Motivational Factors in Organisational Change

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Abstract

The presented paper gives an overview of the most important and most common theories and concepts from the economic field of organisational change and is also enriched with quantitative publication data, which underlines the relevance of the topic. In particular, the topic presented is interwoven in an interdisciplinary way with economic psychological models, which are underpinned within the models with content from leading scholars in the field. The pace of change in companies is accelerating, as is technological change in our society. Adaptations of the corporate structure, but also of management techniques and tasks, are therefore indispensable. This includes not only the right approaches to employee motivation, but also the correct use of intrinsic and extrinsic motivational factors. Based on the hypothesis put forward by the scientist and researcher Rollinson in his book “Organisational behaviour and analysis” that managers believe motivational resources are available at all times, socio-economic and economic psychological theories are contrasted here in order to critically examine this statement. In addition, a fictitious company was created as a model for this work in order to illustrate the effects of motivational deficits in practice. In this context, the theories presented are applied to concrete problems within the model and conclusions are drawn about their influence and applicability. This led to the conclusion that motivation is a very individual challenge for each employee, which requires adapted and personalised approaches. On the other hand, the recommendations for action for supervisors in the case of motivation deficits also cannot be answered in a blanket manner, but can only be solved with the help of professional, expert-supported processing due to the economic-psychological realities of motivation. Identifying, analysing and remedying individual employee motivation deficits is, according to the authors, a problem and a challenge of great importance, especially in the context of rapidly changing ecosystems in modern companies, as motivation also influences other factors such as individual productivity. The authors therefore conclude that good motivation through the individual and customised promotion and further training of employees is an important point for achieving important corporate goals in order to remain competitive on the one hand and to create a productive and pleasant working environment on the other.

Keywords: change, motivation, management, business culture.

JEL Classification: D23, J24.

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Introduction

In a business context, the term motivation describes components of individual behavior that are very likely to have a direct impact on an employee’s performance. According to Rollison, a distinction is made between three different core components (Rollinson, 2008):

- Direction of behavior, which is strongly influenced by what a person wants to do.
- Intensity of behavior, which is roughly equivalent to how hard the person tries to go in that direction.
- Persistence, which consists of the person’s willingness to maintain direction when obstacles arise.

Motivation continues to have various definitions:

“...Motivation represents a specific state relative to a particular goal objective or value. Motivation represents a state of readiness characterized, when in its trait form, as the highly automated and practiced approach behaviors associated with a class of environmental stimuli.” (T. Wasserman & Wasserman, 2020).

“...People are motivated by unsatisfied needs” (Maslow, 1943).

Based on the key components and presented definitions, Rollinson's thesis "Managers seem to threaten motivation as trivial and always available when needed" will be critically reviewed using various scientific models. It will be discussed whether this attitude is correct or requires adjustment according to the findings of the literature and corresponding theories. According to Rollinson, motivation is influenced by internal and external factors (extrinsic and intrinsic motivational factors) and leads to a certain course of action in order to achieve a certain goal. The theories used here focus on specific parts of Rollinson's statement in order to de-identify whether all assumptions can be supported, are partially supported or need to be refuted. Four different theories are presented that relate to motivation and can potentially support or refute Rollinson's thesis:

- Maslow’s Needs Theory
- Herzberg’s Two-factor Theory
- The Equity Theory
- The Goal Setting Theory

These theories were chosen because they describe motivation and the factors that condition motivation in different perspectives and with different weightings. Overlapping, all these parts can be used for evaluations in the field of change management, as the implementation of new codes and behaviours, such as the application of new motivational factors, is supported by the (scientific) framework of change management.

The following fictional company was created to evaluate Rollinson’s statement with different work place scenarios.
CCI is a modern multinational and ethnically diversified consultancy which shows a balanced ratio of men and women across all departments. The company currently employs around 600 people. The management of CCI wants to support the productivity of the company through targeted motivational measures and support for the employees. For this purpose, various measures are to be implemented which are based on scientific findings. Due to the very heterogeneous structure of the company, it is questionable whether there is a "one fits all" approach or whether the needs of the individual employees have to be addressed individually.

**Aim and Objectives**

The objective of this paper is to examine the pertinent and topic-specific literature in the area of the topic, the state-of-the-art, the terminological knowledge and the contextual framework that determines the development of "Motivational Factors in Organisational Change" with a view to a possible integration into current industrial practices. In short, in addition to the scientific consideration of the topic, an impact analysis of different theories and models on "Motivational Factors in Organisational Change" will be written, showing the influence of motivational factors on organisational change. The focus will also, but not exclusively, be on the following points:

- Derivation of definition and significance of motivational factors from an economic point of view.
- Effects and impact of motivational factors on organisational change.
- Analysis of the relevance of Maslow’s Needs Theory, Herzberg’s Two-factor Theory, Equity Theory and Goal Setting Theory for motivational factors.

