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Herzberg's Two-Factor Theory of Motivation Applied to the Motivational Techniques within Financial Institutions

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Herzberg's Two-Factor Theory of Motivation Applied to the Motivational Techniques within Financial Institutions

Abstract

Throughout time, many have attempted to develop detailed theories and studies of motivation, satisfaction, and self-awareness. Each of those theories at some point has been applied and tested as to its effects on people's lives, jobs, and personal goals in life and in the work place. Due to my strong interest in the management fields specifically, I have decided to look into the different styles of motivation that managers and leaders of organizations within the financial industry typically use. After all, it has been said that one of the manager's most basic tasks is to communicate with and motivate their workers (Ruthanakoot, 2003). It would be very difficult to try to pinpoint one theory or even one technique that seems to work better or is more effective for a certain organization. The way individuals respond to different motivational styles and techniques will often clash or contradict one another. Instead, what is important to realize, and what I will explore and analyze further, is why managers have chosen the styles they use within the workplace, whether it seems to be effective or not, and how different employees seem to respond. Through one-on-one interviews with a variety of managerial levels and positions, I hope to make some judgement about the effectiveness of the motivational styles, the productivity, and the general job satisfaction of the employees under these specific managerial levels. To put it simply, I would like to see if these managers/leaders of the organizations may be applying some of the principles of Herzberg's Two-Factor Theory without actually knowing the theory.

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HERZBERG'S TWO-FACTOR THEORY OF
MOTIVATION APPLIED TO THE
MOTIVATIONAL TECHNIQUES WITHIN
FINANCIAL INSTITUTIONS

By

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A Senior Thesis Submitted to the

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*The name of the banking institution has been changed by request for the sake of confidentiality.

Introduction Summary

Throughout time, many have attempted to develop detailed theories and studies of motivation, satisfaction, and self-awareness. Each of those theories at some point has been applied and tested as to its effects on people's lives, jobs, and personal goals in life and in the work place. Due to my strong interest in the management fields specifically, I have decided to look into the different styles of motivation that managers and leaders of organizations within the financial industry typically use. After all, it has been said that one of the manager's most basic tasks is to communicate with and motivate their workers (Ruthanakoot, 2003). It would be very difficult to try to pinpoint one theory or even one technique that seems to work better or is more effective for a certain organization. The way individuals respond to different motivational styles and techniques will often clash or contradict one another. Instead, what is important to realize, and what I will explore and analyze further, is why managers have chosen the styles they use within the workplace, whether it seems to be effective or not, and how different employees seem to respond. Through one-on-one interviews with a variety of managerial levels and positions, I hope to make some judgement about the effectiveness of the motivational styles, the productivity, and the general job satisfaction of the employees under these specific managerial levels. To put it simply, I would like to see if these managers/leaders of the organizations may be applying some of the principles of Herzberg's Two-Factor Theory without actually knowing the theory.

Motivational Theories & Research

Although there are many theories of motivation, there are only a few that I feel can be relevant and valuable in the work setting. Before settling on one theory to use in my analysis, I wanted to get a better understanding of some of the most familiar motivational theories. I have found that motivational theories have been categorized into two main groups: content theories and process theories. The content theories tend to focus on the needs of the individual, trying to explain the different factors that contribute to either encouraging or halting a behavior within that individual. These theories are also appropriately known as “need-based theories.” Some of the more famous theories within this category include Maslow’s Hierarchy of Needs Theory (1954), McClelland’s Needs Theory (1961), and Herzberg’s Two-Factor Theory (1959). The process theories seem to be much more complex and delve deeply into the thinking process of the individual, trying to explain the “why” or “how” of motivation. These theories explain “why workers select behaviors and how they determine whether their choices were successful” (Hunsaker, 2005). They also seem to have more interest in the personal factors within the individual and the psychology involved in their decisions and motivations. Some of the notable process theories include Vroom’s Expectancy Theory (1964), and Adam’s Equity Theory (1965) (Ruthankoon, 2003).

Although I’m sure that each theory could be proven to show some relevance and validity within the work environment and throughout different industries, a description of all of the theories mentioned above is unnecessary for the purpose of this study. I will, however, take a glimpse into some of the content theories to show how they differ from Herzberg’s Theory, the one that will be used further in this analysis.

Maslow's Hierarchy of Needs Theory is one of the most well known motivational theories. Abraham Maslow's theory identifies five levels of hierarchical needs that every individual attempts to accomplish or conquer throughout one's life. The needs start with the physiological (hunger, thirst, shelter) and then move upward in a pyramid shape through safety, social, and esteem needs, to the ultimate need for self-actualization. This final need for self-actualization is defined as one's desire and striving towards maximum personal potential. The pyramid shape to the theory is intended to show that some needs are more important than others and must be satisfied before the other needs can serve as motivators (Schermerhorn, 2003). "According to Maslow, once a lower-level need has been largely satisfied, its impact on behavior diminishes" (Hunsaker, 2005). One of the difficulties with using this theory to analyze organizations is that although it may appear very easy to implement, it is difficult to relate this distinct five-level hierarchy within an organization. Many times when this theory has been used, the results show that the needs that contribute to motivation more heavily vary according to the level of the individual, the size of the organization, and even the geographic location of the company.

McClelland's Need Theory explores the idea that there are three major "needs" that one will acquire over their lifetime as a result of the experiences in their careers or in their own personal lives (Schermerhorn, 2003). David I. McClelland believed that in order to understand human behavior and how an individual can be motivated, you must first understand their needs and inclinations. The Need for Achievement encompasses the desire to do better, to solve problems, and to master complex tasks. The Need for Affiliation is the desire for friendly and warm relations with others. These are often those passive individuals that try to avoid conflict at all times, even when it might be necessary

to fulfill a task. Finally, the Need for Power is the desire to control others and influence their behavior. This is the need that I have often felt carried a fairly negative connotation, however it has been proven that successful, well-respected managers often lean towards those power need tendencies. Managers who possess the Need for Power tendencies in combination with the Need for Achievement can also be very effective managers. A manager with both characteristics would not only try to oversee the situation or environment, but also is continually looking for ways to improve the current situation and is not afraid to take on difficult projects or leadership roles. This theory may be very useful in an organization as a predictor of future managers or project leaders, however it limits the results to only three categories. In reality, all three of the needs established in this theory define an individual's personality, which need tends to show itself in certain situations could be used as the predictor. Managers should use this theory to identify the needs within themselves, their coworkers and subordinates to create work environments that are responsive to those need characteristics (Schermerhorn, 2003).

Since I will be interviewing people already in management levels within an organization, I am not looking to see which "need" characteristics influence the individual personally or internally. I am instead looking to see how those managers choose to motivate and stimulate their own employees and whether those techniques are effective within the atmosphere of their particular organization.

Herzberg's Two-Factor Theory divides motivation and job satisfaction into two groups of factors known as the motivation factors and hygiene factors. According to Frederick Herzberg, "the motivating factors are the six 'job content' factors that include achievement, recognition, work itself, responsibility, advancement, and possibility of

growth. Hygiene factors are the ‘job context’ factors, which include company policy, supervision, relationship with supervision, work conditions, relationship with peers, salary, personal life, relationship with subordinates, status, and job security” (Ruthankoon, 2003). Basically the theory differentiates the factors between intrinsic motivators and extrinsic motivators. The intrinsic motivators, known as the job content factors, define things that the people actually do in their work; their responsibility and achievements. These factors are the ones that can contribute a great deal to the level of job satisfaction an employee feels at work. The job context factors, on the other hand, are the extrinsic factors that someone as an employee does not have much control over; they relate more to the environment in which people work than to the nature of the work itself (Schermerhorn, 2003). Herzberg identifies these factors as the sources for job dissatisfaction. “Herzberg reasoned that because the factors causing satisfaction are different from those causing dissatisfaction, the two feelings cannot simply be treated as opposites of one another. The opposite of satisfaction is not dissatisfaction, but rather, *no* satisfaction. Similarly, the opposite of dissatisfaction is *no* dissatisfaction. While at first glance this distinction between the two opposites may sound like a play on words, Herzberg argued that there are two distinct human needs portrayed” (“Herzberg’s Motivation-Hygiene Theory,” 2002).

