis on short-term achievements tend to have a significantly lower long-term growth. In a working environment that promotes inconclusive financial incentives, the employees are only motivated to the point that the reward is achieved, thereafter the performance and productivity tends to either stop or decrease. However, if financial incentives are designed and implemented in a sense that is suitable for that specific organisations and its employees, it can improve the understanding and performance both short-term and long term.

### **3.2.6 Effective implementation of financial incentives**

Gupta & Shaw (1998) also stress the importance having several small and adapted incentive plans instead of having one generic, this to ensure the effectiveness of its intended purpose. Implementing several different and small financial incentives at the same time is claimed to be more effective. Pink (2009) goes further on stating that organisations should compensate employees fairly, meaning that employees doing

similar work with equal effort should be paid equivalent both within the organisation and in comparison to others doing similar tasks. This is not stated to be a motivator but does however reduce the risk to have employees that are de-motivated. Moreover, a suggestion is to pay employees a little more than what the market averagely pays. This can in turn reduce organisational costs in form of reduced employee turnover, boost productivity and morale. Gneezy & Rustichini (2000) come with similar arguments, stating that sufficient payment is a prerequisite to have satisfied employees. According to Akerlof & Yellen (1990), a higher salary is tested to be more effective in increasing performance and commitment than an bonus-plan.

Another issue that can make the implementation of financial incentives ineffective is offering a reward that is not considered to be sufficient by the employees. Thus, the compensation level should be such that it satisfies the employee expectations and thereby leads to increase in performance and productivity (Gneezy & Rustichini, 2000, Gupta & Shaw, 1998). Lastly, the latter authors state that having good communication systems in an organisation is a key to success when implementing financial incentives. When employees have a clear picture and understanding of why the incentive system is in place, they are more likely to accept and strive to achieve the fixed goals.

### **3.2.7 Non-financial incentives**

Non-financial incentives are the types of awards that can have none or small cost and are not directly linked to an employee's payment (Applebaum & Kamal, 2000). In contrast, monetary incentives motivate people due to its reward associated with work (Sorauren, 2000) and its applicability, which gives the possibility to render other services and tangible items, which can be related to intrinsic motivation (Deci, 1971). One of the biggest endeavours for organisations is to satisfy, retain and engage employees in their daily labour, with the main purpose to create complete job satisfaction among their employees, which has great impact on the productivity (Gubler et al., 2014). Yearly, absenteeism and tardiness cost corporate America approximately 3 billion a year, which correlates with unsatisfied employees and lack of job satisfaction. In recent times, money has been perceived as a dominant motivator, which is continuously under pressure. This is due to decline of the organisational revenues. Therefore there is a demand and need to reinforce more cost effective methods to motivate employees (Dewhurst et al., 2009). Applebaum and Kamal (2000) explain that organisations' primary motives to apply financial incentives is for retaining their best employees, their key focus is on job satisfaction, which is vital and can be improved by encouraging autonomy and group commitment. This in turn is to foster a productive psychological environment. The interpersonal climate is perceived as a significant influential factor for fostering and maintaining intrinsically driven employees. These results originate from Deci's study in examining the effects of rewards on intrinsic motivation.

Even though almost every employee certainly appreciates more money, and most top managers believe money is what counts to motivate employees (Dewhurst et al., 2009), money does not ensure job satisfaction, engagement nor loyalty, which has resulted in the need of an alternative way of motivating people (Applebaum & Kamal, 2000). Sorauren (2000) agrees and states that financial incentives do not tie the workers to the organisation as non-financial incentives do. In addition, non-financial incentives can stimulate, engage and inspire people in ways that financial incentives were originally intended to accomplish in an organisational context (Deci & Gagne, 2005). Silverman (2004) argues that there are additional costs of monetary rewards, which is one reason why managers choose non-financial extrinsic rewards such as status and prestige. For instance, reward programs such as “employee of the month” and “top sales club” exist to generate innovative ideas or suggestions. The establishment of “the employee of the month” is a non-financial incentive that can have a negative effect on the employees according to Dr. Ian Larkin in Gerdman’s article (2013). Gubler et al., (2014) agree to this statement and explain that rewarding employees for good behaviour in such a manner can backfire, even though they are intended to challenge, boost morale and inspire individuals. There are always two sides of a coin as for “the employee of the month” award program, by praising one individual as a winner, the rest will be perceived as losers (Baker et al., 1988).

### **3.2.8 Monetary impact on non-financial incentives**

Kahneman & Deaton (2010) conducted a study that showed that money does not necessarily lead to higher emotional well being when salaries reach a certain level. Thus, when the threshold is reached, more money might even have a negative effect on the employee's intrinsic motivation. Gensing (1996) further states that with this conduct, money is perceived as a limited motivator. Similar findings were discovered in Applebaum and Kamal’s (2000) study, which indicated that pay might not be sufficient to stand alone as a motivator. From the latter referred article, Weiss (1997) concurs and clarifies that compensation in terms of monetary rewards can be efficient way to motivate individuals, when it is supported with factors that increase employee involvement and enjoyment. In addition, Deci (1971) explains that studies show a clear indication that money as a reward works differently than other external rewards. More specifically, employees need to be monetarily compensated to a certain degree so that the employees feel job security and thereby give less significance to financial incentives. If employees are not compensated to their satisfaction, the intrinsic motivation may decrease, which further strengthens the argument about pay equity (Applebaum & Kamal, 2000). A satisfactory wage will enable organisations to apply non-financial incentives more effectively and create a long-term engagement (Dewhurst et al., 2009). Moreover, research has shown that there is a clear correlation between pay satisfaction, productivity and employee turnover among younger employees. Sorauren (2000) goes even further, claiming that if an organisation pays a wage higher than other similar organisations are willing to do, it can work as a

motivator since employees will feel greater self-satisfaction. Pink (2009) however highlights that the main purpose of a higher wage is not to motivate but to avoid demotivation, thus give organisations the opportunity to implement non financial incentives more effectively.

As mentioned in the financial incentives section, one of the main reasons to why monetary rewards have gained large popularity among organisations is due to it being a relatively inexpensive way to motivate and its simplicity, Pink (2009) quoting:

*‘Just as it is easier for some parents to show love with gifts than with hugs, it is often easier for organizations and managers to show gratitude with money than with words.’*

Likewise, top management and executives still believe that money is what really counts and assume that bonuses is the incentive appreciated by most people (Dewhurst et al., 2009). Moreover, as nonfinancial incentives tend to require more time and commitment from the management and are more difficult to measure, it becomes an approach that the management does not chose as their first alternative.

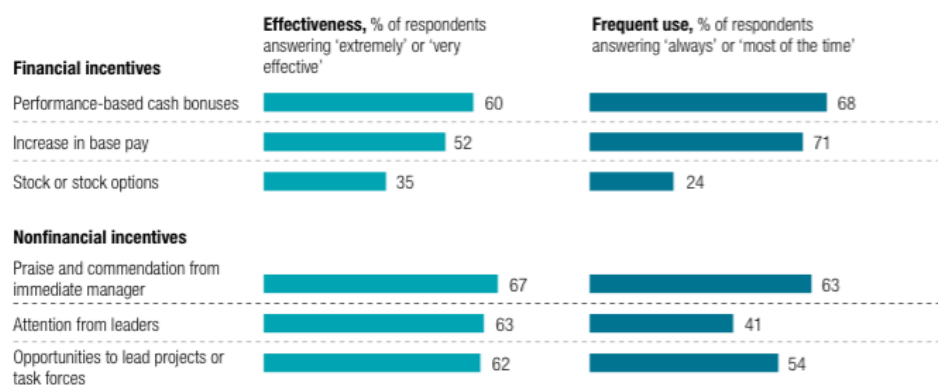
### **3.2.9 Non-financial incentives for increasing job satisfaction and commitment**

When organisations have understood their employees’ needs and taken measures to minimise the risk of employees getting demotivated the next step becomes to discover what non-financial incentives that research suggests as being ones that can enhance extrinsic and intrinsic motivation. Dewhurst et al., (2009) conducted a survey for Mckinsey Quarterly indicated non-financial incentives having a greater effect on employee motivation than financial incentives, see Figure 5. This report elaborated that non financial motivators play a crucial role in making employees feel that the organisation treasure, value, take them seriously, and even strive to establish a career path. Psychologist such as Deci and Ryan (1971, 1975, 2000) demonstrated that intrinsic motivation stimulates learning, creativity, enjoyment and effort. Most importantly it can lead to pro-social conduct and productivity. It has been mediated that in order to increase productivity and maintain motivated employees, numerous authors believes that job enrichment is key to fulfil an employee demands and needs (Grensing, 1996). Larkin et al., (2014) argue likewise, stating that job satisfaction in the form of job enrichment, recognition and pay equity can increase organisational productivity and improve the attractiveness and skills of existing employees as well as potential future employees. Applebaum & Kamal (2000) like many others, claim that there is a strong correlation between job satisfaction and employee productivity, this based on a study which showed strong indications of greater output for organisations that invested in keeping its employees motivated and satisfied.



### 3.2.10 Constructive feedback as a non-financial incentive

Full commitment among employees is what Gresham (1996) states to be essential in order to create motivated and autonomous individuals. The author further emphasise that being responsive to suggestions from employees complementary with constructive feedback and empowering people are methods to reinforce independence and autonomy. When a reinforcement and verbal positive feedback are used as a non-financial incentive, the results indicated that the subjects intrinsic motivation increased, compared to the control group, which were not rewarded with the same acknowledgement (Deci, 1971). Findings from the study indicated that providing employees with verbal and positive feedback tended to increase the intrinsic motivation. Pink (2009) in the same manner claims that having effective feedback systems that provide employees with learning and performance goals more regularly and have follow ups on these goals will in turn increase productivity. The findings from Deci's experiment (1971) were supported by Dewhurst et al., (2009), which constituted the real effect of non-financial incentives compared to financial incentives. The numerous studies conducted for the McKinsey Quarterly measured the frequency, outcome and effect of financial incentives on one side while same measures on non financial incentives related to praise, attention from managers, feedback and opportunities to lead projects on the other side. The result showed that people found that the criterion's mentioned of non-financial character provided greater motivational effect.



Source: June 2009 McKinsey global survey of 1,047 executives, managers, and employees from a range of sectors

Figure 5- Non-financial incentives effect on employee motivation (Dewhurst et al., 2009)

### 3.2.11 Recognition and acknowledgement as a non-financial incentive

In Figure 5 the opportunity to lead a project, getting attention from leaders and receiving praise and recognition from managers showed to inspire employees and lead to better motivation. In addition these incentives give employees the possibility to develop or

enhance their skills in different areas such as leadership capabilities, which in turn can not only provide organisations with employees that have a high intrinsic and extrinsic motivation, but also long-term benefits such as lower employee turnover and highly skilled employees (Dewhurst et al., 2009).

Recognition for good performance have according to several studies been pointed out as an effective way to increase employee motivation which in turn will lead to greater productivity, creativity and a feeling of self-fulfilment (Applebaum & Kamal, 2000). Recognition in organisational context is referred to as acknowledgement of achievements by top management, which in turn can affect employee self-esteem and motivation. Organisations that acknowledge employee work and let them know that they are valued for their work and opinions have employees with higher motivation. In the same way interviews conducted by Gerdeman (2013), one of the employees made the following statement:

*'It's motivating to hear that you've done a good job and are being recognized for doing the right thing.'*

This further strengthens the argument regarding the effectiveness and effect of recognition in motivational context. Thus, giving praise to the employees, the opportunity to learn and grow is according to research another effective intrinsic motivator (Dewhurst et al., 2009).

### **3.2.12 Learning, advancement and growth as a non-financial incentive**

Learning and growth can stand for employees having the opportunity to lead projects or teams. This can improve their leadership abilities and work as inspiration. Additionally, the learning and growth combined with the possibility of advancement in the form of promotion can generate a feeling among employees that enhances the intrinsic motivation (Applebaum & Kamal, 2000). Learning and growth can also be viewed as giving employees responsibility, the chance to exercise authority and power, which in turn requires the development of certain skills and abilities such as risk-taking, decision making and self direction, of which all are important factors for increasing the intrinsic motivation. Sorauren (2000) divides learning into individual learning and organisational learning and argues that the individual learning is necessary but not sufficient in order to achieve the second one. To achieve organisational learning the employees have to be willing to continue staying committed and cooperate with the organisation. Hence, there is a need to implement non-financial incentives for creating policies and an environment that can ensure employee commitment for organisational and individual learning. If this is achieved, employees will develop a sense of self-learning willingness that in turn affects their intrinsic motivation.

### **3.2.13 Change in work environment as a non-financial incentive**

Deci & Gagne (2005) pointed out that the most effective method for organisations to increase the employees' intrinsic motivation is through optimal design of jobs and the working environment. Correspondingly, as parts of how to promote job enrichment, it is said argued that introduction of flex time, focus on teamwork and job redesign in the form of workplace layout for instance can aid in achieving this objective (Applebaum & Kamal, 2000). Working conditions as whole is another vital factor for affecting employee motivation, which comprises of working hours, equipment and facilities, provided for the job. For instance, the implementation of flex time has proven to enhance motivation, improve productivity and job satisfaction rather than using the traditional working hours (Sirota & Klein, 2013). Furthermore, it is claimed that to motivate employees, they need to have the opportunity to learn, contribute and enjoy the task. If there is an established corporate culture that comprises of trust, teamwork and problem solving it is said to have positive effect on motivation as well.