Furthermore, the models and theories presented will be tested for their practical applicability using the fictional company CCI. Due to limitations in terms of processing time, capacity and scope, the paper cannot answer all questions in detail. Rather, this paper is intended to serve as a basis for further research in this area.

**Literature and Concepts Review**

In the context of motivational factors concerning change management and organisational change, there are several authors and scholars who have developed theories and models on this topic or related disciplines.

Hence, the multi-faceted research topic has determined the search strategy, which has a major impact on the methodology extraction in literature shown in Figure 1 (Asadi et al., 2017).
Figure 2. Search Strategy for Publication Data


The automatic stage used helped identifying 3.131 studies using Springer as database and using the following key-words “Organisational Change Management Motivation”, “Maslow’s Needs Theory”, “Herzberg’s Two-factor Theory”, “Equity Theory” and “Goal Setting Theory” (Asadi et al., 2017). Whereas manual search used forward and backward search methodology to find the citation of the selected studies (Webster & Watson Richard T., 2002).

By matching inclusion and exclusion criteria the paper focus on papers between 2000 and 2021, where the topic is mentioned in the title and abstract, where the full text is written in English and published in the selected database. The quality assesment than focused on following questions (Kitchenham, 2007):

- What are the reviews objectives? What sources were searched to identify primary studies? What where the inclusion/ exclusion criteria and how were they applied? What criterea assesses the quality of the primary studies?
- Howe were quality criteria applied? How were data extracted from the primary studies? How were the data synthesised? How were differences between studies investigated? How were the data combined?
- Sense of combining studies? Do the conclusion flow from the evidences?

Table 1. Data of OCM publications

Table 1 shows that from 2007 there is a positive trend in publication numbers dealing with Organisational Change Management, which most likely indicates the increase of relevance of the specified topic of research.

Once an article passes the listed criteria and is intended as eligible, it is included in the data extraction and synthesis (Kitchenham, 2007), which was carried out for the topics “Organisational Change-Management”, “Maslow’s Needs Theory”, “Herzberg’s Two-factor Theory”, “Equity Theory” and “Goal Setting Theory”. Source: (Springer Nature). The data for the literature search comes from the Springer database, where the trend shows to be positive with increasing publications since 2018 with a slightly drop in 2021, which proves the relevance and clearly shows that the research areas are increasingly relevant (Springer Nature).

**Maslow's Hierarchy of Needs**

Maslow's theory covers a wide range of ex- and intrinsic motivational factors and provides a basis to explain why motivation is an ongoing process that continuously involves both the individual and the corresponding environment (Suyono & Mudjanarko, 2016). Maslow's theory, also known as Maslow's pyramid, describes the fact that people are driven by their needs, which is represented in a hierarchical order (pyramid) from the lowest basic needs to the highest, most complex needs (Maslow, 1943).

According to this, needs can be drivers that create and maintain motivation (Rollinson, 2008). As soon as one need of Maslow's hierarchy is achieved or fulfilled, a new motivation arises to fulfil the next need (“motivation is a state that arises in the process”).

![Maslow's Hierarchy of Needs: Number of Publications dealing with Model](image)

Table 2. Data of Maslows Hierarchy publications


The data used in Table 2 for the publication analysis comes from the Springer database, in which most of the articles were published between 2018 and 2020. Since 2008 there is a continuously positive trend visible in publication numbers. The following search string was used: 862 Result(s) for Maslow Hierachy of need’s; within categories Article / English / 2000 – 2021 (Springer Nature).

Some scientists, however, assume that parts or even the entire concept of Mawlow's pyramid is not applicable in its original form The main line of argument is that certain of Maslow's assumptions have been disproved in the meantime and that the construct as a whole therefore loses its meaningfulness (Bridgman et al., 2019). The argument that after a successful promotion, employees are only satisfied with the status quo in the short to medium term, as they then strive for further recognition, more pay or a further promotion, is, however, causally related to Maslow's theory (Mira et al., 2019).
Herzberg’s Two-factor Theory

This theory is based on Maslow’s Pyramid of Needs and introduces two different types of external factors that have an influence on an individual’s motivational state (Alrawahi et al., 2020). On the one hand, there are so-called hygiene factors:

- **Pay (Salary)**
- **Job**
- **Security**
- **Working conditions**
- **Supervision (interpersonal contacts)**

Following Herzberg, the absence of any of these hygiene factors would lead to dissatisfaction, but on the other hand, they do not lead to motivation if they are present (Herzberg, 2003). The second factor in Herzberg’s theory are the so-called motivators:

- **Recognition**
- **Responsibility**
- **Achievement**

In contrast to hygiene factors, the presence of motivators creates motivation, but the absence of motivators leads to a neutral state between satisfaction and dissatisfaction (King & Lawley, 2016).