Therefore, the basic premise of the Two-Factor Theory is that if an employer or manager is trying to increase job satisfaction and ultimately job performance for an employee or coworker, they need to address those factors that effect one’s job satisfaction. The most direct approach is to work on the intrinsic, job content factors. Giving the employee encouragement and recognition helps them to feel more valued

within the company, as well as giving a sense of achievement and responsibility.

Herzberg says, that “the only way to motivate the employee is to give him [her] challenging work in which he [she] can assume responsibility” (Leach, 2000). I think that this statement can be applied to any job within any industry. If the employee does not feel some responsibility associated with a certain task or department, he/she will not feel like their work is worthwhile. Also “people must believe that they are capable of attaining a goal before they will commit serious energy [or motivation] to it” (Hunsaker, 2005). Therefore, it is important to include your employees in the decision making and at times the job assignment or delegation. This will help the employee to feel more responsibility and in turn a higher level of motivation.

On the other hand, employers need to consider the level of job dissatisfaction among their employees as well. To directly approach the issue of dissatisfaction in the work place and to try and revitalize the environment a bit, employers need to focus on the hygiene or job context factors. For example if an employer brings in an ergonomic expert to alter the workstations in some way or change up some of the work teams, they might decide to turn the individual’s desk to face a certain direction or change something as little as the height of the employees’ chair, or position or style of the keyboard and computer monitor. In the two-factor theory, job satisfaction and job dissatisfaction are totally separate dimensions. Therefore, when trying to improve a factor that effects job dissatisfaction, an extrinsic factor, such as the working conditions, this will not alter the employees perception of whether they are satisfied with their work; it will only prevent them from being dissatisfied (Schermerhorn, 2003).

Throughout my interviews and analysis, I would like to be able to address the different factors that the managers are able to work on directly and indirectly. Also, I am interested in learning simply whether or not the managers are aware of the differences the intrinsic or extrinsic rewards may have on the employee performance and ultimately satisfaction or dissatisfaction. The following is a brief explanation of the factors and how they might apply to the work environment.

All of the factors, both motivation and hygiene, can have positive and negative attributes; however, both will have an affect on the employee satisfaction or dissatisfaction none the less.

The following is a glance at each of the motivation factors according to Herzberg.

Achievement. An example of positive achievement might be if an employee completes a task or project before the deadline and receives high reviews on the result, the satisfaction the employee feels would increase. However, if that same individual is unable to finish the project in time, or feels rushed and is unable to do the job well, the satisfaction level may decrease.

Recognition. When the employee receives the acknowledgement they deserve for a job well done, the satisfaction will increase. If the employees work is overlooked or criticized it will have the opposite effect.

Work itself. This involves the employees' perception of whether the work is too difficult or challenging, too easy, boring or interesting.

Responsibility. This involves the degree of freedom an employee has to make their own decisions and implement their own ideas. The more liberty to take on that responsibility

the more inclined the employee may be to work harder on the project, and be more satisfied with the result.

Advancement. This refers to the expected or unexpected possibility of promotion. An example of negative advancement would be if an employee did not receive an expected promotion or demotion.

Possibility of Growth. This motivation factor includes the chance one might have for advancement within the company. This could also include the opportunity to learn a new skill or trade. When the possibility/opportunity for growth is lacking or if the employee has reached the peak or glass ceiling, as it is sometimes referred to, this could have a negative effect on the satisfaction the employee feels with their job and position.

The following are the hygiene factors, which work in the same way with positive or negative attributes, however these factors can only have an effect on the dissatisfaction one feels.

Company Policy or Administration. An employee's perception of whether the policies in place are good or bad or fair or not, changes the level of dissatisfaction that employee will feel.

Personal or Working Relationships. This is those relationships one engages in with their supervisors, peers, and subordinates. How someone feels about the interaction and discussions that take place within the work environment can also effect dissatisfaction.

Working conditions. This includes the physical surroundings that one works within, such as the facilities or location.

Salary. This factor is fairly simple, the increase or decrease of wage or salary effects the dissatisfaction within a company a great deal.

Personal Life. Although people try to separate the two, work and personal life, it is inevitable that one will affect the other.

Feeling a Job Security. This is a pretty significant factor. The sense of job security within a position or organization as a whole relates to the dissatisfaction as well.

(Ruthankoon, 2003).

The Study

Throughout my education at Eastern Michigan University's College of Business and through my past job experiences, I have found an interest in both business management, but more specifically the financial industry as a whole. I find it fascinating. Although I don't know what area of the financial industry I would like to follow, I know where my interests lie and embrace this chance to learn as much about them as possible. The financial and banking industries are changing so rapidly in today's economy. I feel it would be interesting to interview managers and leaders within different companies in the industry to see where and how the styles and motivational techniques differ. I have chosen to interview managers/leaders at different levels from three different companies. Each of the three companies has a different pay structure and goals as an organization. The ultimate objective of this study is to see whether these leaders are applying some of the principles of the Herzberg's Two-Factor Theory without actually knowing or understanding the theory.

The first managers I intend to interview are from the company Wells Fargo Financial. This is a company and culture that I am extremely familiar with, since I have been working with for them for the past nine months and plan to continue after graduation. Wells Fargo Financial offers a variety of consolidation, refinancing, small loans, credit card options, and more to their customers. One of the unique aspects of the company is that although Wells Fargo as a corporation is huge and very well known across the country; each of the individual branches within the different divisions is fairly small. Also, because they are still a growing company in Michigan and there seems to be very little advertising, nearly 100% of their customers are current or former customers

looking for a different way to structure their debt. The pay structure is also advantageous and fairly unique for financial industry sales employees. Currently, the employees earn a base salary, but also have the potential to make a bonus each month depending on the dollar and unit sales. Through interviews with both my direct branch manager as well as with the district manager for the area, I hope to learn more about how the two managers' motivational techniques compare to the Herzberg's Two-Factor Theory. I think it will be interesting to see how these two managers, who are both very close with their employees, approach the issue of motivation differently.

The next company I am interested in interviewing is Cambridge Mortgage Corporation. This is a company that I am fairly familiar with as well. A few years ago, I worked for Cambridge as a Loan Processor, sparking my initial interest in the mortgage and financial industry. Cambridge Mortgage also has a unique structure in how they work and operate as an organization. The owner of Cambridge Mortgage Corporation also owns Century 21 Town & Country, a real estate company. Therefore, the way the business operates is to have at least one loan officer from Cambridge in every Town & Country real estate office. This is the primary way Cambridge has built their customer base over the years. One of the major differences between Wells Fargo Financial and Cambridge Mortgage is that Cambridge is able to offer mortgages on purchases and works primarily with homebuyers and sellers. The financial division of Wells Fargo does not offer mortgages of this sort and focuses mostly on the debt consolidation and refinancing side of the industry. The first person I hope to interview is the woman I used to work for. She is a loan officer that works individually in one of the real estate offices. Although her title is not one of a manager, part of what is required in her position is the

ability to keep herself as well as those working for under her motivated and energized to continue to produce business. The second person from Cambridge is the General Manager that works out of the central or main office for the company. I'm sure that the motivational styles and techniques will be extremely different for a manager that is attempting to motivate employees that they do not see on a regular basis. Although I'm sure there is a great deal of contact between the two, it is a much different task to try to motivate someone and then send them on their way, rather than being able to monitor their moods and progress. I imagine that the techniques I find the manager from Cambridge using will be much like those of the district manager at Wells Fargo Financial. I will be interested to learn how the manager approaches motivational techniques in an effective manner with only sporadic contact with the loan officers. What techniques seem to work well in the organization as a whole is also of interest.

The third company that I am interested in interviewing and comparing is ABC Bank, who has asked that I keep the company's name confidential. Over the years, the banking industry has evolved a great deal from a simple customer service approach, to one that is more sales-oriented. With this company as well, I am hoping to interview two managers/leaders at different levels to see how they might differ, and also which level focuses on the area of motivation more heavily. I am interested to see if the branch manager focuses more on the idea of motivation, than perhaps the shift manager/personal banker. Simply due to their position or status in the company, one may select different motivational technique or feel that some are more important than others.