### **3.2.14 Job interest and enjoyment of task as non-financial incentives**

Intrinsic motivation is greatly affected by enjoyment of the task that in turn can sustain employee engagement and commitment (Renninger, 2000). The enjoyment of task can be a product of challenging work and the desire to achieve mastery. For an employee to have work interest and enjoyment, it needs to provide positive and satisfying pleasure (Applebaum & Kamal, 2000). One way that organisations can maintain this is by clearly ensuring that its employees are aware of what they are doing and why they are doing it. In other words, employees need a proper understanding regarding the task that is to be achieved as well as top management getting information about how the employee's progress. This calls for the use of an efficient communication system that enables the organisation to share knowledge and ideas among its employees (Sorauren, 2000). Other factors affecting intrinsic motivation are claimed to be the time the employees can spend on their personal live, as family, friends or others interests (Applebaum & Kamal, 2000). Moreover, all of the abovementioned factors need to be stated and integrated in a organisational policy, this to formally and informally govern employees and employers toward motivational enhancing goals and function as reinforcement if violation is to occur.

### **3.2.15 Autonomy as a non-financial incentive**

One of the most significant factors that have proven to affect employee motivation and in turn job satisfaction is argued to be the level of autonomy or supervision (Applebaum & Kamal, 2000; Renninger, 2000; Pink, 2009). The definition of autonomy according to Deci & Gagne (2005) is that one's actions are based on a high level of self-reflection, for instance intrinsic motivation. Pink (2009) further states that autonomy is not a concept that has been created in the western business environment, but rather is a human

concept, which humans seek since it can bring satisfaction and improve their lives. Furthermore, research has shown that the level of trust rises and positive work-related attitude increases in organisations where its managers are more autonomy supportive towards their subordinates. By being autonomy supportive includes, seeing through subordinates' point of view, encouraging their initiatives and providing feedback in a less controlling way. Several studies related to autonomy have been conducted on schools to identify how it affects student motivation (Deci & Ryan, 2000). The findings have indicated that students that are controlled to a high degree not only lose intrinsic motivation but also learn less than the students that have higher autonomy, particularly in environments where the learning process is complex and the task requires creative thinking.

There are numerous examples of measures taken to increase the level autonomy that as a result have increased the performance and productivity in an organisation. One of these has been the employee having the freedom to choose where to work with flexible working hours that they decide for themselves (Pink, 2009). This concept has been named result only working environment (ROWE), which is gaining popularity among organisations due to its proven effectiveness in increasing productivity. This concept not only has the benefit of providing employees with responsibility, accountability and freedom, but can also mean decreased costs in terms of office space, since employees are allowed to work where they want. According to one CEO who has adopted this concept, ROWE is more effective than higher salaries and have proven to be very effective for his firm. Furthermore, another study conducted on 320 businesses, divided the employees into two groups, one with high level of autonomy and the second with the traditional top-down approach. The results indicated that the businesses that had given the employees a high level of autonomy grew at four times the rate in comparison to the other group. In addition, the group with the high level of autonomy had one-third of the employee turnover, which the other group had. The group with less autonomy had as a result a decrease in motivation, which in turn will lead to reduced performance, this theory is explained as crowding out by Gubler et al., (2014). Lastly, giving employees a certain percentage of their working time to focus on projects that is of their own interest has proven to be very effective and profitable for organisations (Pink, 2009). Graphene, which might become a revolutionary material due to its properties was one of the ideas that emerged during the employee's' free time. Hence, ensuring that employees are provided with a high level of autonomy, which comprises of control over their task, time, technique and team, can in turn lead to greater performance and productivity.

### **3.3 Pro-social Work as Corporate Social Responsibility**

#### **3.3.1 Corporate social responsibility**

The competitiveness that exists today is largely dependent on the level of efficiency and productivity to which companies use their labour, capital and natural resources to generate goods and services (Porter & Kramer, 2002). According to Hemingway & MacLaran (2004) this competitive environment along with increased demands on the managers from various stakeholders has lead to the emergence and adoption of the concept known as Corporate Social Responsibility (CSR). CSR has been defined as the management's duty and commitment to set policies, make decisions and follow certain courses of action that are beyond the ones required from by law, which are desirable in terms of value and objectives of society. In a like manner, the European Commission has defined CSR as a concept that can enables companies to integrate social and environmental aspects in their operations and in their interaction with various stakeholders (Sprinkle & Maines, 2010). Thus, CSR is about responding and engaging in matters that can not only give the benefits of traditional economic gains, but also values related to the social environment and stakeholders.

CSR initiatives are claimed as being located alongside with motivation and moral drivers, often referred to as responsibility (Hemingway & MacLagan, 2004). These drivers can in specific comprise of social values, political values, religious/spiritual values and sentimental values. One of the main goals with CSR is to focus on the welfare of stakeholder groups and not merely on the shareholders. These groups can be charitable organisations, the community or employees among others (Sprinkle & Maines, 2010). For instance, the opportunity for employees to take time off from work and volunteer in non-profit organisations is seen as a part of CSR. In Zhan's (2013) article, there is a segmentation of the CSR, which presents the scope and describes each responsibility and its importance, see Figure 6.



Figure 6 - Pyramid of Corporate Social Responsibility (Zhan, 2013)

### 3.3.2 Why the need to undertake CSR

There are several reasons to why an organisation should be encourage to undertake CSR endeavours according to Sprinkle & Maines (2010). Firstly, company values are based on their actions, and the perception of being a good global citizen is one of the core values of CSR and the effort to strive for a common good is highly appreciated. Secondly, most companies are solely profit driven, and CSR is many cases assessed

simply as a cost related activity for a company to avoid negative publicity or to create a good reputation. The reputation is argued to be the base to 60 per cent of a firm's market value (Weber, Shandwick;, 2012). Thirdly, in addition to the latter, an active CSR program is believed to produce significant benefits related to attractiveness of a company, which affect the recruitment, motivation, and retaining of employees, this is due to the perception of the company in other words organisational profiling Sprinkle & Maines, (2010). CSR activities is said to create purpose, meaning or greater value for the employees that is directly transferred in terms of motivation. This key motivational drive is argued to affect and stimulate the bottom-line substantially in CSR projects. The last key reason for why a company should be encourage to undertake CSR relates to how a company is recognized and bespoken of, by customers and clients. This customer related motivation might entice people to support the organisation, buy products or services, which also might increase market shares.

### 3.3.3 The cost of undertaking CSR

The result from Fry et al., (1982) research indicate that the corporate social responsibility activities or contributions are in fact profit motivated, since the benefits are perceived as advertising, which in turn leads to value creation. The measured stream of economic benefits that a corporation expect to receive is referred to as value creation, which is commonly perceived as the key objective for any corporation (Burke & Logsdon, 1996). As illustrated in the Figure 7 below, there is a continuous conflict between what is acknowledged as pure pro-social behaviour or if there is a pure business interest related to any activity in a company.

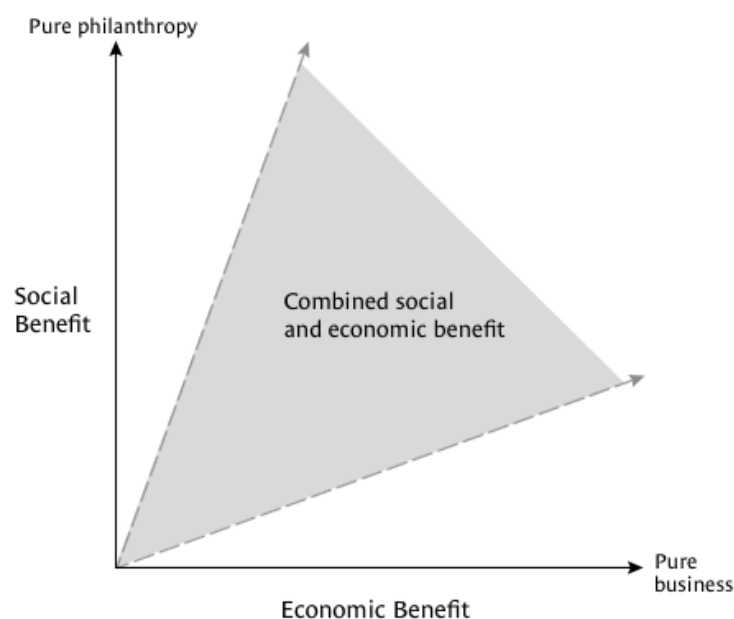


Figure 7- Convergence of Interests (Burke & Logsdon, 1996)

There has been a common difficulty in differentiating between what corporations actually do in terms of their motives and what their executives say they do (Fry et al., 1982). Either way, contribution with a pro-social agenda might have become a executive perquisite or it has evolved to become an embraced a “modern managerial responsibility ideology. However, CSR may give benefits in form of advertisement, it seems relatively obvious that CSR is used for the sake of gaining a name or recognition. Equally, there has been a discussion in the literature about the outcome of taking a CSR initiative and its effect on the employment market. It has been both stated and encourage to take corporate social responsibility for the reward of being perceived as a firm that contribute to the society, in turn the customers and consumers patronizing and value these firms in the labour market. More importantly, pro-social work as CSR is a phenomenon that provides benefits for the contributors, organisations, communities, external business environment and the individuals (Fry et al., (1982).

### **3.3.4 CSR as a profit based strategic approach**

The cost of CSR is according to Fry et al., (1982) considered to be a profit-motivated expenditure, which is empirically supported. Burke & Logsdon, (1996) argue that becoming more aware of the long-term benefits for both firm and stakeholders, managers can make healthier decisions about CSR activities. If CSR would be considered as a long-term investment, instead of a CSR simply as a current period expenditure, it would fall within the range of the corporate strategic activities. Thereafter, it would have a positive effect due to the higher relevance in combining common business and pro-social work, which would also mean higher collective benefits to the corporation and the stakeholders. In addition, it would lead to the CSR planning and investment becomes a corporate planning function. The authors Burke & Logsdon, (1996) present a comprehensive model based on five strategic dimensions and their outcomes that related to value creation when incorporating CSR within the core business of an organisation See Figure 8.

Figure 2. Examples of strategic benefits from socially responsible behaviour.

CSR BEHAVIOUR	STRATEGIC DIMENSION					STRATEGIC OUTCOME
	Centrality	Specificity	Proactivity	Voluntarism	Visibility	Value created
	Philanthropic contributions (\$, product, time)	Computer donations to schools by computer mfrs. Engineering research fellowships	Accustom new users to firm's products vs competitors'		Community support	Customer loyalty Future purchasers
	Employee benefits (direct or indirect)		Health/wellness Day care Flex-time	New or uncommon benefits Higher employee loyalty	Employee loyalty and morale	Internal: employee loyalty and morale Productivity gains
	Environment management (health, safety, pollution)	New products e.g. 'green'  Process innovation esp. re pollution	Patent or innovation edge in product or process development	Learning curve advantages	Positive relations with regulators	Public relations and/or marketing advantage New products or markets
	Political activity (PAC, lobby or information, independent or industry)	Favourable change in economic or social regulations	New business opportunities if pre-positioned to take advantage of new rules	Pre-positioning for changes in regulations		New product or geographic market opportunities
	Product or service related characteristics, innovations or processes	Product reformulations e.g. 'green' improved design, e.g. fuel efficiency new products, e.g. airbags	Patent or innovation edge first-to-market brand loyalty	Environmental scanning to create edge in design or product ideas	First-to-market or leadership benefits	New product on new markets Edge in meeting emergency needs

500

Figure 8 - Incorporating CSR within the core business (Burke & Logsdon, 1996)

### 3.3.5 Benefit and competitive advantage of undertaking CSR

The authors Hemingway & Maclaran (2004) advocate that CSR can produce healthy result for an organisation. CSR is explained to be applicable for strategic purposes that are fundamentals and defended in economic context. This view is related to the outcomes related to the corporate image management that is based on the strategic marketing activity. The CSR is discussed as a tool that can give competitive advantages in positioning, by delivering the designed message that the “company is doing good deeds”. The perception or image of the company produces a positive public relation story. In addition, Porter & Kramer (2002) argue that sometimes the only way to gain competitive advantage is to adopt a pro-social approach, which can also be the most cost effective way. For instance, aiding in the development of the social and economic conditions in a development country through a non-profit organisation can create new markets for the company’s operations and products. This co-existence of shareholder interest and pro-social work is however only possible when the company’s expenditure produces social and economic gain simultaneously.

Sprinkle & Maines (2010) state that the direct and indirect benefits of applying CSR in a company are manifold. One for instance can be to send employees out on pro-social work during times when there is not enough business to keep all employees fully occupied. This will lower the cost for the company by avoiding paying its employees for nothing at the same time as social benefits are gained. Giving monetary donations can for instance lower the amount that a company has to pay tax on, this since charitable contribution are deductible and thus the cost of donating actually declines. In addition, applying CSR often provide companies with “free” advertising. The media coverage gives the companies both a good reputation and potentially opens up the possibility to



get new projects as well as to attract and retain employees. Furthermore, CSR is claimed to not only create the possibility to attract new employees but also motivate existing employees that in turn reduces the employee turnover, which otherwise can be a high cost when it comes to senior employees for instance. If employees are motivated it will reduce the need of performance evaluations, which in turn reduces costs. Lastly, Companies can draw benefits in a long-term perspective by for instance sending employees on pro-social work since it can increase their abilities and knowledge in for example leadership and networking etc. As a result, these benefits can give companies a strong competitive advantage in comparison to other firms.