Table 3. Data of Herzberg’s Two-Factor publications

![Herzberg's Two-factor theory: Number of Publications dealing with Model](image)


In Table 3, data for the publication analysis was extracted from the Springer database. Most of the articles in the observed period were published between 2013 and 2021. In 2019, there was a significant increase in the number of publications in which the Herzberg Theory was referenced. The following search string was used: 106 Results for 'Herzberg's Two-factor theory' within categories Article / English / 2000 – 2021 (Springer Nature).

The focus of this model is therefore on the question of how behaviour influences the motivation and satisfaction of an employee. In order to obtain an answer that is as relevant to practice as possible, Herzberg conducted many
hundreds of interviews with a wide range of employees in order to collect primary data for his research (Byrne, 2006). From this research, helpful guidelines for reducing staff churn and the associated loss of knowledge have also been established in particular (Chiat & Panatik, 2019). Just like Maslow's pyramid, however, Herzberg's theory is not without controversy. Towards the end of the 20th century, the theory was largely rejected by the prevailing scientific opinion, but has experienced a resurgence in recent years due to new findings in the field of positive psychology (Sachau, 2007).

**Equity Theory**

Equity theory provides an explanation of how internal factors influence the emergence of motivation through perceptions of equality and inequality (Abdelghafour Al-Zawahreh & Faisal Al-Madi, 2012). Equity theory, developed by Stacy Adams (1965), states that employees are primarily motivated to strive for equality in terms of their given input in the form of labour and time and their received output, which is most likely to be realised through salary, from the organisation (Adams, 1965).

To know that they are in equilibrium, employees need a reference point. This reference point can be, for example, the average salary of the company or a comparison of their own salary with that of a colleague or the boss. (Keast & Towler, 2009).

The point at which employees get demotivated can therefore be defined as the point they recognize or feel their input is not equalized by output in the correct manner (Carrell & Dittrich, 1978).

**Table 4. Data of Adams Equity Theory publications**

![Equity Theory (Adams) Number of Publications dealing with Model](chart)


The data for the literature review in Table 4 uses the databases Springer, where the most papers for were published between 2013 and 2021, which is a prove of the relevance and clearly shows the connection to the research area of organisational change and management. The following search string was used: 633 Result(s) for 'Equity theory Adams' within categories Business and Management, General / Article / English / 2000 – 2021 Source: (Springer Nature).

Since equality in the context of esteem in relation to colleagues is often understood in the context of wages or pay, the focus of application of this theory is therefore mostly in the quantitative area using wage equality (Lawler, 1968). Basically, the basic idea of the equity theory is based on a rational consideration by employees as to whether the input they provide (often in the form of work performance or the provision of their working hours) can be put into an appropriate relationship with the output they receive (remuneration in the form of monetary benefits such as salary or bonuses) (Michaeline Skiba & Stuart Rosenberg, 2011).
**Goal Setting Theory**

The basic assumption of the Goal Setting Theory is that an employee’s individual motivation and performance are significantly influenced by goals (to achieve an improvement in his/her situation) and feedback (feedback on the current state of his/her performance or appreciation) on how to achieve them (Locke & Latham, 2002). Goal Setting Theory was developed by Edwin Locke and Gary Latham and describes in other words that goals should be challenging and structured to improve the overall performance of the employee (Rauch, 2007). The term performance is defined as the commitment shown by the employee and the employee’s level of acceptance to reach that goal (Rollinson, 2008). Unlike other theories in this paper, Goal Setting Theory integrates both ex- and intrinsic motivation. The achievement of the goal can be rewarded by extrinsic factors such as a bonus, promotion or award and at the same time it can be intrinsically driven by the desire, for example, to gain new knowledge or competencies. (Rauch, 2007).

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<th>Table 5. Data of Locke's Goal Setting Theory publications</th>
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<td><img src="graph.png" alt="Graph showing number of publications for Goal Setting Theory (Locke) from 2000 to 2021" /></td>
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The data for the literature review uses the databases Springer, where the most papers for were published between 2019 and 2020, which is a prove of the relevance and clearly shows the connection to the research area of organisational change and management. The following search string was used: 696 Result(s) for 'Goal Setting Theory Locke' within categories Business and Management / Article / English / 2000 – 2021 (Springer Nature).