With each interviewee's consent, I was able to tape-record and transcribe each interview so that I can more easily analyze the techniques or motivational stance each

manager takes. (All of the transcriptions are available in the appendices for further review.) I wanted to keep the interviews fairly short, so as not to interfere too much with the managers' daily routine; however, I did want to give them the opportunity to expand on each idea as fully as they felt necessary. Due to the natural limitations of doing a study of this sort, I tried to avoid specifics about the managers/leaders themselves, as far as years within management and well as years with their current company. I want to simply try to get a picture of how the motivational styles these managers tend to use are effective within the environment and organization. Also, more specifically, I wanted to see if these managers may be following and applying some of the ideas and principles of the Herzberg's Two-Factor Theory without actually knowing the theory.

To gather enough data to draw my own conclusions, I developed a seven-question interview composed of fairly open-ended questions that would give them the flexibility to expound. I wanted to avoid steering the interviewee in a specific direction as to the sort of response I was looking for; rather I wanted them to speak freely and openly about each topic and their own experiences and views. The first two questions are meant to help me have a clearer picture of what the company represents from the managers' point of view and as well as to discuss the general environment, culture, and dynamics of the offices and the company as a whole. I did not want to rely on my own perception of each organization based on my own experience with them. Most of the other questions are directly related to the different motivational styles that have been established within the company, but also the managers views on which styles or techniques may be more effective and productive in the given atmospheres.

The following questions were used with each interview subject.

- Please give me a brief description of the company and what product or service it offers to the consumer.
- I would like to know a little bit about the work environment, as far as the physical setting, and the general background and work experience of your employees.
- What do you feel best motivates the employees?
- Do you think that employees distinguish between financial and non-financial motivators? Which motivators cause employees to respond more productively?
- If the company were experiencing a time of limited resources, what would be the prime variable or motivating factor that your company would use? How effective would it be?
- In your opinion, how do employees in your work environment respond to different motivation styles or techniques?
- Do you think that your own experiences with different motivating factors and styles effects your perception of what will be effective for your own employees?

For the most part I was able to simply read the question and the interviewee would respond according to their own impression about what is being implied. As with any live research study or interviewee, however, there is no way to determine how each interviewee would respond. For each manager I tried to make it clear that these were open-ended questions looking for them to respond according to their own assumptions and experiences. Although some of the interviewees did ask for clarification on what the question was asking for, I tried to keep my responses as simple as possible, rephrasing the question, so as not to lead or guide their response in any way.

Interview Analysis

Dan Maurice, Branch Manager Wells Fargo Financial (Appendix A)

Dan Maurice is a fairly new young manager that has just moved into the area to run the newest branch in the district. It is interesting to see how some of his motivational styles seem to touch on some of the principles of the Herzberg's Theory, however only on the surface level. I think with more experience and over time, Maurice will be able to channel the energy to motivate his employee's specific needs with the correct or most appropriate approach.

After asking for a clearer understanding of how the company operates, the hierarchy involved, and the dynamics of each office, I went straight into what most interests or seems to motivate the employees he oversees. Without hesitation, Maurice responded, "in this industry...money." He then went on to clarify and say that for most people, and his employees specifically, money and the bonus structure they have in place is the best and most direct motivator, however that the second would be "a pat on the back, recognition, getting your name in lights...it definitely depends on the employee though. You have to find the best motivator for each employee and that can sometimes be the most difficult part..." What is interesting is that when compared to the Herzberg's Theory, salary is one of those factors that effects the dissatisfaction one feels, whereas, recognition, the second best motivator, is one that effects the satisfaction. It seems to make sense that an employer would find ways to adjust the pay, simply to get the employee involved and content with the position one holds and the work that they do. On the other hand, to keep the employee satisfied with their performance and position

there must also be another level of motivation; the most common is that sense of recognition, an intangible reward.

Another interesting aspect of Wells Fargo Financial that Maurice touched on, also leaning towards the idea of effecting an employee's satisfaction was that "people are often working towards a promotion." He mentioned that this was especially the case when there was no bonus program; the employee's relied solely on their salary. The possibility of growth and advancement as motivational factors are two that Herzberg mentions can be very effective tools in improving satisfaction as well. Through my own experience with Wells Fargo and through the interviews I've conducted, I have learned that this company is one that really encourages their employees to move up in the hierarchical ladder. New college graduates are hired in to a sales position that is on a management track. Within two to three years, the hope that Wells Fargo instills in people is that that individual will excel to an assistant manager level and ultimately have the knowledge, skills, and ability to run and operate their own branch as a manager.

**Tim Thomas, District Manager
Wells Fargo Financial (Appendix B)**

Tim Thomas was the second interview I conducted from Wells Fargo Financial. Although many of the comments were similar to those that Dan Maurice had mentioned, it was interesting to hear them from a different level of authority and a different perception. As a District Manager, there are different goals. Again after asking some general questions which can be referenced in the appendices, I went right into what Thomas feels is the best motivating factor for his employees. He responded, "I would like to think that it would just be a job well done, but monetary compensation is also very important." I would think that many employers would have this same mentality, however understand that it is not always realistic to presume. "If you would have told me five years ago that it was as monetary as I now know it is, I wouldn't have believed you, but I've seen it first hand."

Thomas also explained the reason for the salary plus commission or bonus compensation structures a little more in detail to clarify the companies' idea and intentions. "If you are based on 100% commission [as so many financial institutions are these days], and your job is to act in the customers' best interest or act on their behalf, it can be a conflict of interest really." Therefore, the base salary part of commission "should be enough so that the person is not going to worry about feeding themselves or making their rent payment that month." This idea is one that although seems to work in the employees' best interest, Herzberg might say that it is one that only effects the dissatisfaction that that individual feels. Again this idea falls into the same category of salary, but also one's personal life. These things will not have an impact on the true satisfaction one feels with their job and their career for that matter.

One of the most interesting topics Thomas mentioned was the different kind of rewards or ways the company shows individual and team achievements. Every branch has different team as well as individual goals per month and quarter. Although the bonus structure is one of the techniques Wells Fargo uses to motivate its employees and has proven to be extremely effective, “the company absolutely recognizes that there is more than just the dollars and cents.” Therefore the company as a whole tries to address those more personal or intangible techniques to motivation as well, such as a plaque or a gift certificate for winning a contest for number of loans or dollar sales. Individual-based rewards to highlight that person’s achievements is sometimes all a person will need. As a more team-based approach, Thomas mentioned that one of the things his district takes pride in is a football award that goes to the branch that has the best month. “...between the walnut base and the football itself, the cost is maybe \$90.00... [However] that \$90.00 will help motivate more business over the course of a year, than certainly \$90.00.”

Thomas seems to have a good understanding of not only the differences between the team versus individual rewards and incentives, but also the differences that make up each of the employees that he oversees. Thomas referred to a book he had been reading directed towards question based selling techniques and the skills as well as the ways to steer and encourage employees in a sales environment. The book refers to two different motivators. The first is known as the German Shepherd, which could be compared to Herzberg’s extrinsic motivators. These are those individuals that need to be pushed and constantly have someone nipping at their heels. The second are the Gold Medals. These motivators seem to be more comparable to Herzberg’s intrinsic factors, in that they rely

more on the individual's innate desire to do well and to excel. Thomas very honestly admits that in most cases, people need both.

**Laura Leavenworth, Loan Officer
Cambridge Mortgage Corporation (Appendix C)**

As I mentioned before, Cambridge Mortgage is an affiliate of Century 21 Town & Country and works very closely with each other and their customers. Leavenworth has had the opportunity to progress through the company and although her current title is not that of a manager, she has held positions of management throughout her career. Within the first few questions of the interview, Leavenworth explains that there is one loan officer from Cambridge Mortgage in each of the 16 Century 21 Town & Country real estate offices. The employees (processors and closers) that do all of the work after the loan has been sold to the customers are located in a separate main office. Laura Leavenworth is one of those loan officers; however she has an employee (processor) on-site due to the high volume of loans that are produced in her office.