### **3.3.6 CSR as a growing trend**

The researcher Juheng Zhan (2013) attempt to observe corporate social responsibility as a growing trend that is a result of employees awakening that force organisations to take choices that contradicts to the way they reason about business and profits. Therefore, with the employees increased demands to organisations to become more involved in CSR activities and the greater acceptance to be involved in CSR activity, there is put greater emphasis on conducting better economic performance measure of CSR activities that leads to increased activity and strategic approaches in the undertaking of CSR.

## **3.4 Shared Value**

### **3.4.1 Definition of shared value**

Shared value was first defined and explained by Porter & and Kramer (2011) as a socially constructed concept that is argued to improve the economic and social conditions of societies in which active local organisations operate in. Since 2011, Porter & and Kramer have been claiming that there is a need of a new conception of capitalism, one that includes the society's needs and learns from the idea of creating shared value, which is claimed to provide capitalism with the opportunity to be legitimised again due to incidents such as the financial crisis. Thus, SV have grown as a contemplation of the occurred events and can be perceived as disciplinary correction, hence the socio constructivism theory. In short, SV has made the benefits of taking social responsibility more visible for businesses and simplified for them to consider their financial exploitations of the general public and thereby evaluate the societal and human values in relation to their main focus of interest, which is profit.

From the classic narrow perspective of capitalism, businesses contribute to society through profit, taxes, employment, wages, purchases, investment and taxes, which are recognised as sufficient social benefits (Porter & Kramer, 2011). It has been argued by the latter authors that there is an occurring exploration of the societal needs that can open new business opportunities in both new and traditional markets, which is managed

through differentiation, repositioning and modified focus away from traditional profit thinking. The authors further explain that businesses need to reconnect their value creation to both their own company financial success as well as social progress. The shared value concept is depicted as having the power to unleash the next wave of global growth.

With active use of shared value policies and operating practices an organisation would enhance its competitiveness through gained market shares, reputation and other benefits. More specifically, Corporate reputations is argued to have a great impact on the corporate earnings, but it is also stated that 70 per cent of consumers will not purchase a product if they do not appreciate the company behind it (Weber, Shandwick, 2012). The increase of productivity is equally valuable whether in service of commercial or societal concern. Value creation in societal concerns should be guidance in terms of direction and appliance of resources.

### **3.4.2 The importance to create shared value**

The increased attention on the shared value creation derived a desire to identify, expand and connect the added value that originates from business conducted in local markets (Porter & and Kramer, 2011). The traditional thinking was that most firms operate based on their direct economic outcomes, where profit is the key motivational drive for measuring success (Sprinkle & Maines, 2010), which might be a value that is of lesser importance for a local society. Thus, there can be contradicting values when the two interact. Even though both parties are dependent on each other's performance and therefore constitute clear similarities in shared value systems concerning common prosperity. However, the main difference is found to be in principal values, which are measured based on integrity e.g., perception on equality, or social acceptance.

Where most traditional businesses solely focus on being prosperous in financial measures, a shared value business would consider other aspects related to the local societies needs and outcomes. Therefore, firms would take strategic measures based on their long-term relations where reputation is of great value. The shared value concept demands better ethical and moral conduct from all the practicing or involved parties. Hence, shared value is considered as a new way of achieving and perceiving economic success e.g. through increased standard of living, ensuring economic growth in the societies and simultaneously create financial success for the company (Porter & and Kramer, 2011).

### **3.4.3 Shared value as a strategy**

If shared value is adopted within the core functioning of an organisation it will differ from CSR according to Porter & Kramer (2011). Furthermore, as illustrated in Figure 9, shared value is not a separate concept, but rather an evolved form of CSR, where

the governance of activities and their purpose are different in terms of doing societal good and creating value. Since the concept of shared value is relatively new, there is no established framework that companies can utilise. One of the biggest issues that remain is that companies still see shared value as something they need to do or is demanded for, rather than realise and acknowledge the benefits they could gain by integrating it into their core business and values.



Figure 9 - Going from CSR to CSV (Porter & Kramer, 2011)

## **4 Empirical Research**

This chapter reports the main findings from the interviews. All of the findings in this chapter are a primary data collection; meaning that all observed and collected data is from first-hand experience.

### **4.1 Empirical Findings From Engineering Employees**

#### **4.1.1 Motivators and incentives**

At first, the employee respondents were asked what factors that motivated them to work. There were deviations in the interviewees' answers regarding the motivational factors self fulfilment, self-satisfaction and sense of contribution that relates to their various individual preferences. Both job interest and high level of variety e.g. in projects, tasks, challenges, new processes and opportunities were assessed as primary factors for facilitating and impacting performance. In addition, the sense of contribution for a greater purpose, personal challenges, and self-satisfaction in solving difficult problems seemed to be valued. Lastly, the opportunity to develop and grow was depicted as highly motivational. The list of motivators was found during the theoretical research.

There was also evidence found during the interviews supporting that employees desired to get more opportunities to work, learn and apply their own competence in international projects for short periods of time during a year, since meeting new people and cultures tended to be highly motivating. More specifically, getting the opportunity to do additional fieldwork would be motivating. Furthermore, there were indications of that it could be beneficial to increase focus on the individual need for autonomy, but it was quite dependent on the context i.e. people and working environment. Receiving a personal development plan regarding the opportunities to advance was also stated as a motivational factor.

The respondents were later asked to rank predefined motivational factors in terms of importance from 1 to 5, where 1=Not at all important, 2=Low importance, 3=Slightly/Moderately important and 5=Very Important, the results are illustrated in Figure 10 and 11. Results indicate that all respondents prioritise the non-financial incentives over financial incentives, where job interest and the opportunity to learn and grow are motivational factors that all respondents ranked as highest.

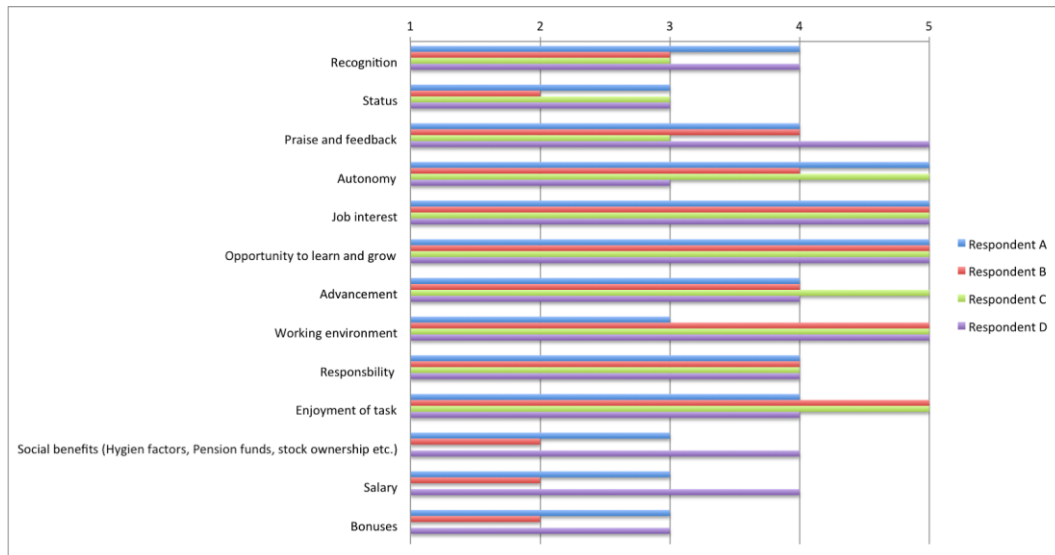


Figure 10 - Results of the importance of various motivational factors

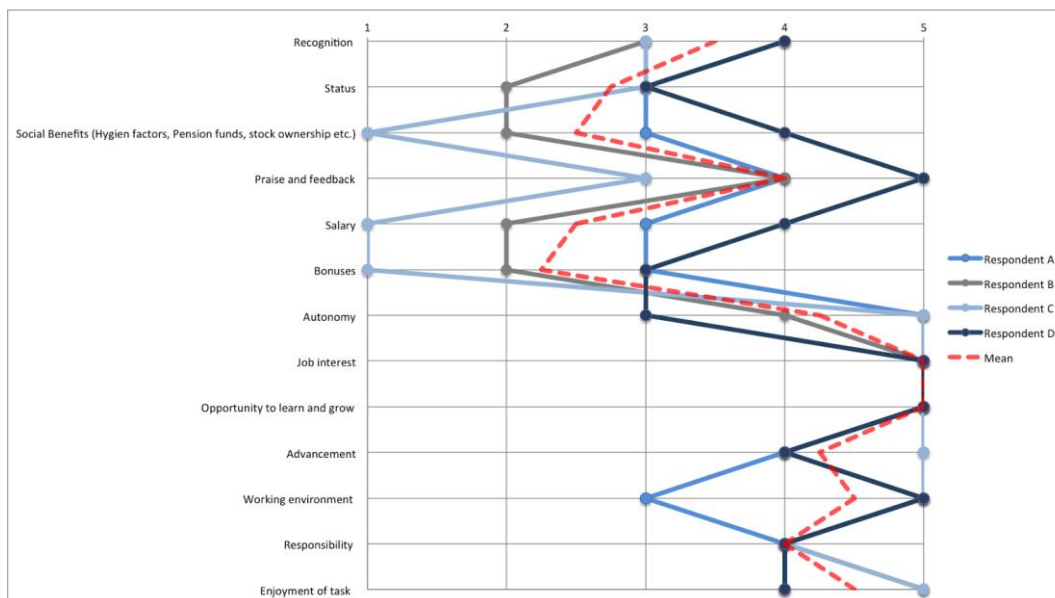


Figure 11- Results of the importance of various motivational factors

At the end of the interviews, the respondents were asked what the contrary to motivational factors are in order to quantify their preferences and identify potential contextual differences. It was found that de-motivational issues such as long meetings and the increasing paperwork due to the bureaucracy could be factors that could reduce motivation. Moreover, it could create a sense of reduced contribution within one's profession. Furthermore, bad communication and the inefficient use of communication systems together with not getting enough responsibility were claimed to be de-motivating factors. Also repetitive work could reduce motivation among employees.

There was a consensus among the respondents' replies when they were asked if they wanted to sacrifice some of the non-financial incentives for a higher salary. It was

manifested that money is not important and could be sacrificed to a certain extent for a more interesting job or other opportunities.

*‘Money as in higher salary or bonus is a topic that relates to economical safety’*

The explanation to this statement was that money could gain higher importance when establishing a family, while learning and developing skills could be more important in an earlier phase of life.

A combination of non-financial incentives e.g. recognition and bonuses can have a positive effect on an employee’s motivation. Although, there was evidence that if the job interest was high, a bonus system would not have a big impact on motivation. There were also signals that target/result based bonus systems could increase motivation. Furthermore, bonus systems could as well improve performance and shorten the time of project delivery. One idea was that money should rather be converted into something that can be used for a greater purpose. That being said, a bonus system could cause additional work and increased pressure in terms of conformity that could reduce employee independence. In addition, it was believed that bonuses could increase performance initially, which in turn will even out in time and further affect the quality of work. Another suggestion was that a bonus distributed amongst employees could have a positive effect if it was to be utilised as a shared experience e.g. a field trip or employee seminar.

Furthermore, there were indications that when implementing a bonus system, it could narrow down the focus and hinder “thinking outside the box”. It was also mentioned that people could get motivated for the wrong reasons i.e. focus on the bonus rather than the quality of work as a result of taking shortcuts. In addition to that, this could also decrease the ability to learn and develop skills that might be useful later on in the career. It was proclaimed that with increased focus on money i.e chasing the money, could result in losing touch with own values and it could be easier to lose track on what is important in life.

#### **4.1.2 Pro-social work**

The reasons and motives behind participating in projects with IUG were found to be quite different. However, all respondents had a mutual consent that it was something that they had always wanted to do.

*'It meant and it felt natural to apply'. 'I just felt I had to. 'it took me one minute to decide'.*

The pro-social work was perceived as an experience that seemed intriguing and that would be a personal challenge. The factors that motivated people to participate were to get the opportunity to travel, improve their CVs, work abroad and face new challenges in terms of new people, cultures and languages. In addition, other opportunities and challenges could be utilising their competence in a foreign context, with the purpose to contribute with “new” solutions that could help and support less fortunate people in their daily life. Moreover, understanding new and alternative values that can give satisfaction and see how one's contribution can lead to change, which in turn gives a sense of heroic feeling can increase motivation.

*'To test ones capacity and find out if the competence is sufficient or applicable in a field work context'.*

The experience was further described as being educative, meaningful, practical, interesting, and that working for the greater good created a feeling of self-fulfilment. Lastly, the experience was perceived to give a different set of living, through exploring and working in an unfamiliar and new environment, which gives variations from the daily labour. Findings indicated that pro-social work means to apply and challenge the competence that one has acquired, which can be utilised by helping and contributing with the aim to satisfy other people's needs., Two respondents stated that it is about giving back to the society and learn other things from work than solely technicalities.

*'With this you could expand your views and perspective, get new friends and meet new challenges from which you can learn and grow.'*

For one respondent this growth was explained to give a better feeling in terms of greater self-esteem and sense of self-satisfaction. There were diverging findings in terms of expressed expectations in terms of learning, while some had less degree of expectations of acquiring new knowledge and self-improvements.

Findings show that all of the respondents were highly motivated prior to their pro-social project due to them seeing their ordinary work as very interesting. Although, an increment in motivation became evident due to the additional attention and recognition an employee's receives for the contribution when participating in fieldwork. This specific cultural related acceptance from co-workers is assessed to be an essential in why some individuals chose to participate in pro-social work and for other it could be an additional motivation factor.