Thus, Goal-Setting Theory is particularly concerned with structuring work life to improve motivation through incentives. In this context, both the employees themselves, but also to an important extent the behaviour of superiors as well as group dynamics play a role (Locke & Latham, 2006). This theory thus entails very complex dependencies, which means that its applicability requires most likely a great deal of organisational effort.

According to the Goal Setting Theory, specified goals that are slightly above the current performance level of the employee have an (positive) influence on the following variables (Koppes, 2007):

- Choice
- Effort
- Persistence
- Cognition

Thus, cognitive stimulation is targeted by challenging employees, which leads to prioritisation and greater effort combined with positive behavioural changes.
Appliance of Theories to Use Cases

Employees of CCI’s logistics department have been top notch of the industry for the last several years. The last months however showed a remarkable drop in performance of some of the employees. Life-time contracts with an extra-ordinary salary are the basis for the head managements believe that CCI employees have left behind needs for safety and security (able to build a house to live in), the need of affiliation (they belong to the most successful team in the industry) and self-esteem (through accomplishment of several successful projects). In order to bring the presented theories into a practically relevant form, they will be applied to various imaginary motivational problems of the fictitious company CCI created for this paper.

Maslow’s Hierachy of Needs applied Use Case

At the fictional Company of CCI the possibilities to climb up the career ladder is somehow limited to all employees of the apartment presented, as none of them has a post-graduate degree, which is mandatory by CCI rules, for the next promotion. A possible explanation according to Maslow’s theory is on the one hand, that the inability to solve the need of self-actualisation through another promotion is demotivating the staff in this case. On the other hand, only half of the team is affected by the performance drop, whereas it might be possible that needs are not universal but culturally specific (French, 2015) which than is a disadvantage of the Maslow theory. Management believes that Maslow's theory can be applied to any employee, regardless of where they come from, as the needs mentioned apply to all people. This theory was similar discussed in Rollison's theory Organisational behaviour and analysis, which argues that motivation can be given in variable amounts to people who need it (Rollinson, 2008).

Figure 3. Hofstede’s dimensions applied to different countries; source: hofstede-insights.com

Source: Geert Hofstede, 2021.

According to Maslow’s theory and the here applied example this could be partially confirmed by the following arguments: The team consists of members from different countries with different cultures. Hence, different needs seem to be present, which need a different way of treatment by the manager.
Those, it should be possible to adjust work conditions to a degree that respects specific cultural needs. In western countries individualism is more pronounced than in Asian countries (Hofstede, 1980) as seen in Figure 1 for example. The higher degree of individualism by U.S. and European employees could be respected by an adjusted career policy that allows promotions without post-graduate degrees or at least more responsibility for each team member depending on a performance catalogue. Asian employees meanwhile tend to be more collectivistic according to the Hofstede analysis which could be respected by introducing public awards and rewards for the whole team after a successful project.

Maslow’s theory gives a sustainable explanation of how motivation is created and developed by a framework of motivational contents and factors. The managers statement however cannot be supported fully by this theory as there is no evidence that motivation can be created out of the ordinary. Nevertheless, a close participation on the employees personal and professional development could support the creation of motivation by caring about the specific needs.

Herzberg’s Two-factor Theory applied Use Case

CCI’s software testing team has many repetitive tasks that have to be done by hand every day because they cannot be automated. According to Herzberg, it is assumed that CCI’s C-level management should first ensure that all the hygiene factors Herzberg mentioned are met (Herzberg, 2003). A contract for life, a workplace with windows and air-conditioning, the possibility to voice concerns anonymously or to let employees participate in the company’s success with an employee share programme are most likely to achieve this by addressing the hygiene factors.

After all hygiene factors are addressed accordingly, the management can start to take care of the Herzberg motivators. Even though the nature of the work will stay the same, which denies the chance to add another motivator by redesigning the job, they can expand responsibilities, including the fostering of career levels through trainings. Employees that achieve a certain score could be recognized by promoting them to be the “employee of the month”. Finally, it may be possible to change the software of the work to enhance the usability and convenience and therefore motivate the employees by more attractive work.