Leavenworth had a unique response when asked what she feels best motivates the employees with which she works; she mentioned that she has always tried to “motivate other people by treating them with respect and as equals. I ask rather than demand things.” As I mentioned, Leavenworth has been in the industry for quite some time and has had the opportunity to work in many different positions and with many different personalities. She seemed to touch right on one of the factors that Herzberg says is a factor that effects one’s dissatisfaction, the personal or working relationships. Although, it is a positive and efficient approach to working with coworkers and employees, this technique will not single-handedly effect satisfaction.

Leavenworth went on to say that in a company where the sales employees/loan officers are paid based solely based on commission, employees need to take pride in what they do and their work. The financial industry is so competitive that if you are only in it

for the money, she does not feel that you will succeed. “A newer employee may start off [in the industry] as a money thing...but it becomes more of a self-rewarding thing.” She also mentioned that the people she sees in the company that are truly successful aren’t looking at the compensation. “You can have all the knowledge in the world, but if you are not a self-motivated person you are not going to do well...in the financial industry especially.”

Another key point Leavenworth mentioned in her interview was that as a manager or leader, “you have to teach other people to know as much as you do” so that they can advance and take pride in what they are doing. “The best way to motivate people is to give them more and more information, not keeping it all to yourself.” I felt that this said quite a bit about Leavenworth’s approach to managing not as a dictator, but more in the approach of a teacher, guiding the employee. I also feel this can be directly related to Herzberg’s idea of employees feeling responsible for their work and therefore taking pride in what they do. This factor of motivation is one that will surely effect satisfaction and will ultimately leave the employee with a feeling of self-worth and success. Leavenworth insists that if the employee is unclear about what or why they are doing a certain task they will not feel that their job is beneficial to the company and to the end result. This seemingly simple approach could guide the employees to a very productive day in the office as well as in their future career.

Tony Abate, General Manager

Cambridge Mortgage Corporation (Appendix D)

Tony Abate has a very similar approach to motivation as Laura Leavenworth. I am curious if this is partly due to the number of years that they have been working together. Abate is the manager and supervisor of the employees located in the main office for Cambridge Mortgage, as well as, what he referred to as the satellite real estate offices that house a loan officer in each. It was interesting to see how his approach may have differed due to the proximity or lack of proximity to his employees.

One of the first things Abate mentions is that “recognition for efforts or for a job well done are the best ways to motivate employees in any field.” Although hesitant to sound like a manager, he felt that “making an individual feel like they are part of the overall machine and that they are genuinely contributing to what is going on” is most important, “letting them see the bigger picture.” The recognition, although most useful for the employees that work in the main office with salaried compensation, Abate also feels that along with the commission the loan officers receive, there is also a need for recognition and acknowledgement.

Along that same line, Abate continues to say, “the monetary recognition, although important and distinguishable from the other type of recognition, can tend to be short lived if that is the only kind of recognition out there.” Herzberg Theory makes a very similar point. Salary, one of the hygiene factors will do nothing more than keep an employee from being dissatisfied with their work and that dissatisfaction will only last as long as the salary or the bonus. There needs to be something more long lasting. In order to effect the satisfaction one feels with their work, something more personal that the

employee can take pride in will leave a longer impression. The idea of recognition or the feeling that they are making a contribution to the final product or service is extremely important. “They are not just moving paperwork through a machine, but they are maybe helping a first-time home buyer get into their first home, or helping someone that has had some real financial difficulties get over a hump and get into a better situation.” Those employees that find self-worth and commitment are the ones that they see excel in the industry and advance through the company into different positions. This also, according to Herzberg, is a sign of satisfaction, the possibility and opportunity to learn and grow within an organization into different levels.

Lastly Abate mentions two things that he tries to do from a motivational and recognition standpoint for all of his employees both within the main office and located in those satellite offices. The first are things that are needed for the benefit of the individual employee. He tries to identify those aspects of the person’s work that go above and beyond the expectation or that are unique, and rewards them accordingly. The second area that Abate tries to identify and acknowledge is the reward for group or team accomplishments. He has found that whenever they are able to get the whole group together to do something outside of the office, the camaraderie within the office the following week is terrific. “It is a whole different degree of synergy that is developed.”

Bonnie Andrews, Personal Banker
***ABC Bank (Appendix E)**

Bonnie Andrews, though not in a position of management just yet, has worked for the company for quite some time and is now holding the title of a personal banker. After speaking with her, she seems to be one of the most knowledgeable people in the branch and is an assistant to the office manager. Andrews has definitely taken on a leadership role because of her seniority with the company and has a very interesting perspective and motivational style with her coworkers. I was curious to see how managers within a banking industry may differ in their styles of motivation from those in a financial institution. Although the difference between the two may not be so evident at first, I think the dynamics of the office, and the incentives are becoming more and more alike. The banking institutions are directing their employees more and more to the sales-driven approach; therefore the incentives and motivators have altered slightly as well.

Andrews described the office dynamics and hierarchy simply to help me better understand the atmosphere and to understand the context in which different motivational styles and techniques are used. There are many more employees, each with different roles and obligations, than I might have thought of initially. Therefore when asked what she feels the best motivator for the employees around her seemed to be, although she mentioned the monetary compensation as many have so far, she also mentioned the idea of flexibility in the schedule. Many people in the office are hourly employees and are not necessarily doing this as a career. Therefore, Andrews mentions that they need to find what will motivate each individual depending on their needs at that time. “We use contests and different promotions to motivate” each individual differently. Through

discussion, it seems that the rewards are often different depending on the employee as well. One of the things they offer that seems to work well is the opportunity to get a paid day off work if they meet their quota or a dinner out on the branch. Again she reinforced the idea that it depended on the needs of that employee. “It is important to know what incentive or program or motivational technique is better for each individual. Some people work for different reasons.”

Andrews mentioned that it is often difficult to keep people when they are compensated on an hourly basis in the banking industry, because they feel that there is always something out there bigger and better. What this institution tries to show those employees is that there are career advancement opportunities within the company that may suit them. As a company they also seem to be very understanding of people’s situations and try to cater to those needs and encourage them with incentives that meet those needs. Looking to Herzberg’s Theory, these are all very good incentives to keep individuals satisfied in the workplace. They feel that if an employee needs to leave for reasons such as money or compensation, they will know that that is the only reason, because they have tried to create a very warm, friendly, and family-oriented environment addressing those other needs as well as they could.

Tracy Recendiz, Office Manager
***ABC Bank (Appendix F)**

Tracy Recendiz has been in the banking and financial industries for nearly 18 years, and has been with this institution for 14 of those years. Therefore, it is obvious that she has had the opportunity to learn and experience many different things both as an employee and now as a manager. Recendiz was able to clarify any confusion with the hierarchy of the organization and the environment that they have worked to create within the branch within the first few questions, then went on to expand on how the company as a whole and the branch uses a variety of different motivational techniques to cater to each individual's needs.

Recendiz described the techniques and styles of motivation based on the level, whether it was region-wide or just within the branch. One of the most immediate and direct motivators are the monetary rewards for referrals. These incentives are mainly geared towards the customer service representatives, also known as the bank tellers, who are now commonly required to engage in sales efforts more than before. She also explained the different motivators that the region initiates as well as the branch itself - each one geared to reach different goals and individuals in a different way. Some of the rewards would include dinners out, or tickets to a show with the branch, however she also acknowledges that these incentives don't always work for everyone. "I've learned that everybody has a different motivation...The other really big motivation factor is not necessarily money or gifts, they just want the recognition. They just want everybody to know that they are doing a good job and that you are proud of them... You will be

amazed that when they get that certificate and maybe a little pin that shows outstanding customer service...they just beam.”

In general, what is most interesting to me is that Recendiz, along with the other managers and leaders are able to differentiate between the different needs of their employees. They all mention that although it is the most difficult part it is essential to providing a solid and profitable environment. This institution, compared to most others, really seems to cater to the needs of the individual employees and looks to find the motivational technique that works best for each. Recendiz, especially works towards promoting an environment that acknowledges people’s efforts and achievements, not through tangible monetary rewards, but more through the recognition and increased responsibility. All of these efforts can be directly related to the satisfaction and dissatisfaction factors of Herzberg’s Theory, though I believe it is obvious this institution tries to focus more on the intrinsic factors effecting satisfaction.