*‘The privilege to express my experiences and challenges gave me a lot more than I can put down in words.’*

There was strong evidence suggesting that there was a willingness to participate and contribute in future projects. A personal reflection was realising how much better one's life actually is and how fortunate some are compared to others, which has led to greater appreciation of life.

There were some findings regarding the two greatest impressions from traveling and working abroad with IUG. A discovery was that one participant was forced to think outside the box, because everything was more straightforward, ongoing and in a constant flow. Another impression with participating in a pro-social project was that it could create a feeling of dignity and improve the self-esteem. Another respondent stated the importance of acknowledging and getting insight of the process of work with the local communities, showing mutual respect and accept both cultural and technological differences.

*‘The first time you go for a field work, you do not know about all the cultural barriers or think of them.’*

The general impression captured from all individuals was the recognition one got from the local population, receiving both the gratefulness and acceptance as a professional but more importantly as fellow human being.

One of the consequences from partaking in a pro-social project was explained to be that one feels more connected and attached to what is going on in the rest of the world. Another finding relates to the minor differences in the individual thinking, e.g. simplicity in problem solving, higher level of creativity, and develop improvisation skills. Lastly, there were some indications that employees became less prejudice, more open minded, while placing own personal problems in broader perspective.

One finding was that by spreading and sharing the experience from pro-social work, there was an increased interest among co-workers. As a result more employees could become willing to participate and gain experience such as cultural sensitivity and awareness, improved professional competence and knowledge. These benefits might not have been possible to obtain at one's usual workplace, thus creating a better working environment. Another essential benefit with doing pro-social work has been the improved communication skills. In addition, results show a gained tolerance and a better understanding of people with various cultural backgrounds and increased knowledge of how to deal with language barriers, as well as respecting other individuals' opinions and proposed solutions in projects. These advantages can be assessed as being useful in future international projects. Lastly, one of the interviewees



said that by learning from the local population's values, he/she could bring back additional motivation to both the private life and to work.

When we asked whether or not the participants were willing to give up financial compensation to gain these non-financial benefits through additional pro-social work, in the case of having financial security, there were split opinions and responses that depended on the context that the individuals were in. e.g. specific country, culture at present locations, as well as project and its duration. Regarding the willingness of the interviewees to do pro-social working during vacations, there were some differences. One individual stated that wasting time and money on materialistic objects is less important than participating in pro-social work. While, another respondent explained that family and friends was the first priority during vacations.

### 4.1.3 Shared value

There were disparate responses concerning if organisations take sufficient amount of responsibility in terms of pro-social work. *'They could do more'*. But it should be seen in relation to what the employees prefer and the organisation's profit constraints. Thus, there should be balance between the added value and the social responsibility.

*'Yes, the confirmation of this is seen in the partnership that we have with IUG and other minor projects that the company undertake e.g. missing map'*.

One respondent said that *'my company does not contribute enough and with that I hope they recognise that more people want to do this'*.

A majority of the respondents suggested that if organisations become active in pro-social work it could create opportunities to get new project both locally and internationally. The answers suggested that if organisations apply shared value, they could have higher motivated and satisfied employees that are more loyal, which in turn might decrease employee-turnover. Furthermore, when asked what benefits pro-social could have on the organisation, answers showed that it would have a positive effect on marketing and the reputation of an organisation. This in a long-term perspective can attract new employees, create new opportunities and attract new contractual agreements. This in turn could result in a better portfolio of projects as future references. Finally, in some pro-social projects technical knowledge could increase among employees and make them more competent in terms of increased cultural tolerance and attitudes.

The added value identified from the empirical findings show that employees have become better at stress handling, improved abilities within teamwork and deal with language/culture barriers. In addition, the findings gave signals of enhancement in personal abilities coupled to work. Furthermore, respondents experienced added value in terms of having less difficulty taking on unforeseen challenges that might emerge,

since the threshold for discomfort has become higher. Lastly, pro-social work has shown to stimulate employees, generating more creative and new ideas related to pro-social activity.

There was a confirmation that shared value may improve personal development, knowledge and satisfaction, in distinct interest areas, which could in turn increase motivation. The collaboration between the various companies and IUG indicates that there is a common belief that there are organisational benefits from doing pro-social work. These are related to the additional possibilities to open new markets, improved marketing and reputation, improved intercultural interactions and beneficial media coverage.

The respondents implied that shared value could be economically defendable in a long-term perspective, through entering into new markets that can provide the organisation with new projects. Moreover, organisations can attain and attract new employees and keep them content by conducting pro-social work. Results also show that some respondents think that organisations can be active in pro-social work even though it was not demanded as long as social responsibility does not interfere with the regular projects that they are working with. However, empirical findings also revealed that the pro-social projects which employees are sent to have a short duration. It is explained that it takes long time to adjust in a new country and one is not able to make a big impact in such a short time. Therefore, there is a demand for projects that run for a longer time, so more added value is possible to gain. At the same time, projects with longer duration might not attract as many employees due to personal factors, thus there is a need of a balance which organisations have to take into consideration.

#### **4.1.4 Summary of key findings from employee interviews**

What motivates	Desired motivators at current workplace	De-motivators	Effect of Bonuses
Job interest, variety in task	More international projects	Long meetings	Shorten time of delivery
Self-satisfaction, solving difficult problems	More field work	Paperwork	Target/result based bonuses can increase performance
New opportunities	Personal development plans	Not enough responsibility	Should be converted into something used for greater purpose
Working for a greater purpose	Opportunity to learn about new cultures and people	Repetitive work	Short-term effect, wears off with time
Opportunity to learn and develop		Lack of communication, lack of appropriate means of communication	Higher pressure and reduction of employee autonomy
			Narrow thinking, reduce "Outside the box" thinking
			Decrease ability to learn and develop skills
			Lose touch of personal values
			Motivated for wrong reasons, focus on bonus instead of quality

Why pro-social work	Positive outcomes related to pro-social work	Impressions	Consequences of pro-social work
Opportunity to travel/ Work abroad	Educative, acquire new knowledge	Forced to think outside the box	Simplicity in problem-solving
Improve CV	Practical	Feeling of dignity and improved self-esteem	Higher level of creativity
Challenges in terms of new people, cultures and languages	Exploring and working in an unfamiliar environment	Learning and accepting cultural and technological differences	More connected and attached to what is going on in the world
Utilise competence for greater good and in a foreign context	Self-fulfillment, self-esteem and self satisfaction	Recognition from local population	Develop improvisation skills
Understand new values	Variation in work	Gratefulness and acceptance as a professional and human being	Less prejudice
"Heroic" feeling	Interesting and meaningful		More open-minded
Giving back to society			

Why SV	Added value from SV	Economically defensible
Maintaining a good reputation	Better stress handling	Personal development
New projects (Locally/ Internationally)	Improved teamwork skills	New markets
Higher motivated employees	Improved understanding of cultural/language barriers	Improved intercultural interactions
Loyal employees	Less difficulty in taking on unforeseen challenges	More competent employees
Decreased employee turnover	Stimulating, improving creativity	Better knowledge in international contexts
Marketing and branding		Decreased employee turnover
Attract new employees		
New contractual agreements		
Better portfolio as future reference		
Increased technical knowledge and competence		

## 4.2 Empirical Findings From Management

### 4.2.1 Motivators and incentives

The empirical findings suggest that organisations could motivate employees by providing them with difficult and complex tasks as well as make them shareholders of the business.

*‘We want our consultants to be the best by giving them difficult tasks, which they have to solve.’*

*‘This organisation is only owned by its employees and that is high motivation factor for the employees.’*

Moreover, evidence from the interviews show that a good leader has a major role in motivating employees e.g. in providing flexibility, personal development, opportunities and advancement, through continuous training, active listening, giving feedback and developing all employees. These motivational factors are according to one of the managers more effective in motivating than are financial incentives. The findings pointed out that considering the needs and the personal interests of each individual employee is the key to motivating them. Therefore, by creating new opportunities for the employees, discovering new interest areas, making sure that they are occupied in

areas of interest you can motivate all employees. An additional thought revealed among managers was that if there would be a good balance between an interesting job and the amount of spare time, it would be highly motivating. In addition, it was mentioned that if an organisation has a clear set of values that create a good corporate culture and that the employees can identify themselves with, it will increase their motivation. Thus, if the organisation is doing well and is successful it will automatically motivate employees.

The findings also suggest that if employees are not being recognised, appreciated or getting enough responsibility they will be de-motivated. Another finding revealed that if managers make a difference between employees or favour certain people, it could be highly de-motivating. Hence, by having a good communication and staying objective, the risk of this to occur can be minimised.

*'There are no flaws in people but rather flaws in the systems.'*

In the same manners, if leaders lack the ability to lead or manage, that is e.g. leaders that do not believe in your work or competence, it can be highly de-motivating. It was also stated that it is the manager's responsibility to detect de-motivated employees, which could be done by facilitating meetings between employees and managers and discussing personal development that in turn reduces the risk of de-motivated employees.

Our empirical study points out that appreciation of good performance is shown through a sufficient salary, where the overall salary for every employee increases yearly through an evaluation of each individual performance. However, there can be differences in these yearly raises, depending on employee background and experience. Furthermore, it can be seen from our empirical study that the organisations interviewed pay their employees a salary that is similar to other organisations within the same business, for the purpose of retaining employee. Our findings show that even though fixed salaries are the most common way to reward employees, there were indications that rewards may be based on an organisation's economic results, which relates to efficiency and productivity. Anyhow, a stock program is according to one of the respondents found to function as a performance evaluation, where some individuals are offered ownership in the company based on excellent work. In addition, the most common bonus system is one based on the organisation's overall performance, which argued to be a shared profit that is divided equally among all employees.

One of the managers said that most of their employees and those that apply for work in their organisation are motivated mainly by the tasks and projects that are available. Thus, to have satisfied employees, they need to be given challenging tasks that engage and stimulate. Therefore, as one manager claimed, praise can be utilised as motivational booster. While the empirical findings in Figure 12 and 13 illustrate that there are differences in opinions among employees, one manager believed that organisations

should have greater focus on providing its employees with good pension plans. Another manager's opinion was that creating a good work environment is a favourable action to motivate employees. This shows a split in opinions among managers in regards to motivational factors, see Figure 12 and 13.

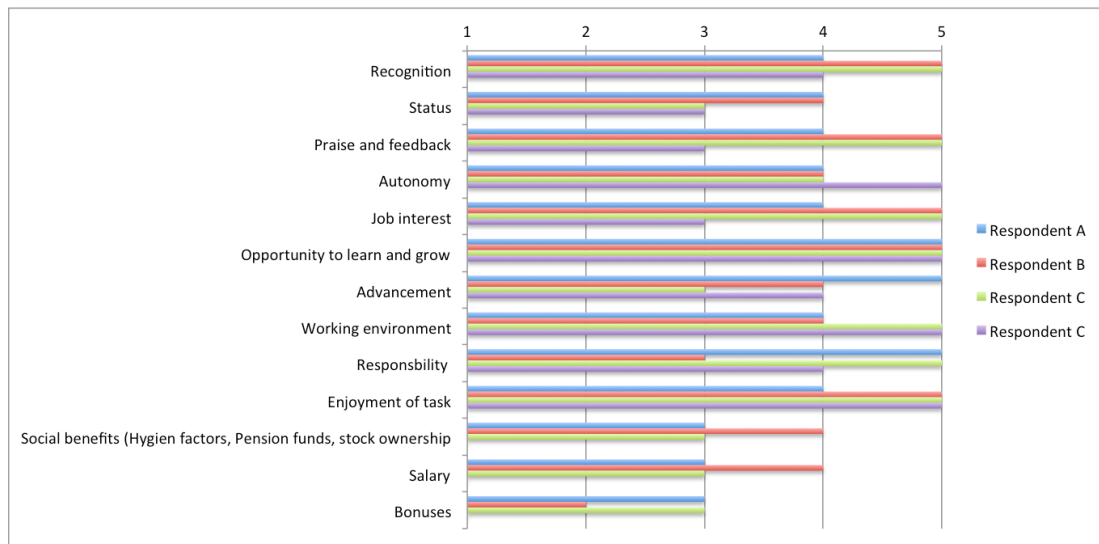


Figure 12 - Results of the importance of various motivational factors

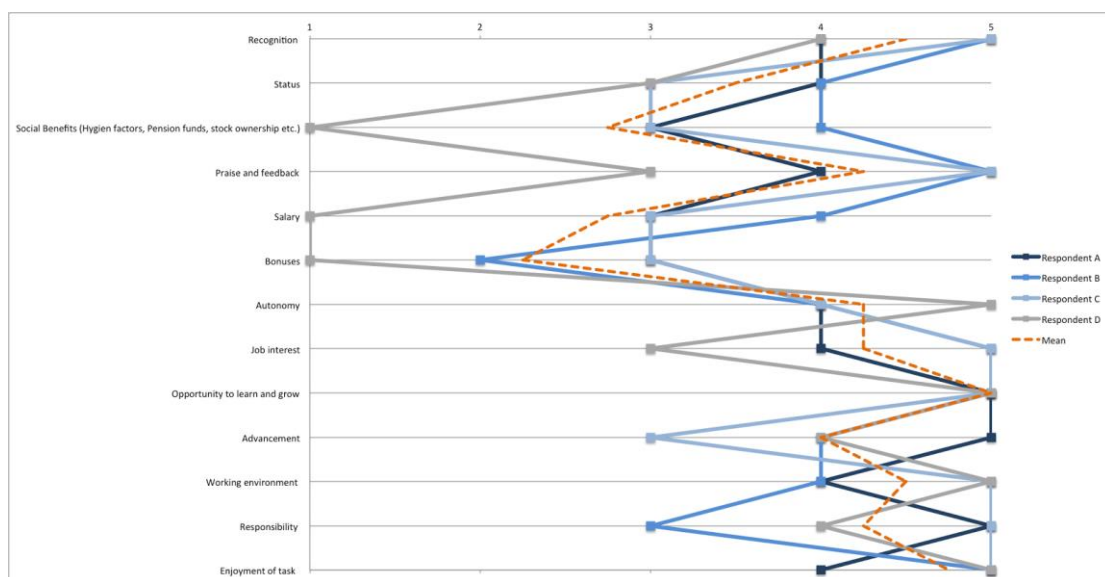


Figure 13- Results of the importance of various motivational factors

There was a disparity in the answer to whether financial incentives are more effective than non-financial incentives. An interesting finding was that if an employee has financial security, the financial incentive is merely an obligation or formal agreement between the employees and the company. Financial incentives should in this case be something that is additional seen e.g. from Maslow's motivational pyramid while the lower and more important part should consist of non-financial incentives. In this way, an emotional agreement can be made, which motivates the employees intrinsically. Furthermore, it was disclosed that there could be drawbacks with non-financial incentives in terms of additional stress on management. The reason for this is that managers have to be much more creative in order to motivate, while 'money is a simple

*way of motivating.*' The trend of flattened hierarchy in organisations is reducing the effectiveness of bonuses according to one of the respondents.