The biggest advantage of the Herzberg theory may be the clear structure of how it is applied, which makes it easy to explain to management what it is good for (Griffin & Moorhead, 2014). The biggest argument of denying the correctness of this theory is that employees are individual human beings with different preferences and weightings of these preferences, whereas the classification of Herzberg cannot be applied to any employee (Rollinson, 2010). With regards to the ongoing globalization and the increase of diversity in modern workplaces and societies (Adler & Gunderson, 2008) Herzberg’s theory might not be the best way for CCI to enhance the testing department’s performance (Gambrel, P.A., & Cianci, R., 2003).

Herzberg’s theory supports the managers opinion partially that motivation is some sort of medicine that can be dispensed. According to this theory the manager could apply the two steps required by Herzberg to create an environmental framework to assist the creation of motivation but is not able to specifically dispense motivation to an individual. However, it gives some insights of how external factors impact the creation of motivation.

Equity Theory applied Use Case

It is assumed that the CCI statistics department consists of graduates from the best universities across the world. As they get in contact with case files that contain sensitive numbers and information a confidentiality agreement was signed by every member of the department affecting also their internal communication behaviour (i.e. salary must not be shared by anyone). Several members seem to be demotivated in the last weeks and show a lack of performance. After an investigation of the responsible manager it turned out that about half of the department was unlucky with their salary and felt not threated the way they think they deserve.

After consulting a specialist of the company’s HR department, the manager introduced a new system. The system introduces a measurable figure for each employee’s performance. The achieved number of performance correlates directly with the salary. Every employee is now not only able to compare their own performance with their
colleagues without showing what they earn but can also compare their compensation with the industry average as this information are distributed monthly by the manager. This way the manager ensures that every employee does know how their input/output relation look alike.

The way the key figure is calculated can be viewed by every employee. The Equity Theory have been applied many times in different cases and in general the predictions made by the theory could be supported by real case evidence (Rollinson, 2010). Nevertheless, there are also downsides to this theory.

In some cases, employees that have been facing a bad ratio of input and output were still very productive and showed no lack of performance (Miner, 2005). That could indicate that focussing on only one factor of motivational behaviour may not depict the reality well enough. The managements assumption that motivation can be dispensed to those who need it most in variable quantities cannot be supported by this theory as motivation, unlike the individual performance score, is not presented as a quantifiable figure or tangible good but as an individual outcome and feeling depending on preferences.

**Goal Setting Theory applied Use Case**

In CCI, goal setting theory could be at the top of all the theories mentioned to increase employee motivation. This is because it addresses both extrinsic and intrinsic motivators to increase performance. To effectively integrate goal-setting theory, CCI management must set a specific individual goal for each employee, considering the employee’s individual strengths and weaknesses, in order to maximise engagement and acceptance.

The advantage would be a highly individualised HR process management that could potentially lead to more efficient and effective work. Accordingly, the discussed theory of distributing motivation to those who need it could be achieved by the responsible manager setting individual goals for those who need motivation. The hypothesis that both internal and external factors influence the emergence of motivation can also be supported by this theory.

The downside however is that the Goal Setting Theory does not seem to work for as well as it does for an individual teams (Landy & Conte, 2010). Furthermore, corporate responsibility, which importance raises since several big industries failed in the early 2000’s, is not considered in this theory which could lead to unethical behaviour or fraud by employees\(^1\) to accomplish the goal given by the manager (Frank J. Landy, 2010).

**Conclusion**

In general, it was found that a blanket applicability of motivational factors is not possible. In order to motivate as effectively as possible or to enable employees to motivate themselves, customised and individual solutions must be found. It is important that many motivational factors can be empirically proven and thus concepts can be developed on a scientific basis. However, since the motivational factors depend on the needs of each individual employee and thus no blanket application is possible, this results in a great deal of work for the companies concerned.

Especially in larger companies, which often have their own HR departments, there is a discussion about the cost-benefit factor. The implementation of individual motivation increases could be so cost-intensive due to personal support that no profits are achieved through the measures in the short to medium term. However, the knowledge of the corresponding needs and the necessary motivators enables the targeted concretisation of motivation-enhancing measures in relation to the individual needs of the employee in the long term. In this context, it is important to choose the "right" or most productive theories and means, so as to avoid achieving only partial success, where negative effects (demotivation through incorrect application) cannibalise the positive ones.

Meaningful motivation should therefore be based on as many motivators as possible, which have previously been tested for the specific work personality and life circumstances of the employee. In order to identify concrete starting points for motivational measures, "need-deficit analyses" could be conducted with the individual

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\(^1\) i.e. bribery, blackmailing, threatening, hiding data to reach desired goal.
employees so that the measures can be individually adapted to the employee's situation. The manager’s personal and recurring conversation with the employees should therefore become an integral part of the improvement process.

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