Conclusion

Overall, it was fascinating to see how different managers and leaders approached the issue of motivational styles and techniques relevant to the institution and the dynamics of the company that had already been established. It was also interesting (although I was not asking the number of years experience - it was most times obvious) to see how some of the more experienced managers viewed approaches and incentives differently. They have had the chance to see what works and what does not and have learned quite a bit from the managers they have worked under, but also from the experience they have had. The different motivating factors seem to reflect the company's compensation structure as well. It was interesting to see the differences that existed depending on the hourly, salary, or commissioned based compensation.

This experience has taught me quite a bit about the challenges of management, especially in an industry that has become more and more competitive over the years. I was pleased to see that all of the interviews acknowledged that every individual employee is different and will undoubtedly respond differently to the variety of motivational techniques the company may use. It is difficult, though essential, for them to not only acknowledge those differences, but try to cater to them. They can not expect that all employees will respond productively to the same motivators.

Finally, the most important correlation that I was looking for and seem to have found, is the degree to which these managers at different levels and companies may be applying the theories of Herzberg without actually knowing the factors specifically. It was fairly simple to draw conclusions about whether or not the techniques or styles could be applied to the factors with the Herzberg's Theory, however it was more difficult to see

whether they may truly understand the implications. The Herzberg's Theory emphasizes that there are different factors that need to be focused on to address different needs. As I have mentioned before, the factors used to effect satisfaction are not those that will have an impact on dissatisfaction. I was surprised and interested to learn that all of the managers mentioned both kinds of factors from Herzberg's Theory, motivation and hygiene. However what was more interesting was to see how each applied and introduced those factors to their employees. Although, all of the interviewees mentioned the need for both tangible and intangible, or monetary and non-monetary benefits, I am left curious as to whether they are aware of how these factors, according to Herzberg, effect the employees' overall satisfaction or dissatisfaction with their jobs or careers.

The intentions of this thesis project were simple to become more aware of the differences that exist between motivational techniques and companies within the financial industry, an industry I have learned quite a bit about and which I will be pursuing a career. I am pleased with the effort I have put forth, and hope that I will be able to enlighten those that may read this in the future. The appendix, though seemingly lengthy, is the heart of this project and will establish a clearer illustration of each company, the employees within, and the motivational techniques or styles most commonly used.

Finally, I would like to leave you with a statement from Frederick Herzberg himself that not only encapsulates his theory, but also has been enforced through this study (Leach, 2000).

"Managers do not motivate employees by giving them higher wages, more benefits, or new status symbols. Rather, employees are motivated by their own inherent need to succeed at a challenging task. The manager's job, then, is not to motivate people to get them to achieve; instead the manager should provide opportunities for people to achieve so they will become motivated."

APPENDIX A

INTERVIEWEE: DAN MAURICE, BRANCH MANAGER
COMPANY: WELLS FARGO FINANCIAL
DATE: APRIL 1, 2005
TIME: 10:00AM
LOCATION: WELLS FARGO FINANCIAL ANN ARBOR, MI
INTERVIEWER: SHANNON RILEY

Shannon: Please give me a brief description of the company and what product or service it offers to the consumer.

Dan: Wells Fargo Financial is a multi-billion dollar financial services company. We operate in a number of different lines, all within the basic financial services and any aspect of it. My particular division, Wells Fargo Financial, we offer loans to individual consumers, no business or commercial loans. Individual consumer loans, whether it is credit cards, unsecured loans, auto loans. Primarily we focus on mortgages, real estate secured consolidation loans.

Shannon: First I would like to know a little bit about the work environment, as far as the physical setting, and the general background and work experience of your employees.

Dan: Most of our offices are located near a mall. They are usually anywhere from 3-12 employees, one manager, typically an assistant manager, a loan processor, and the rest would be trainees, full-time sales people. Most of our employees do have a college degree. It used to be a requirement to have a degree to be employed here, but it is recommended. Work experience, from that standpoint, most of the people that we hire don't have extensive experience within the business. We like to hire a lot of college graduates so that we can kind of mold them and fit better within our corporate culture. The atmosphere of the branches...for the most part they are generally young people. I don't have any stats on it, but generally they are pretty young. In our office everybody is under 26 years old, except for one employee. There are some offices that have a 23 year old manager and the employees are 21-22 and there is nothing wrong with that whatsoever, it is just a little tough to build credibility sometimes if you have a young look to yourself. The company has also a hire or promote from within philosophy. Everybody from myself up to the president has started at the same position, so there are a lot of employees that have been around for a long time. They have developed a sense of ownership and pride in the company.

Shannon: What do you feel best motivates the employees?

Dan: In this industry...money. I think money is the best motivator. The second motivator would be a pat on the back, recognition, getting your name in lights.

Shannon: Do you think that employees distinguish between financial and non-financial motivators? Which motivators cause employees to respond more productively?

Dan: Definitely. You could build momentum with just congratulating somebody on doing a good job on something little. While at the same time you can say look what you missed out on by not maxing out your bonus and seeing what the other people did. Look what you missed out on. You can distinguish between the two, but if you use them both together it can be very very effective. It definitely depends on the employee though. You have to find the best motivator for each employee and that can sometimes be the most difficult part, just finding what will work. I would say that money still is what makes people in this industry respond more productively though. We just rolled out a new bonus structure, even two years ago when we first instated bonuses; the company made a huge jump as far as production goes. It used to be that you do your job and do it well and get recognized. There were definitely people that thrived on that and wanted to be the best just because that's the type of person that they were. Now when you throw money in there, it is amazing what everybody will do. You still have those people that want to be the best and will do what they can to do the best, but then you also have those that want to get paid so they are working really hard to get the money.

Shannon: If the company were experiencing a time of limited resources, what would be the prime variable or motivating factor that your company would use? How effective would it be?

Dan: If we couldn't pay people anymore...or cut it down significantly...we have a lot of other things that we do to try to motivate from within. I think that it all depends on how it's drawn down from the top. You have got to get people to know that if they do these things, if they max out their potential, or if they are number one in this category, or they make the top ten or whatever...there is going to be a monetary reward...even if it's just in the effects of a promotion. Those are basically the things that people work for. Before there were bonuses people would work towards a promotion and that's how you would get more money, you would have to move up the ladder. That stuff is effective, it does work. I know it does. It's worked for a lot of people that have stayed with the company for a number of years.

Shannon: In your opinion, how do employees in your work environment respond to different motivation styles or techniques?

Dan: Everybody responds differently to everything you try. You have some people, like we said before that really like the money. There are others that really like the recognition. Some people respond to negative reinforcement and others respond to positive. It's just a matter of trying to figure out what is going to work best with certain people...it's a pretty tuff thing to do. In my opinion, you have to do a little bit of both with everybody. You'll make a mistake sometimes, but that happens, nobody's perfect. You try and do the best that you can. Bottom line is that we want the people below us to do well and that's the tuff thing with some people. You don't want to make it personal; it's just how you are going to help correct something. Its not that I don't like you or we don't get along...it's simply that I would like you to do better at this or I would like you to do this from now on. Ultimately, any change we are trying to make on a person's work ethic is to help them improve and advance through the company if that is what they are looking to do.

Shannon: Since you give both rewards, both incentives, can you tell with each employee which one they're striving for?

Dan: I've found that always killing people with kindness in a management position does not work. You will not always get what you are looking for with that. Sometimes you do have to be the heavy...the drill sergeant and say this has got to be done and it needs to be done now. You definitely need to reward your people when they do a good job, but the kindness thing won't get you the whole way. Sure they might like you, but they might have a mixed perception of what your role is. They may not respect you though and do what you need them to do. In business it is difficult to be friends and buddies with everyone and still gets the result or the respect that you need to get the job done. My managers in the past have shown me that. I have had both ends of the spectrum and I've seen what works and what doesn't. I've picked up on things as I've gone along. Most of what I've learned has to do with the combination of both. You can't run a successful business without having both kinds of motivators and personalities. You have to be friendly but still get the job done and you have to pat them on the back when they need it and give them constructive criticism when they need it. On the other hand, no one is going to work for nothing...or there are not very many. At the same time people are going to get discouraged if they don't get recognition for what they do. I think that Wells Fargo Financial as a company tries to implement that from the top down too.