Bonus systems are explained to be more suitable in monotonous tasks. Another drawback of a bonus system is that it may narrow down employees' thinking and focus considerably to the reward itself, thereby important teachings can be lost on the way of finding a solution. One suggestion is therefore to have bonus systems solely as complementary to the fixed salary, especially in jobs that require high quality of work.

Managers mentioned that a bonus system could have a negative effect on the interpersonal culture at the office, due to the counterproductive competition that it might cause.

*'People are not focusing on what they are getting paid for, but they are focusing on what their colleagues are getting paid.'*

Further, there are indications of barriers and gaps created as a result of making differences between individuals when applying a bonus system, e.g. between the management and common employees. When the bonuses are removed, a flatter structure becomes evident. Differences in the fixed salary were more likely to be accepted by the employees, if a proper explanation was provided.

#### **4.2.2 Pro-social work**

There were differences in opinions between personal reasons and professional reasons to why an individual would choose to participate in a pro-social project according to management. On one side, people want to make a difference using their specific skills that motivate them to be engaged in pro-social work. While on the other side, it could relate to self-realisation and gaining a new perspective, which is associated to new impressions. One of the managers considered pro-social work as a method to give an employee new added value and gain new competence. One reason to why people have adopted a pro-social behaviour is due to the Norwegian context, where most people have adequate salaries, sufficient spare time, which can make their ordinary life under stimulated.

*'Organisations have a greater need to focus on society equally as much as to shareholders.'*

While the findings concerning why an organisation should take social responsibility lies within its core values. These values should be visible in the organisational culture, which can be achieved by participating in pro-social work. Another reason was stated to be that organisations might have the competence that is required for pro-social projects. Utilising the organisation's competence in this way can be a win-win situation

for the company and IUG. Pro-social work is also perceived as a way to strengthen public relations, employee branding, procure new projects and get access to new markets. In addition, partnering with pro-social organisations such as IUG, can display a role model position where the organisation's standards are presented for other companies to mirror.

During the interviews, it transpired that managers try to send those employees on pro-social work that are highly intrinsically motivated. The reason behind this was that the intensity of pro-social projects requires individuals to take on responsibility in order to deliver a successful project. In addition there are some safety criteria that need to be fulfilled, meaning that the organisation makes a thorough evaluation of the country.

According to one of the respondents today's media coverage has made people more exposed to what is happening in the world, which makes it a matter that is more on people's agenda. This has led to lower thresholds, encouraging more people to make a difference. The tendencies for pro-social behaviour can be seen as an upcoming trend among the younger generation. However, it was stated that individuals are different, which makes it impossible to stereotype a whole generation. Findings showed that certain qualities reappear among individuals that want to do pro-social work, e.g. that they are mentally strong, stubborn, proud, adventure seeking and less afraid of being exposed in new contexts.

The empirical results seem to indicate that pro-social work at an organisation is a combination of internal desire and collective expectancy, where the latter is due partly to media's impact on society. Either way, this was presumed to have strategic benefits for the organisation. It was found that there were additional requirements when implementing the shared value concept, e.g. ethical behaviour that both the management and the organisation have to take into consideration. In addition, there were findings arguing that practicing or waving the banner of shared value in a company could lead to considerable expectation e.g. an organisation shall act as a role model, and that implies that the employees must behave accordingly. These expectations were argued to relate to the matter of trust and the trustworthiness in the company. Therefore a company continuously needs to align and comply to their stakeholders, in order to maintain a good reputation. Therefore it is essential that an organisation demonstrate that it is a trustworthy company with high ethical and moral standard. Thus, anti-corruption policies and other ethics-related questions become very important for organisations and would still be even though pro-social work was not demanded for.

The findings from managers further suggest that pro-social work can give value to the organisation in terms of marketing, branding and strengthening the public relations. Pro-social can gain value through procuring new projects and open up for new markets and attracting new employees as well as clients. The employees that come back from pro-social work can present their experiences, which gives value to the other co-



workers and organisations get employees that have international field experience, which is beneficial in a long term perspective.

*'Since the employees are the most valuable assets and we need the best people from the best universities, our goal is to attract these to our company.'*

According to some managers organisations that collaborate with IUG focus on attracting younger generation that find interest in IUG. Therefore many organisations have decided to establish an agreement or enter a partnership with IUG.

*'Not engaging in pro-social work is more risky than doing so.'*

There was no evidence suggesting that sending employees out on pro-social work has had any drawbacks. This may be due to that the partnership with IUG and other organisations is relatively new.

### **4.2.3 Shared value**

The common belief among the respondents regarding CSR or shared value concept was that it is a practice that puts emphasis on human and organisational ethics and values, with the attempt to give something back to the misfortunate. There is a common belief that CSR or Shared value is a result of organisations realising and identifying their own core values located in the culture. The data found suggests that some of the managers perceived shared value as a trend that has gained a lot of attention in the last decade, but the respondent used different terms when talking about shared value. Managers suggest that shared value is a useful concept because organisations need to see and fulfil their role in society and not only focus on profit for the shareholders. In addition, organisations need to understand that shared value can generate additional income. It was further argued by managers that by creating platforms, standard frameworks and making these available for everyone and facilitating them would simplify for organisations to adopt the shared value concept.

*'Its about getting something and giving something back.'*

Findings support this statement, and further assess this as an essential evaluation criterion that a company takes into consideration when engaging in a new partnership with organisations that undertake pro-social work e.g. IUG or MOT.

The empirical data present that companies do not have a profound strategy of shared value, but one respondent states that it is becoming integrated in their upcoming strategy. With shared value as a strategy, you can alternate the focus of stakeholders toward a more purpose related business, rather than solely focusing on how to make a large profit from an investment, stated by a manager. Companies can thereby benchmark themselves as purpose maximisers instead of profit maximisers and yet keep a good balance between added value and profit.

*'Making money and at the same time doing something that has a greater meaning makes sense.'*

Lastly, it was suggested by one of the respondents that the trend of donating money is something that is dying out.

*‘Donating in form of competence, human involvement and engagement is a trend that is taking over and something that will be dominating in the future.’*

Taking CSR and applying shared value has also shown to have a positive impact on the corporate culture, creating a positive sense of feeling among employees. Many of the employees according to the managers lack or have little international experience. The findings indicate that shared value is a concept where managers utilise their employees in an unconventional way. It is further argued that it forces employees to detach from the traditional working environment and their comfort zones. Thereby stimulating them in a new way that can have an enhancing effect on motivation, performance, developing leadership skills and reduce employee turnover. By facilitating presentations and lectures that present what the employees have experienced and learned during pro-social work, other employees can gain interest in pro-social work and partake in the added value that the employees has brought back. The managers presume that their employees treasure that their organisation takes social responsibility.

*‘Last Christmas our employees got a fixed sum as a Christmas gift to spend at our web shop or had the choice to donate the money to a charity. This resulted in almost everyone at the firm donating the money. This gives clear indications of what kind of thoughts our employees have towards pro-social work and the values that they possess.’*

This entails direct demands and expectation towards the organisation as well as how important CSR is for employees. One manager described that their organisation has acknowledged that the environment and the global climate is rapidly changing, which in affects the poorest population the hardest, which might be discussed as a result of the western world's prolonged conduct.

*‘I would sell the shared value strategy into the company as a way to improve the retention, motivational incentives for employees.’*

In contrast, the shared value concept is argued to possibly entail disadvantages in terms of misconceptions and abuse e.g. companies that wave the banner of shared value for their own selfish purposes and motives. There have been examples of companies that hide behind this concept, which is a sign of hollow and deceptive behaviours according to one manager.

#### **4.2.4 Summary of key findings from manager interviews**

<b>What motivates</b>	<b>Financial incentives</b>	<b>Drawbacks with financial incentives</b>	<b>Leaders</b>
Difficult and complex tasks	Simple way to motivate	Merely an formal agreement	Provide flexibility
Engage and stimulate brain activity	Pension plans	Easier utilised in algorithmic jobs	Facilitate personal development
Balance between job and spare time	Branch based salaries	Narrow employee thinking	Provide opportunity to advance
Responding to employee need and interest	Stock programs (employee ownership)	Negative effect on interpersonal culture	Continuous learning
Create new opportunities for employees	Bonus based on performance	Gaps between individuals	Active listening and feedback

<b>Why pro-social work</b>	<b>Qualities among pro-social individuals</b>	<b>Benefits with pro-social work</b>	<b>Drawbacks with pro-social work</b>
Make a difference	Mentally strong	Strengthen public relations/Media coverage	Considerable expectations
Self-realisation	stubborn	Employee branding	Continuous need to align and comply
Alternative perspective on life	proud	New procurements of projects and markets	
New values and impressions	Adventure seeking	Easier partnering process	
Media's impact on society	Less afraid of being exposed in new contexts	Increased trust and trustworthiness	
New competence		Better reputation in society	
Ethics		Long-term benefits	
Internal desire and collective expectancy		Role model	

Why SV	Positive outcomes with SV	Drawbacks with SV
Emphasis on human and organisational value	Additional income	No empirical data
Organisational ethics and values	Positive impact on corporate culture	No concrete measurement systems
Realising and identifying core values	Positive sense of feeling among employees	Direct demands and expectation toward an organisation
Purpose with profit	Enhancing effect on motivation and performance	Misconceptions and abuse
Emerging trend among younger generation	Developing leadership skills	Selfish purposes and motives
Giving something back	Reduce employee turnover	Hollow and deceptive behaviour
Create platforms and frameworks		

## 4.3 Empirical Findings From a Banks Removal of Bonus Systems

### 4.3.1 Implications of bonus systems related to productivity

*‘Satisfied customers are an indication of satisfied employees.’*

Employee turnover rate is stated to be a good measure of employees well being and is claimed to give indications regarding productivity. According to the empirical results, a bonus is believed to not have any effect on motivation if it is given on top of the fixed salary. The reason behind this was stipulated to be due to the existing internal culture in company. With that being said, contrasting results could be found, since it is contextually dependent e.g. in investment banks and funds, stock markets, or similar business. In these contexts, bonuses may have an impact or effect on motivation and productivity. Since it is argued that some people that are driven by monetary goals. The empirical data reveals that that the managers in this bank carried out a bonus questionnaires to capture the employee opinions towards the implemented bonuses system, where there was diverse response.

### 4.3.2 Removal of bonus system and its intended effect

Findings brought out that the reason behind the removal of bonuses was due to a new branding strategy, with focus on getting closer relationships with the customers/clients. The bonus system was believed to potentially influence the employees’ decision-making. Especially in the customer's perception regarding that their best interest was not prioritised, but that employees are merely focused on securing their bonuses. Thus,

the bonus system was removed in order to minimise perceived opportunistic and self-centred behaviour among their clients.

*‘Paying people for the wrong things, you can foster an undesirable culture.’*

The findings pointed out that the bonus removal initiative would not create any issues as long as they got a sufficient salary together with a clear explanation to why it should be removed. As a result, the new initiative would not be perceived as a substantial and unfair change that in turn would reduce the resistance. It was further argued that there have not been any significant changes in terms of thinking, doing and feeling following the removal of the bonus system. This is explained to be due to that most people in general are motivated to do a good job, especially when salaries without bonuses are used. The findings indicate that fixed salaries are believed to create better financial security for the employees. Evidence also suggests that implementing financial incentives could create an opportunistic behaviour among employees where employees hide some of their ideas for their own selfish purpose. This as a result could have a negative outcome and impact on the organisation.

*‘95 % that apply for job here are people with the right drive.’*

The opinion of the bank manager further points out that the bank’s recruiting division hires people who want to make a difference and acquire a self-motivated drive and not the ones who are only focusing on receiving a sufficient salary. Another related aspect found, clarifies and shows that emphasis placed on hiring the right people can help forming and shaping a corporate culture.

*‘We try to make sure that we have the right people on board and pay people for the correct behaviour and performance.’*

Evidence states that there were some negative implications associated with the removal of bonuses system. However, in a longer perspective, it was none proven indication of drop in motivation, which was strengthened by KPI measures and other internal evaluation systems. On the contrary, it is believed that this bonus removal initiative will result in an increased trust.