APPENDIX B

INTERVIEWEE: TIM THOMAS, DISTRICT MANAGER
COMPANY: WELLS FARGO FINANCIAL
DATE: MARCH 23, 2005
TIME: 3:00AM
LOCATION: WELLS FARGO FINANCIAL ANN ARBOR, MI
INTERVIEWER: SHANNON RILEY

Shannon: Please give me a brief description of the company and what product or service it offers to the consumer.

Tim: Wells Fargo Financial is a consumer finance company that offers a variety of different lending products, mortgages, both first mortgages and second mortgages. We do unsecured lending, lines of credit, Visa/Mastercard, as well as retail financing.

Shannon: First I would like to know a little bit about the work environment, as far as the physical setting, and the general background and work experience of your employees.

Tim: Our typical office, consumer office, operates with anywhere from five to seven employees. It will be a store manager, a loan processor, and in an environment of say six employee office, there may be four management trainees, who are also known as account executives. The store manager and the account executives are responsible for the sale end in generating new business, lending products. The loan processor is responsible for the administrative and clerical side to help support the account executives and the managers. The culture would be very much a team oriented environment, where it is important that people be able to work together to support each other. There are a lot of inbound calls, as well as, outbound calls that are made throughout the day and because you can only be on one call at one time, it is important that other people, not have any incentives necessarily or ulterior motives to undermine someone else's sales success. So really, having people that are similar types of personalities works well because they tend to be able to work well together. A lot of our branches, people do social things outside of just the work environment because of that natural camaraderie that we try to develop.

Typically what we do, the account executives, which is the majority of the employees that we have in our sales offices, would be employees that have, again this would be typical, but not exclusive to, somebody that will have a college degree, and will either be recruited right out of school or be maybe one or two jobs out of college with some type of background with sales or customer service or both. These individuals, if they are recruited right out of college or out of college within a year or two, we take a look

at their academic background as far as GPA, what type of curriculum or major they were involved in and then we try to tie that in with what it is that we do which is a sales environment.

Shannon: What do you feel best motivates the employees?

Tim: I would like to think that it would just be “a job well done,” but monetary compensation is also very important. There has to be some type of a character or medal performance out there in addition to just “hey I did a good job and I worked hard today.” Part of the motivation has to be a balance of that person wanting to do well because they just have an innate desire to feel good about themselves, but the other motivation should be some type of a reward system. That reward system could be any type from monetary, to promotional and looking at it from a long-term career standpoint.

Shannon: Do you think that employees distinguish between financial and non-financial motivators? Which motivators cause employees to respond more productively?

Tim: I think so. I found that out because in the last two years we have gone from much more of a monetary compensation based formula, where as, even two to three years ago, compensation would be based on performance over a quarter, a three month period, and that individual’s reward would be a percentage increase in salary. That might range anywhere from three to eight maybe ten percent if they did exceptional on a quarterly basis. Well, if you really factor that out based on a starting salary of say \$30,000, all of the sudden those increases...it’s not a phenomenal amount of an impact on a paycheck. Once we decided to change out compensation structure so that people would be compensated with lump sum payments, not just a small percentage of salary that gets factored out over an entire year...when they saw that there was a reward and a sizeable reward, those results increased dramatically. So that tells me that there is a lot of monetary compensation incentive out there in addition to people just wanting to do the right thing. If you would have told me five years ago that it was as monetary as I know it is now, I wouldn’t have believed you, but I’ve seen it first hand and a lot of it has to do with greenbacks. The way we try to measure that is peoples’ achievement background. If we have someone that is motivated by just doing a quality job that is terrific. That’s a starting point. What we try to measure that by is what kind of achievement and competitive background do they come from. Somebody who has been involved in athletics, typically they are going to be driving towards goals constantly. Same things with somebody that might be involved in a prior sales job that was based in part on a bonus or commission program. Those individuals tend to already have that orientation towards a goal.

There is an important reason for the salary plus commission structure. If you are based on 100% commission and your job is to act in the customer's best interest or act on their behalf, it can be a conflict of interest really. If I am on 100% commission basis, I am worried about putting bread on the table for my family and myself. Every customer that I have that says 'yes' helps me to know whether or not I'm going to be able to feed my family. Well, right there, all of the sudden, how important is it for me, if I'm on that 100% commission, to make full disclosures that may hurt my ability to close this deal. So the base salary part of our job is that the base should be enough so that the person is not going to worry about feeding themselves or making their rent payment that month. But at the same time the bonus payment is set up such that, the person who is selling a lot now can afford the finer things in life. That doesn't mean that somebody won't just go live high off the hog and base their rent payment and their car payment on a higher, or being able to perform at a very high level, but there is less of an incentive for someone maybe to not act in the customer's best interest if they know that they have that base salary there.

Shannon: If the company were experiencing a time of limited resources, what would be the prime variable or motivating factor that your company would use? How effective would it be?

Tim: Then the compensation would go back to what we had done previously. It would be your incentive is your job. I think that was in a movie several years ago, a sales movie... first place was a brand new Cadillac, second place was a set of stake knives, and third was you got to keep your job, and fourth place was you lost your job. If you don't have those incentives, those monetary incentives, there can still be "hey I need to do this, I need to perform...to keep my job." In addition to that incentives would be to do your job well, or better than just the base line goal, would be if they want to put themselves in a position to move up in my career, which could ultimately lead to salary increases based on different position. Based on what I have seen, it wouldn't be as effective as the monetary basis compensation program. I think it's important to have a balance though. If everything were just dollars and cents, we wouldn't have any incentives that would have like branch lunches, like we do. Or we take people out to have a bowling night, or we have reward connection catalog points that people could buy things out off. If it were just strictly dollars and cents, then all it would be is cash rewards for everything. The company absolutely does recognize that is it more than just the dollars that motivates people. Your branch here is a great example because we have this football award that goes to each branch that has the best month in the district. Your branch seems to take great pride in that football. Well the football will cost me, between the walnut base and the football itself, runs be about...maybe \$90.00 bucks. That \$90.00 will help motivate more

business over the course of a year, than certainly \$90.00, but it's not about \$90.00 bucks. If I were to just throw our \$90.00 divided by 12 months, and then if you do the math, maybe \$7.50. The branch that does best gets \$7.50 to divvy up, I don't think anyone would have any incentive at all. This football just seems to have this... I would like to think that that motivates people. That even balance of team and individual motivators. We want to have a balance there. We don't want to be so one tracked that we lose sight of what's important here, and that's taking pride in what you do. That's still important even though we have found out that performance levels increase dramatically when you throw in financial incentives.

Shannon: In your opinion, how do employees in your work environment respond to different motivation styles or techniques?

Tim: This totally ties into this QBS Selling book, Question Based selling, by Thomas Reeves. He calls it 'gold medals' and 'German shepherds,' it's one of the sections in this book. What it is is this... people are motivated by 'gold medals' or 'German shepherds,' but in most cases a little bit of both. What he means is 'gold medals' are the reward system and the 'German shepherds' are the punishment system and the analogy is that Olympic sprinters, the world record sprinters, get to that level of performance based on competition and just wanting to beat other people to the point that they achieve this goal medal. Would that runner go any faster if they had a German shepherd viciously nipping at their heels? The answer is, I don't know, but there are certain people out there that would run faster if they had a German shepherd running after them or would they run faster if they just had this competitive reward system out there. The answer is that the Olympic and world-class sprinters are running as fast as they can because that's what they do. Other people out there might need that 'German shepherd' out there to run as fast as they can. In any type of professional or academic environment, some people are motivated by what would happen bad if I don't accomplish this. Other people what to accomplish this because of what could happen that's good. I like to base systems on gold medals, but what I find as I move along in my career, is that it is sometimes a person that doesn't what, say example Justin in your office...he doesn't like it when I call him up and say "hey what happened this week?" He hates that call, and I know that that motivates him, that if he has another bad day Tim might be calling. That does motivate people. That's one of the things in my management style that I probably need to balance out better, is that it is not always RAH RAH RAH...there are some people that just need on occasion, "hey what's going on here, if you are not getting the results that you are capable of?" In most cases those individuals know what they need to do to correct it, but the fact that somebody in a position of authority is challenging it or them, they will then implement what they know needs to be done. It is difficult and you

have to understand that everyone is motivated just a little bit differently. Everybody has a different mix of those 'gold medals' and 'German shepherds' in them, and you have to tie that in. There are certain individuals that I know if I make that phone call, like I do to Justin, and have the same tone, there are individuals out there that that will wreck their day and they won't be able to concentrate on their work that day. They might have a little bit of a fragile personality in terms of how thick-skinned they are and how much constructive criticism they can handle. Other people you could kick them in the shins and they are like "ok that's fine...I understand why you did that" and get right back to work. Everyone is a little bit different. There is an analogy that a district manager I knew from when I first started with the company, he said that as a district manager you have a key chain. On that key chain is a key for each employee in your district, and each of the keys is a little different. You just can't take one key for one person and try to apply it to somebody else, it just doesn't work. Even though they may have a lot of similarities, everybody is a little different.

Shannon: Do you think that your own experiences with different motivating factors and styles effects your perception of what will be effective for your own employees?

Tim: Absolutely. I would say that I have taken each of the individuals, or supervisors that I have worked for and evaluated at some point what does he/she do that's effective and what does he/she do that is not effective. I've tried to make that part of the way that I manage. Every once in awhile I catch myself doing something that was a characteristic that I didn't like of one of those supervisors. But hopefully, if I do an effective job, it was because of I was able to say, here are some techniques that have worked, I've seen other people use them in the past and I'm going to implement those myself. I try to take a little bit from everybody, but there are some people that I have worked for that are more effective than others, and those are the ones that I try to emulate the most.

I would say is that the biggest thing is that you have to have balance, and you have to be able to use a two handed approach, which means that if you are going to criticize somebody, if at all possible you should find something positive in what they are doing as well. In other words, it would be really easy for me to go in and be a critic of anybody. All of us could have something criticized. I would have a lot more credibility with that constructive criticism if I could say here are some things you are doing really well...however here are some things you are not doing well. Let's talk about what we can do to get you doing those things good as well. Otherwise, a lot of individuals will feel like you are attacking them if you don't acknowledge what they are doing well. I think that's something that I have learned from one of the first district managers that

hired me, here eight years later as a district manager myself...it has always stuck with me that he said be sure that you are acknowledging the good things in these people as well.

APPENDIX C

INTERVIEWEE: LAURA LEAVENWORTH, LOAN OFFICER
COMPANY: CAMBRIDGE MORTGAGE
DATE: MARCH 16, 2005
TIME: 9:30AM
LOCATION: CENTURY 21 TOWN & COUNTY NORTHVILLE, MI
INTERVIEWER: SHANNON RILEY

Shannon: Please give me a brief description of the company and what product or service it offers to the consumer.

Laura: Brief description of Cambridge...we are a real estate owned Mortgage Company that caters to people purchasing homes through Century 21 Town & Country.

Shannon: Can you expand a little bit on how Cambridge and Century 21 are associated?

Laura: We are associated because we have the same owner. So the owner started the company just so that the agents would have a reliable source to get their mortgages.

Shannon: First I would like to know a little bit about the work environment, as far as the physical setting, and the general background and work experience of your employees.

Laura: Loan officers are in individual real estate offices and the employees that do some or all of the work are all located in a separate main office, the manager of everybody is also located in that separate main office, except for me, I have an employee here on site.

Shannon: As far as the work environment in that other office, I know you started there right? How is that office set up?

Laura: Over in the main office there are a group of people that process loans, and close loans, and each of them have one or two or three loan officers that are out in those satellite offices. They are responsible for working with those loan officers and making sure that their files get underwritten, approved, and have all of the documents that they need in order to close. There is some dialogue with customers, some dialogue with real estate agents, and then they have managers that oversee them. We also have our after closing department, which is a large part of the industry that most people don't realize. Gathering up all of the closing docs and making sure that money goes everywhere that it is supposed to go, and getting loans

sold off to our larger investors. Then they each have different supervisors and then there's the manager.

Shannon: So then what is the hierarchy like?

Laura: There's one manager, and then there are two assistant managers, each of them probably have six or seven employees that work for them and do actually all of the legwork. Those employees are also accountable or responsible for stuff that goes on with the loan officers in the satellite offices. So while they don't directly report to them, they are obligated to work with them, somewhat, and take direction from them on what should be done or what shouldn't be done on certain files. So they are essentially taking direction from two different sources. Jessica here, even though she is my employee as a loan processor, and I have Sharon over in the main office who works just for me for doing closing packages, they still report to another manager as well.

Shannon: This is sort of a unique situation, but what do you feel best motivates your employees? Maybe you could talk about those two that work specifically for you and your deals, but also you as an employee under some guidance from the main office.

Laura: I motivate other people by treating them with respect and as equals. I ask rather than demand things, typically, and I won't ask any employee to do something that I wouldn't or haven't done myself. Many times if there is a lot more work that needs to be done on that side, I will do what somebody else will do, or somebody else's job. I'm not better than any other person. On the other hand, what motivates me...is having to be the best. It's more of a self-fulfillment thing for me.

Shannon: Do you think that employees distinguish between financial or non-financial motivators, or monetary or non-monetary motivators?

Laura: Do I feel that they differentiate? I think that it depends on the employee, and on the relationship. The employees that I work most closely with, I think are also motivated to do a good job. I think that money is something that everybody needs, but money is not the primary reason for people necessarily doing a good job.

Shannon: Which motivators cause employees to respond more productively?

Laura: For the loan officers with Cambridge it is entirely commission based, but I think that the employees respond more productively with positive reinforcement. Again I think that people that are motivated only by financial gain, are not ever really going to succeed. I mean, obviously you know that I've done quite well, and the money part...is not...it's a little bit

of what motivates me but not entirely. I do not ever sit...and there are people who will look at...here is this one transaction, here is how much money I am going to make and this is how much I have to make. I do not ever look at a loan as how much money I am going to make. Everything to me is about doing the most loans, doing the best job on as many loans as I can do. It's being able to do a better job than any body else. So maybe for a newer employee it starts off as a money thing, or intriguing at least...the financial aspect, but it becomes more of a self-rewarding thing. I really don't think though that the people who are successful...they don't look at the compensation. They look at what others think of them...are you an expert or are you not, are you good at what you do or are you not. That's more important than the money that you make a lot of times.

Shannon: Is that something that you have learned though working with Cambridge or just along the way? Is that something that Cambridge instills in people?

Laura: I think it's more something you learn along the way.

Shannon: If the company were experiencing a time of limited resources, what would be the prime variable or motivating factors that your company would use? How effective would it be?

Laura: They would probably just have to say, you're doing a great job, we're going through tuff times...I mean what else can they do? In this position, as a commission base, I don't know how effective it would be. It would be for me. I don't think it would be for some people though.

Shannon: In your opinion, how do employees in your work environment respond to different motivation styles or techniques? Obviously you respond well, simply to the pride in your work, but for some of the employees in the main office, how do people respond to their managers' motivational styles?

Laura: Usually, they respond quite well. Everybody is different though...people who are not motivated and just have a job to go to work everyday and all they care about is their paycheck are not going to be motivated by anything. Maybe a little bit by that money to do a better job, but a lot of those people are not going to do a better job if they are not going to get more money. So, it's so important to find the right people at the beginning. You can have all the knowledge in the world, but if you are not a self-motivated person you are not going to do well, pretty much in any industry, but in the financial industry especially, because it is so brutal and people are not nice. You have to deal with so many personalities. If you don't have the ability to overcome that, or that you don't really care about what you do...you're not going to succeed. I think that the employees at a company that don't have enough pride in themselves to do

a good job are really not going to do well. I think it's really about picking the right people.