### **4.3.3 Non-financial incentives**

The bank managers believes that non financial incentives utilised in proper manner have a larger impact and effect on motivation considered in a long term perspective than financial incentives, which is believed to only function as a short term stimuli. Financial incentives are believed to impact employee motivation in a short term, but it is further stated that this impact wears off with time. Given these arguments there is of great essence to create opportunities and development for the employees

complementing with good coaching. The final conclusion that can be drawn from this analysis is that it is important to have a good yearly performance system, which supported with good feedback and to work with coaching and development as strategies for the purpose to maximise the value.

## **5 Discussion**

### **5.1 Motivators and Incentives, Their Impact on Employees and Organisational Performance**

#### **5.1.1 Introduction**

As we have found, today's business environment is characterised as highly competitive and challenging, partly due to globalisation and constantly changing in demand. As a result, this puts pressure on organisations to focus on how to optimise their business, which is commonly displayed in economic results and measures of employee productivity. However, there is a contemporary tendency to recognise and appreciate the individual needs due to the high correlation it has on motivation, which is argued to be the drive force in performance (Pink, 2009). One essential way to increase the performance is to stimulate employees through motivators, which is accomplished through facilitation of interesting tasks and activities. According to our theoretical framework and empirical findings, managers need to evaluate and personalise tasks to the needs of an individual and not merely focus on KPI's and other performance measurement systems. Traditionally, managers have facilitated organisations with financial incentives systems that are intended to respond to an individual's needs and improve their motivation. The extrinsic motivation is defined as the outcomes of an activity e.g. bonus, salary, advancement or other opportunities that stimulate to an increased effort or performance (Jenkins et al., 1998; Deci & Gagne 2005). When monetary reward is received, there has been documented evidence from psychological studies that this enjoyment correlates with feeling of sensation that connects to the chemical reaction seen and encountered in drugs. Meaning that once it has been given, the individual will desire for more of the same arousal rather than the enjoyment of task. The perception of applying extrinsic rewards is expressed as old as the scientific study itself and it is typically associated as monetary rewards, which can be observed in every organisation's financial incentives system. However, the recognition of non financial incentives have been in the shadow of the well established financial incentive system that has been perceived as superior for several reasons such as it is better depicted, easier comprehended, well established and legitimised incentives system. Therefore, there has been no rational reason to question or give additional focus to this socially constructed well-established system.

Unfortunately, non-financial incentives systems are perceived as more complex and burdensome incentives to implement than traditional financial incentives, it is believed that managers commonly chose to abstain and neglect an employee's deeply rooted needs and values and therefore decide to employ and utilise financial incentives. Furthermore, the fact that non-financial incentives will take a greater amount of time to

developed, learn from, and appreciate as well as to notice the concrete results are another essential reason why financial incentives is commonly preferred.

### **5.1.2 Globalisation and individual differences to intrinsic rewards**

The globalisation and the growing impact of media have on people has also started to affect organisations, since their most valuable asset are their people. Globalisation has lead to that people are more exposed, have easier access and more knowledge about what is going on in the world. As a result of this global exposure, people can more easily adopt new behaviours, attitudes, which in turn could change their 'modus vivendi' (way of living).

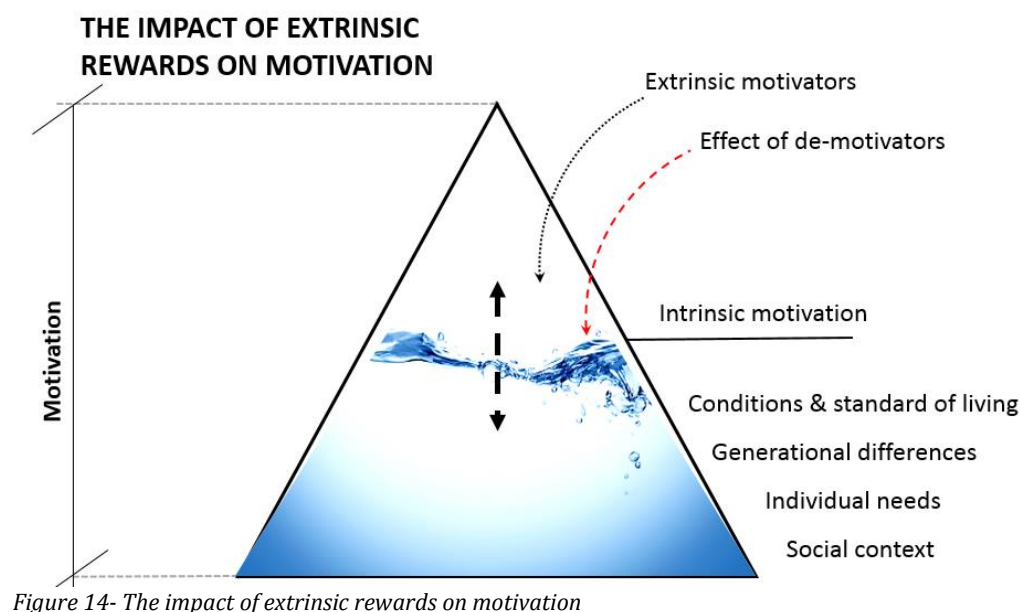
One of the basic interests of an individual in a work context is to be intrinsically motivated from the actual work activities, which relates to the process of work. The research conducted indicates that every individual is driven and emotionally connected to and by separate processes that give meaning to them. Therefore, it is essential that in order to foster intrinsic motivated employees organisations need to have individual needs as centre of attention, which is strengthened by theory. The various factors found in the empirical and theoretical research e.g. job interest, challenges, self-fulfilment; new opportunities in learning and advancement are all elements of intrinsic motivation. Even though these essential components gives value and sensation to most people it may have diverse meaning for every individual. Therefore it is essential to design and apply an incentive system that encompasses a majority of the employees and their core needs as well as expectancies. Money is a generic source that increases the probability of people satisfying their personal needs and fulfilling their dreams of a good life. In addition, the theory states that one's personal interest rarely aligns with other co-workers interest in the organisation. If that is the case or not is disputable, but it gives a clear indication of how demanding it is to motivate employees through incentives. Moreover, the individual feelings of accomplishment and fulfilment are closely connected to the human cognition, which is supported by social psychology theory that explains how people have different motivation towards task process and rewards.

Thus, if organisations fail to recognise these aspects, the introduction of financial incentive systems will not only be costly but also could have insignificant effect, or in worst case be counterproductive. Consequently, organisations are trying to find new ways to stimulate employees, which can be achieved through non-financial incentives. This is the primary argument to why organisations need to continuously adapt incentive plans and why one generic incentive system is not sufficient to motivate a whole organisation. A proof of this is shown in the case study where one of the organisations removed one of the elements in their financial incentive system i.e. the individual and group bonuses. Even though the empirical result states that bonuses do not have any direct effect on employee motivation if it is given on top of fixed salary, it is essential to assess the extent of a bonus based is dependent on context.



### 5.1.3 Generational differences and societal effects on motivation

Historically, a majority of people's standard of living has been lower, which is a reason why money has had a greater importance and therefore organisations have designed and utilised incentives systems to motivate based on monetary rewards. However, many organisations seem to be fastened with this idea and their lack of updated incentive systems to the new individual needs found in the younger generations. Another implication of generational divergence in a Norwegian context is that people's standard of living has improved significantly during the last decades, so that a majority of the population has reached a "satisfactory" salary. As a result, their basic monetary needs are fulfilled and thus a larger financial compensation will not have a significant effect, which has a direct implication on how employees are motivated. At the same time, social and media pressure has gained influence in affecting how society perceives certain behaviours and values. For instance, in the US, money still has great importance and is associated to status and respect. While in a Norwegian context, money seems to have less significance and other matters such as spare time have greater value to the individuals. Hence, this societal culture and pressure has gradually affected individuals to shift their focus away from money due partly to the previously mentioned improved standard of living, which is reflected in what employees say to be motivating from the empirical study. However, this is discussed in disregard to the differences in ideology that exist.



To summarise, it is crucial for organisations to have intrinsically driven employees they try to facilitate this through extrinsic motivators, which in turn can stimulate an individual's motivation. On the others side, there are de-motivators that could be barriers, why there is a need to consider these in order to avoid a lower level of motivation. The previously discussed external context related factors, see Figure 14,

are seen as the fundamentals in every individual's values and behaviours and thus together with the extrinsic motivators, determines the level of motivation.

#### **5.1.4 Financial and non-financial motivators**

The role of financial incentives is primarily considered to be about improving performance and results for organisations, not necessarily focusing that much on learning development. Thus, organisations can experience some positive outcomes related to financial incentives, but not stimulate and bring out an employee's full potential. Thereof, the need of non-financial incentives becomes clear and visible. Being that non-financial incentives comprises of motivators that affect individuals in an entirely different way. Non-financial incentives such as feedback, recognition and advancement among others give the employees opportunities not only to improve performance and outcomes for the organisation. But also the possibility for personal development and increased competence, which in turn can enhance the employee's intrinsic as well as extrinsic motivation. Other aspects to why an organisation should be focusing on applying non-financial incentives as primary motivators is based on the organisational reputation in the employment market, in short, non-financial motivators are being assessed as having greater valued than financial incentives nowadays. The idea of working for a prestigious firm that offer appreciable benefits has a strong appeal to most people, but most likely greater effect on younger generations that are newcomers in the employment market. As a result of providing non financial incentives to employees could be argued to give an organisation's an increased attractiveness, retention of current employees, which in turn will improve the employee turnover. The most fundamental need in today's individualistic society is the freedom to make own choices and take own decisions. If this possibility is not given, it might have a negative effect on the individual well being, which in turn could reduce the intrinsic motivation and result in lower productivity. In order to avoid this from happening, organisations should provide their employees with a certain level of autonomy. This motivator has gained strong validity and importance in western context, which has been confirmed as a core motivator in order to achieve job satisfaction, which has been visible in both theory and the empirical study. Hence, it can be beneficial for organisations in a long-term perspective and the advantages are manifold, even though they are more difficult to measure in comparison to KPI's for instance. These advantages can in turn increase efficiency, productivity and in a long-term reduce organisational costs. If organisations acknowledge these benefits and non-financial incentives are adopted, they can be a key element for organisations to gain competitive advantage and be in the leading front for the contemporary and emerging business trends.

Despite the implicit benefits of financial incentives, such as their simplicity, shorter time of project delivery and increased short-term performance, the drawbacks overrule the benefits and make financial incentives an inferior system for motivating employees. These rewards are criticised to be performance hampering and can have a negative

effect an individual's cognitive abilities e.g. learn and develop skills, hinder thinking outside the box, narrow down thinking concerning problem solving. In addition, there was found support from the theoretical and empirical study that extrinsic rewards could have a manipulating effect on an individual, a person who solely focusing on the monetary rewards, might neglect the quality of work and rather focus towards short-term objectives. This research has collected evidence that bonuses could result in opportunistic and unethical behaviour commonly detected when individuals are taking shortcuts. It can be further argued that some specific bonuses could make employees lose touch with their own values. Therefore, it can be depicted that monetary rewards could be motivating for the wrong reasons. There was some indication that bonuses could create a sense of addiction that could reduce the willingness to learn. Further it can be depicted that financial incentives were implemented primarily to function as a controlling mechanism that could mean reduced employee independence. The empirical case study showed that bonuses could even create additional pressure on some employees, which could increase individualistic behaviours in the corporate culture that in turn could reduce collaboration and teamwork.

Therefore it could be beneficial to focus on implementing non-financial incentives or utilising financial incentives more effectively, for which several methods are at hand. Firstly, when an organisation implements a combination of non-financial and financial incentives to increase motivation of employees, the financial incentives e.g. should be distributed as an unexpected honouring reward. When organisation's commonly construct individual performance bonuses e.g. target bonus it most likely lead to increased motivation and put higher pressure on the individual. While, it could also entail individual opportunistic behaviour or bring about shortcuts were individuals strive to find a way to abuse the good intended incentives system, which instead leads to opportunistic self-fulfilment purposes.

One result shown from both the literature and the empirical findings is that job satisfaction is perceived as the key element to motivate employees. Evidence points out that job satisfaction comprises of motivational factors that correlate with this research concerning non-financial incentives. This further strengthens the argument the effectiveness and relevance of applying non-financial incentives for increasing corporate performance. While, financial incentives are found to be an inferior way to motivate employees in a creative working environment and which we believe is only valid when the utilisation of financial incentives is isolated. In generic terms, if financial incentives are applied in combination with non-financial incentives, it may affect and satisfy a higher percentage of the employees and increase the motivation to a greater extent. To acquire a satisfied and motivated employee, work must be found interesting and challenging. These two non-financial incentive factors are explained to have an great impact on intrinsic motivation due to its enjoyment of task. It is believed that when an employee finds enjoyment, pleasure and positive outcomes from work, there is a greater level of loyalty to the company, increased sense of self-satisfaction and mastery. As a consequence of this, employees could increase their effort at work.

### 5.1.5 Effects of removing bonus systems

Although theory at several occasions states that if an organisation has utilised financial incentives and at a later point decides to remove them, the intrinsic motivation among its employees will distinguishably decrease. However, findings from the empirical study indicate that this does not necessarily have to be the case. It is believed that the theory merely looks at the removal of financial bonus and its motivational impact, leaving out alternative methods that it could be replaced with. The motivational drop however can be managed by for instance increasing the fixed salary, as our results show this to be an effective way. Therefore, if bonuses are to be removed and exchanged with non-financial incentives, a higher fixed salary that satisfies the employee's primary needs should be given, which could enable the non-financial incentives to have a greater impact on motivation and thus performance. Nevertheless, if bonuses are to be utilised, organisations need to give these under unexpected circumstances for these to have an optimal effect. Although, it should be kept in mind that these specific findings are associated to one interview and might not provide sufficient amount of data to be considered as valid.

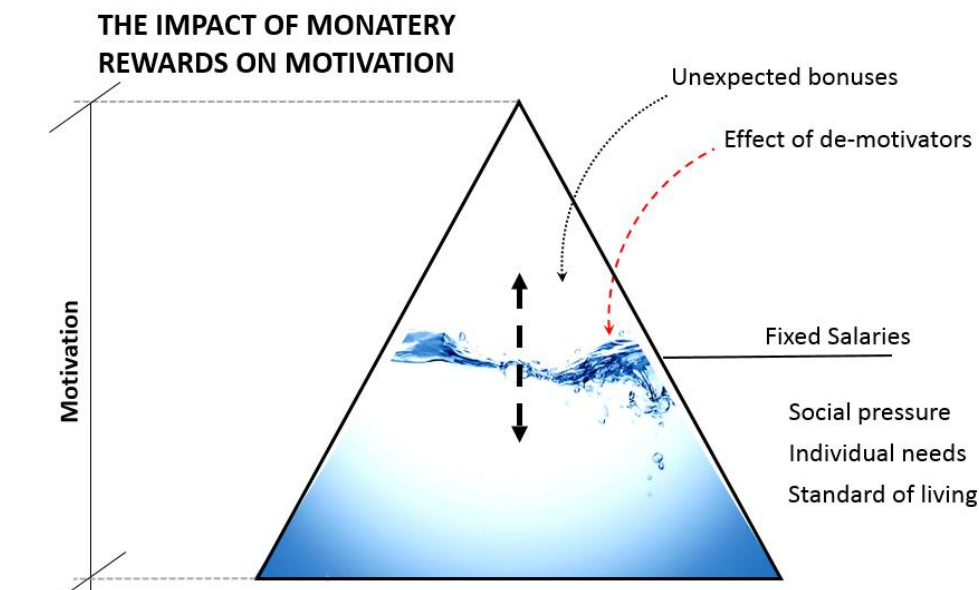


Figure 15- The impact of monetary rewards on motivation

Aspects such as standard of living, social pressure and the individual's stage of life serve as a basis for what significance and impact monetary rewards would have on the individual's motivation. In addition, these factors of contingencies in combination with de-motivational factors determine the level of motivation in regards to what is assessed as sufficient salaries. According to Gupta & Shaw (1998); Pink (2009) a bonus yields the best result when presented as an unexpected award, which could highlight the recognition and function as a praise of an employee's performance and thereby impact the level of motivation, see Figure 15.

### 5.1.6 De-motivators and their effect on organisations

To enhance motivation among employees, it is not sufficient to merely identify what motivates but also what de-motivates and how this can be managed. Through the empirical study, it was found that long meetings, much paperwork, not enough responsibility, repetitive work and lack of communication and appropriate means of communication were experienced as the main de-motivators. Once again this signifies the importance of listening and involving the employees, otherwise these de-motivators can remain “unidentified” and lead to lower employee performance. According to Pink (2009), individuals in creative working environments, such as those that this research has focused on, tend to have characteristics that disapprove repetitive work and not getting enough responsibility, making these a source of de-motivation. Our empirical findings show that organisations providing employees with a sufficient salary have been found to be one of the key elements in retaining employees, together with the previously mentioned motivators. Therefore, a fixed salary that is perceived as insufficient for an individual, i.e. inadequate and neither aligned nor equivalent to the competitors financial incentives, could have an de-motivating effect (Gneezy & Rustichini, 2000). Based on our theoretical study, the last couple of decades there has been found evidence of a growing trend, where the younger generation’s lack of commitment in relation to their ancestors, have shown tendencies of rapidly changing workplaces that result in higher employee turnover for organisations and result in higher organisational costs (Twenge et al., 2010). Consequently, organisations continuously try to align and stay competitive by adjusting the given fixed salaries in the attempt to commit this younger generation. Hence, organisations need to be aware and continuously keep up, either providing their employees with a salary that is satisfactory and equal or higher compared to the competitors or provide non-financial motivators that might be more desired than salaries.

While paper work, long meetings and lack of clear communication can be seen to origin from the established organisational structure and internal policies. Even though many organisations are moving towards a more flattened structure and are constantly trying to improve internal processes, these de-motivators seem to be existent. This stresses the importance of organisations making their internal processes and policies more efficient and taking these de-motivators into consideration when forming strategies so that encumbrances for employees decrease, making them more motivated that in turn increases the organisational productivity.

Given these points, in organisational retaining procedures, there should be an attitude and approach that gives the employee a feeling of “what we can offer you” instead of what “you can offer you”. This could improve both the positioning and the attractiveness of that organisation at the employment market. The statements above must been seen in connection to the supply & demand theory that is affected by the economical fluctuations, which in turn will show vast movement in the employment

market. In addition, it can be said that there is constant unstable feud in the mutual exchange and coherence between the individual and organisational needs. To sum up, since evidence has shown that salaries do not motivate everyone, especially during this era and the context which has been studied, organisations should market non-financial incentives together with an adequate salary in order to achieve in attracting the “best” and most suited employees as well as retaining them.

### JOB SATISFACTION: THE KEY MOTIVATIONAL DRIVE

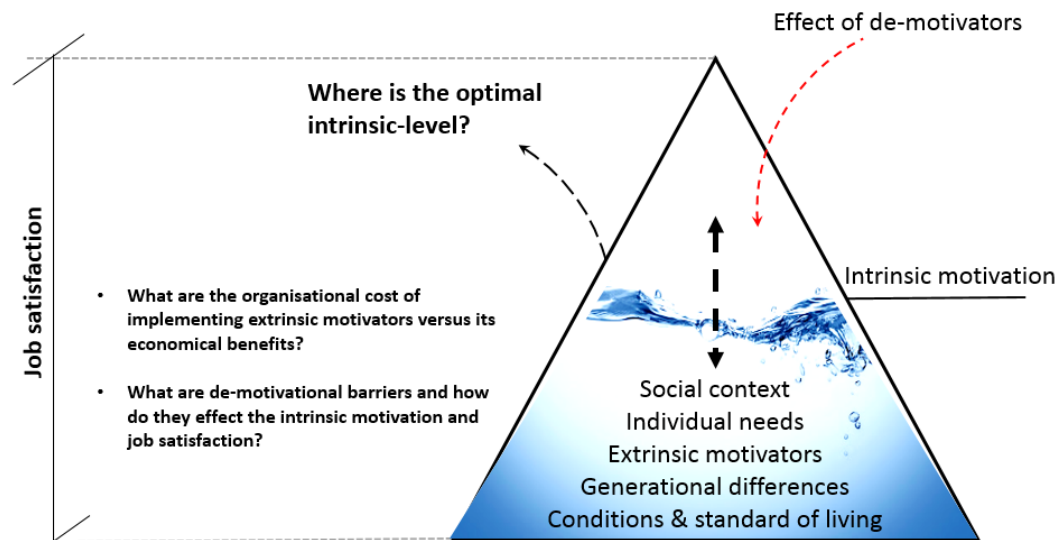


Figure 16- Job satisfaction: the key motivational drive

The key element in employee motivation has shown to be job satisfaction, which is comprised of various contextual elements as well as extrinsic and intrinsic motivators. This reveals the individual, which thereby enables organisations to identify and accurately respond accordingly to the individual. This in the attempt to facilitate for the employees, henceforth foster and enhance intrinsic motivation, see Figure 16.

## 5.2 Pro-social work

As it was mentioned in the previous section regarding motivation, it could be observed that the key motivators in the theory matched well with the answers from the respondents, where in both cases non-financial motivators were highlighted as the most significant. Furthermore, by analysing the theoretical framework and the empirical study, it has been found that there is a strong correlation between the key non-financial motivators and what individuals get in terms of benefits from participating in pro-social work. It is also important to highlight that the interviewees did not have any specific expectations towards the pro-social experience nor did they know about the potential benefits they might harvest. As a result, their answers were less exposed to bias. Still

their provided answers were coherent with what the motivational theory states as the benefits of doing pro-social work. Therefore, pro-social work and the benefits it can provide have a relevance to employee motivation. On the whole, pro-social work affects employee motivation as well as it creates possibilities for organisations and its employees to make a difference, which can be seen as a challenge that can increase their competence and provide them with additional value. Further, there seems to be confirmation that with deploying employees to perform pro-social work it is believed to improve specific individual traits that are needed in future leaders e.g. less ambiguity in communication, better listeners, humble attitudes and behaviours towards others. In most cases, the individual would experience a high degree of uncertainty from the foreign working environment that implies that a person would improvise to find correct solution in contexts that are difficult and there is a need of thinking out of the box that could enhance the level of creativity. In contrast, high uncertainty levels in pro-social projects could also call for simplicity in problem solving due to uncertainty in the surroundings and tools are not available, which enforces any person to take minor steps rather than accepting big risks and making a giant leap as confirmed in the empirical findings. Therefore, straightforward thinking during problem solving is a reasonable praxis according to us. Especially, in an engineering consultant context where each project is unique and henceforth the solutions are often hard to identify early in the process and methods are complex. Furthermore, employees can gain alternative perspective on life that brings out new values through new impressions that in turn could give a feeling of self-realisation and increased job satisfaction.

One noticeable finding from the empirical study was that all employees were evaluated in terms of their motivation prior to the participation in the pro-social projects. Their statements can reveal that all individuals were required to be highly motivated before traveling, which in other words provides signals that all employees interviewed might have been intrinsically motivated in their daily labour. If this is the reality, employees that correspond to specific characteristics found in intrinsic motivated individual coincides with seeking new challenges in new interest areas or possibilities to stimulate and even sustain their own interest areas. The empirical findings could indicate and provide sufficient evidence that pro-social work could be utilised as an incentive that stimulates intrinsically motivated employees and improve their job satisfaction.

In addition, employees that work in a foreign context are better prepared towards cultural challenges that might arise in a later context that in turn would force individuals to accept alternative working methods and systems as well as accepting other co-workers logic and way of thinking. Based on the arguments above, these factors could create more open minded individuals that replenish healthier behaviour associated with prejudice attitudes, cultural awareness that could be said to provoke a sense of affiliation and identification to the international society. Being that, these individuals hold an advantage that most likely can be visible and give actual result from the interconnection between employees within the organisational context. These interactions are essential when people tie bonds and in other human related

communication aspects. The interaction and communication is particularly important when employees who have participated in pro-social work return. This is since the employees can share their experiences, impressions and knowledge that henceforth can create a better enthusiasm among other co-workers and affect the internal and fundamental values within the corporate culture. Through the additional values and the new-learned culture awareness, employees might be able to understand themselves better in terms of psychologically and also their surrounding co-workers, which could result in a more unified and bonded social corporate culture.

A discovery made in the empirical study was that the employees' engaged in pro-social work received gratefulness, recognition and acceptance both as professionals and as human beings from the local population. As a result, there was an increase in the self-esteem and a feeling of higher dignity, which has high correlation to an individual's intrinsic motivation and thus can be influenced by pro-social work, when it is utilised as a non-financial incentive. Moreover, employees who return from pro-social work, have gained experiences and enhanced their skills that they either did not have previously or that were less developed. Hence, by engaging in pro-social work, employees have gotten the opportunity to improve their skills and abilities e.g. within leadership, outside the box thinking, which might not have occurred otherwise or would have taken a longer time to develop.

In other words, employees that receive the possibility to work in future project in an international context, will be better aligned with the expected conduct, i.e. behaviour, values, habit, manners. More specifically, to work in a contrasting environment could give individuals the opportunities to recognise new cultural values and in turn accept alternative ways of life that diverge from the familiarised personal values. Thereby, it might create the possibility to learn from this experience that further be developed. Thus, placing an individual in such a context is according to our opinion beneficial for the individual in several areas e.g. greater humanistic values, healthier attitudes, which thereby could lead to improved ethical behaviour in daily work. In addition, it can be argued that an individual that performs pro-social work, in this context, contribute to improving the standard of living for a population that lack the fundamentals i.e. the basic needs that other cultures take for granted that in turn would create a feeling of heroism.

Given these points, if organisations comprehend these benefits and engage individuals in pro-social work, they can not only gain added value through satisfactory organisational performance measures, but also produce highly competent and motivated employees, which in itself is a great value for organisations, since employees are often referred as the organisation's primary asset.

*"There are greater risks in not doing pro-social work, than the risks of undertaking pro-social work" - Respondent C*



Through an organisational perspective, adopting and implementing specific types of incentives e.g. advancement and bonuses, might affect certain individuals that are more driven and engaged by these particular motivators. Whereas, pro-social work as a non-financial incentive seems to have the possibility to impact a greater amount of individuals and at the same time contribute to make the overall culture more dynamic in the sense that employees engaged in pro-social work bring back additional values, thoughts and ideas that relate to ethics and moral, which is widespread among co-workers that in turn can strengthen the corporate culture. Hence, one implication can be that pro-social work is a more effective incentive and has a more accurate “hit rate” on individuals, meaning that the motivators that it consists of are many more and therefore can affect a greater amount of employees than one narrowed focused incentive. In the same manner of what researchers have presented as the benefits organisations can harvest from being active in pro-social work, surprisingly matches with what the advantages managers believe that pro-social work can have for their organisations e.g. strengthen public relations, improve reputation, employee branding, procuring new projects and attracting new employees. This disclosure is an additional sign and argument to why pro-social work applied as a non-financial incentive is vital for organisations to adopt.

Society and individuals are due to technological advances and the widely spread media coverage now more aware of what is happening in the world, as previously discussed in the motivation section. As a result it puts an increased pressure on organisations to take corporate social responsibility. One assessment is that organisations might have started off by taking responsibility as a result of this external pressure. But as time has elapsed, they have started to understand that they can reap benefits and therefore they have altered their approach in undertaking pro-social work. Historically, going from a “pressure based” compliance in terms of solely making monetary contributions in order to meet the societal demands, to evolving into a self-willingness to accept it as a tool to achieve self-realisation. By doing so, organisations have started to head towards a new direction similar to the one found in the debate regarding the increased focus on environmental issues. This approach can give them a competitive advantage through the social benefits reaped through pro-social work e.g. in terms of creating a better reputation in society, which in turn increases their trustworthiness as a company both towards their clients and the society. In addition, organisations can “signal” to the society that they are “good”, in terms of taking social responsibility, which can justify their actions and business, increase their attractiveness and as well as they can gain social acceptance and receive a better reputation. However, it can not be evaded that organisations will disregard their primary focus which is profit, since it is the only way they can survive and expand. But as some companies have already proven, there is the possibility of implementing a strategy that puts emphasis combining profit and purpose. Surely, engaging in pro-social work solely observed from an economical standpoint, seems as an additional cost for organisations and might be something that not every company have the resources or funds to engage in. On the other hand if organisations comprehend the given arguments about what the short-term and long-term benefits are,

this cost is relatively small and insignificant in relation to the added value that both the organisation and its employees can gain. Not all of the benefits with pro-social work might be measurable or quantified through specific economical measurement systems, but they do exist and have been revealed in this research and thus new thinking concerning pro-social work can be seen as an leading edge non-financial incentive to gain competitive advantage, improve business and productivity, if integrated both in the corporate strategy and core organisational culture.

### 5.3 Shared value

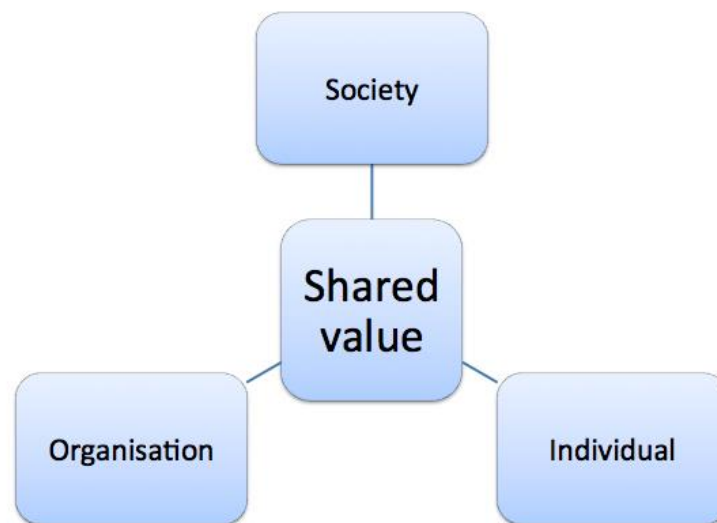


Figure 17- The shared value concept

It can be stipulated that the society, its individuals and companies' employees are the most important stakeholders for an organisation see Figure 17. All these mentioned parties are equally dependent on each other's success and they share a unifying purpose that is connected to prosperity and equality. Therefore, it can be expressed that if one party in the SV concept prosper, it will have positive impact the other parties, which in turn will have a causality effect. Therefore, satisfying the interest and demands of these stakeholders can be seen as essential, if organisations want to be perceived as trustworthy and gain a stronger corporate brand as well as reputation. This research has presented and highlighted that to motivate and meet employee expectations entails that they are satisfied at their work, i.e. high job satisfaction that in turn comprises of certain key motivators that are of a non-financial nature. On the other hand, society and its individuals have values, expectations, demands and needs that constantly change with time, due to both internal and external factors e.g. influence of media, increased globalisation or other events that have large influence on society and individuals. Therefore, every organisation automatically needs to align and take these aspects into consideration, in order to achieve stakeholder satisfaction and increase their goodwill.

As a consequence seen in a long-term perspective, additional benefits could be harvested that can be recognised as SV.

As today, both the theoretical framework and the empirical findings indicate that the interviewees have an interest in working for a greater good i.e. pro-social work and thereby this has an influence on an individual's intrinsic motivation. These tendencies towards a more pro-social behaviour are a result of a variety of factors discussed in previous sections, where one significant factor is the higher standard of living. Additionally, it can be found from research that when populations or generations reach a higher standard of living as in the Norwegian context, individuals or organisations for that matter that conduct pro-social work experience a feeling of self-actualisation (Twenge et al., 2010; Needleman 2008). On one hand these actions stimulate and enhance the self-perception and image and further give a sense of arousal to an individual, which is arguably related to existential aspects i.e. what gives meaning to life. On the other hand, organisations conform to new sets of ethical standards and moral behaviour due to increased pressure and expectations from society, employees and new generations. This in turn implies that organisations must mirror e.g. their employees' fundamental values and their view on engaging in pro-social work to achieve the desired reputation. Therefore, pro-social work can be seen as a practical way for organisations to meet these contemporary expectations, which have continuously evolved to take a bigger and active role in the actual business environment. Furthermore, evidence shows that engaging in pro-social work and satisfying stakeholders have positive impact on employees and their motivation that also results in organisational benefits, which most likely can be traced to indirect increase of profit and higher productivity.

Seen from a different angle, SV as a strategy would mean that organisations would have to incorporate and visualise humanitarian aspects of business and not solely the drive for profit, even though it can increase through indirect means. As a result of good ethical conduct, individuals would appreciate the organisation and this would most likely strengthen the corporate brand, reduce the risk of bad publicity, which could open up possibilities i.e. new business markets, partnerships and attaining new employees.

*'70 per cent of consumers will not purchase a product if they do not appreciate the company behind it'* (Weber, Shandwick, 2012)

Based on the statements from the empirical findings, there are indications that bad publicity such as corruption has devastating and destructive outcomes for an organisation. With that in mind, it is believed by us that organisations that put focus and emphasis on highlighting ethical behaviour in all areas of their business would give clear signals to employees that such behaviour is not tolerated and would get higher loyalty in return from the employees. Given this, the corporate reputation is therefore one of the main reasons why an organisations should incorporate SV in their strategy. Thus pro-social work can be seen as a up to date non-financial incentive that should be integrated in the corporate strategy and is the cornerstone in the concept of shared value, specifically in the construction industry in a Norwegian context which this research has focused on.

According to our analysis of the empirical findings and Porter & Kramer (2011) research of shared value, there has been found clear evidence of the various benefits that organisations could harvest from implementing SV as a strategy. Based on our

findings, organisations can be given recommendations to implement SV and apply this concept as a standardised tool, this to ensure a uniform value set internally, where corporate values are highlighted so they can further be conveyed externally. The implications of forcing organisations to do good could have a counterproductive effect and would not be implemented as something that would endure. Hence, it should be up to each individual to reflect and acknowledge these benefits in order for them to alter their way of thinking that will be much more effective and sustainable in a long-term perspective than forcing it upon them.

*“An attempt to achieve good by force is like an attempt to provide a child that cannot read with a book.”*

If organisations are forced through policies drawn by authorities to engage in pro-social work with the attempt to adopt SV it could lose its justification and its intended purpose as seen with companies that tried to adopt other established concepts and failed e.g. the lean concept. By enforcing organisation to utilise and take part in pro-social work other than traditional taxes, the impact of SV as a concept would then not be fully adopted nor accepted in the same way as if it was optional solely in the attempt to create a SV. The SV concept therefore needs to be fully understood, adapted, designed and integrated to generate maximum amount of added value in the specific organisational context. Visualising and highlighting the aforementioned benefits and added values is one of the core reasons to why SV needs to exist. Another approach to market the SV concept could be by creating a standardised certificate system that measures the benefits and the added value that the organisations provides to the various stakeholders for each project and that it could gain itself. By measuring these and creating a ranking system, both the organisation and the stakeholders could easier and more clearly observe what the actual added value is and that these specific organisations hold ethical and moral standards. This SV certificate would be up to each organisation to adopt and not forced upon. But if such certificate system would be established, such initiative would become more expected by the society and organisations would be encouraged to adopt the concept in order to gain acceptance, a good reputation and to maintain market shares. At the same time, the ranking system would clearly visualise the added value and thus make organisations more willing to form a business strategy, which combines profit with purpose and thus contributes to a better and sustainable society.



## 6 CONCLUSION

The empirical findings from this study have shown some agreement with Porter & Kramer (2011) shared value concept and Maslow's hierarchy of needs, thus confirming its validity in this specific context. More specifically, it has been seen that monetary rewards satisfy and fulfil an individual's fundamental needs, most of all due to its ability to be converted into preferred goods and services. While, the previous mentioned motivational factors found in the theoretical framework and empirical study on the other hand can be argued to offer a different stimuli and satisfaction that affect an individual at a more deeper level where values are localised. Hence, it can be expressed that some of the advocated non-financial motivational factors can in fact encourage and stimulate intrinsic performance, which in turn could affect organisational productivity. However, money is of course a source for survival in most societies and seen as an extrinsic motivator, which justifies organisations overtly behaviour when they are continuously striving for profit. Since algorithm jobs are seeing a decline due to factors such as outsourcing as the theory states, knowledge and competence based occupations are becoming more prevalent. As a consequence, organisations, even those outside the examined context will need to alter their focus from the traditional financial reward systems to a more non-financial incentive approach in order for them succeed, gain competitive advantage and be effective in meeting the continuously changing societal demands, e.g. technological advancement, influence of social media.

With that in mind, evidence has shown that different motivators are dependent on various factors e.g. generational differences, stages in life, personal values, life conditions influence people. If basic needs are not fulfilled with the given salary, it makes financial motivators more significant. However, all the individuals studied in this study have shown tendencies towards being affected by non-financial motivators to a greater extent than financial motivators. One reason for this can be that they work in organisations with similar business practice and more or less similar value sets, not to mention the relatively homogeneous context. Further, all of the studied individuals had a relatively high standard of living and were already intrinsically driven by their work. This of course affects the results, but still a conclusion that can be drawn is that engineers, with a sufficient salary are more likely to be motivated by non-financial motivators than financial motivators, e.g. opportunity to advance and grow, praise, feedback, job variety. Thus, in a creative environment such as the one examined in this report, motivators of non-financial character have greatest impact, and thereby suggested that the non-financial incentives may be an effective way to motivate employees. However, it is essential to state that financial motivators do play an important role, if salaries are not sufficient in order to meet employees basic needs or that higher salaries are given at a competitive organisation, there is a risk of demotivated employees. Which in turn could affect the organisational turnover. To conclude, if organisations design, customise and utilise the non-financial incentives supported with a sufficient salary, it could be an optimal way of motivate employees. Therefore a recommendation would be to create personal motivational plans for employees. It could further be discussed that there will be an initial cost of producing such plans for each employee, but will be relatively low compared to potentially reduced employee turnover, loss in overall production due to disengaged employees, or overall organisational productivity and performance.

According to this study and from this engineering context, new and alternative non-incentives methods e.g. doing pro-social work have been displayed and further showed positive effect on employee motivation. These non-financial incentives have been identified as pro-social work. In addition, when implementing pro-social work as a non-financial incentive it has been revealed to have a high “hit-rate” that implies it affects and triggers a employees’ values. The cost of engaging in pro-social work has been assessed as being low in comparison to the revealed benefits and added value observed both from an individual and organisational perspective. Even though these are currently not measured in this research, due to their intangible nature and effect as well as lack of effective measurement systems. The added value that pro-social work gives employees according to the empirical study is in itself a sufficient argument to why organisations should implement it as a non-financial motivator. Not only this, but as claimed by previous studies and the empirical study in this research, there are additional added values to be gained for organisations, both in a short and long term perspective e.g. better communication, corporate reputation, retention of employees, improved corporate culture, improved individual traits, improved leadership traits. Therefore, organisations need to comprehend, assess and measure these benefits and look beyond the short-term cost that pro-social entails. Instead adopt and incorporate SV as a strategy to improve its impact on the organisational culture and highlight that an organisation supports and recognise social responsibility. To conclude, the SV initiative will be inspiring and motivating for employees and it will further be outlined as a balance between profit combined with purpose, where societal good justifies most employees’ effort. The SV concept will thereby enforce organisational and societal values that correspond to prosperity and the intended decrease in inequality. Given these points, if SV is adopted as its intended purpose, it could lead to greater corporate performance, productivity and be a concept that can give organisations a leading edge in terms of facing the future challenges and demands.

## **7 FURTHER RESERACH**

This report has attempted to highlight the significance and benefits of adopting the concept of shared value in future business practice as a non-financial incentive to motivate employees and increase organisational performance. For future research, we would recommend to test the findings of this research on a larger population. In addition, there is strong need to find out if these intangible benefits and added value are possible to measure in economical terms. By creating measurement systems that clearly present the economic costs and benefits both in a short and long-term perspective e.g. employee absenteeism. Lastly, it would be interesting to investigate if authorities can legitimise this concept as a certificate system to clearly demonstrate its added value to organisations and the overall society.



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