Shannon: Do you think that your own experiences with different motivating factors and styles effects your perception of what will be effective for your own employees?

Laura: Yeah...I've had all kinds of experiences, different jobs...all within the financial industry, but different companies and the way they treated me as employee or the way I treated my employees has a big effect on things. I know that I have had bosses that were terrible through the years or all they wanted you to do was punch your time clock when you come in and you aren't supposed to talk and you aren't supposed to ask questions, you are supposed to just be a mindless person sitting there...then that's not motivating at all.

Shannon: Have you sort of picked up on the things that you have liked along the way?

Laura: Yes, as a manager, I feel you have to teach other people to know as much as you do. That's one of the main things. You have to let other people know what you are doing and why, and I think that...although I dislike the idea of teaching, I've always found that's the best way to motivate people, is giving them more and more information, not keeping it all to yourself. I've had bosses that have not wanted to share information, because they felt like you might then know as much or more than they do. That's not the way to motivate people. You have to motivate people by giving them more things to learn.

In this industry, I think that you need to start with the basics, because the money won't be there right away. You need to teach them what is valuable first. Especially in the financial industry that can be very cutthroat sometimes and very low paying when they first start out. I think that's why so many people are in and out of this business so quickly. If you learn all of the things and find the things...then yes you have to except that fact that you won't make much money in the beginning...once you get the experience and the knowledge, then the money will be there. When the money is there, you still find that that is not...depending on the kind of person you are...I know that there are people that are greedy and are just in this business for the money. I think you find the rest of it I guess if you look for it. That's the interesting part about the financial industry because every company is different. I think depending on the company; you will have different employees that are motivated differently.

APPENDIX D

INTERVIEWEE: TONY ABATE, GENERAL MANAGER
COMPANY: CAMBRIDGE MORTGAGE
DATE: APRIL 4, 2005
TIME: 2:30PM
LOCATION: TELEPHONE INTERVIEW ANN ARBOR, MI
INTERVIEWER: SHANNON RILEY

Shannon: Please give me a brief description of the company and what product or service it offers to the consumer.

Tony: Cambridge Mortgage is a mortgage banker. We are on the smaller side. We offer financing to the consumer for the purpose of purchasing or refinancing residential property, be it primary residence or a vacation home or an additional property.

Shannon: First I would like to know a little bit about the work environment, as far as the physical setting, and the general background and work experience of your employees.

Tony: We are an affiliate company with Century 21 Town & Country. We have a primary environment and then satellite environments. At the primary environment, in addition to myself there is a staff of about 18 folks, and at this location, this main office does all of the loan processing, closing, and document preparation for all of the mortgage loans that we do. This office deals with the tail end of the process; the approval of the mortgage and the subsequent closing of the mortgage. There are some post closing activities and quality control type of activities that take place at this location. Where we make the business happen is actually in the satellite offices. Our loan officers have office space in the 16 Century 21 Town & Country offices. Their job is to work with the real estate agents to obtain the mortgage business, forming relationships with them so that there is a level of confidence in the agents so that the agents will want to refer their buyers to Cambridge Mortgage. Their roles are also to counsel the buyer into the different types of financing available, some choices that might be best, and different times how the loan prices might effect their finances, overview of their credit and so on and how it applies to the mortgage process. Once that mortgage application is taken, the loan officer is the point of contact between the buyer and our office and the agent in our office. Being that point of contact, they keep everybody in the loop as far as the status of the transaction, when the loan is ready to close, coordinating the minor details of the closing and so on.

I'm overall responsible for the entire operation of Cambridge. I do have the day-to-day title of general manager, a corporate title of president, and

an officer in the company. Although I don't personally hold ownership interest in the company. Reporting to me are two department heads. We have an operations director and an administrative director. The operations director is basically responsible for all of the activities that take place in a mortgage file up until the time that the loan closes; the processing of the loan, getting the approval of the mortgage, and the closing of the mortgage fall under her sway. Reporting to her is a staff of about nine folks at this point and time, and this staff are the one's that do the actually physical processing of the loan, work with the underwriters, work with the loan officers, and prepare the closing documents for the loan, and ship them out to the closing which takes place at a title company. That's pretty much what the operations director's side covers. On the administrative side, the administrative director is responsible for all of the activity that happens after a loan closes, among other day-to-day administrative functions, such as payroll and human resources. After the loan closes, there is accounting procedures from a funding standpoint, and quality control procedures, errors and omissions procedures to make sure that the closing loan package has all of the necessary documents and that everything has been executed properly and that we are being the appropriate custodian of those files since we have an obligation to keep those records on hand for a period of time. She has a staff of five that reports to her, and for lack of a better illustration, anything that happens to a file after the loan closes falls under her sway.

Shannon: What about the general background or work experience of the employees?

Tony: For the most part, because we are a smaller company, we don't have the capability to do intensive training where we are training someone from scratch. For the most part, the employees that we bring on board are folks that have been employed in the mortgage business. The employees starting out for the most part have some experience in the industry. We do experience a degree of turnover just like any industry does and from time-to-time people are seeking a better environment, or something closer to home, or more money, or stability, or whatever the case may be. In many cases, our entry-level clerical positions, such as the receptionist, those are sometimes filled with people either right out of college or right out of high school. In a couple of cases, those individuals have held onto that role and deemed that that's an appropriate role for them, or maybe they are taking additional schooling while they are working. In a couple of cases, those individuals have grown into the closing and processing roles within the company. So they have basically promoted from within based on their willingness to learn and their ability to adapt to the new role and their responsibility level, as far as their work habits go. Depending on the role, we are prepared to bring folks in that are new not only to the mortgage business, but also to the work force in general. For the bell-curve if you will of the positions, processing, closing, and so on, those are typically not

entry level roles. The department heads both have many many years of experience, as do I. They are basically working off of a combination of time on the job experience and on-going training. We all go to regular training functions that are industry driven.

Shannon: What do you feel best motivates the employees?

Tony: What I think best motivates the employees that I work with, and this is going to sound so like a manager, but I'm going to pull it out anyway, is recognition...for efforts or for a job well done. Making that individual feel like they are part of the overall machine and that they are genuinely contributing to what is going on and they are seeing the bigger picture. They are not just moving paperwork through a machine, but they are maybe helping a first time home buyer getting into their first home, or helping someone that has had some real financial difficulties get over a hump and get into a better situation. I'm going to say that recognition for the employee is primarily the main motivator for keeping folks in a positive light. The recognition that I'm talking about is primarily apropos to the staff people here at the administrative office. All of the folks here at the administrative office are salary compensated. From a loan officers standpoint, and that is the title of those actually out in the field originating the loans, they are 100% commission and to a great deal a part of their motivation is their paycheck and the end of the day which literally changes based on their own input into the job. They work harder, they write more loans, and then the reverse happens too. However, sales folks being what they are, recognition on the sales end even at the higher levels making a great deal, recognition is still very important. We always make it a point on the sales end to point out who the top folks were from a closing and an origination standpoint.

Shannon: Do you think that employees distinguish between financial and non-financial motivators? Which motivators cause employees to respond more productively?

Tony: I think by necessity they do. There are situations where we can create an absolutely wonderful work environment and comfortable atmosphere, and give all of the appropriate recognition that we can and make the person feel really good about themselves, but if we aren't meeting their financial needs the individual just has to move on. To that end, I am going to say that they are going to make a distinction because they could leave work very content and happy, but if they can't pay their bills then they understand that. It might make it very tough for them to leave because nobody typically wants to leave a satisfactory environment, but sometimes the finances dictate just that. Conversely, if we are creating a very harsh environment, an environment where there is no degree of empathy to a person's personal situation, poor treatment, poor work conditions...a raise

given on a Monday is often forgotten on a Tuesday. I think that most people will agree that although the financial recognition in the form of raises and bonuses are very important, it is really human nature to cause a person's lifestyle to rise to the level of the compensation. If a person is making 20% more today than they were yesterday, in a relatively short time, most folks tend to cause situations to happen where their expenses tend to rise tremendously. Maybe they will get those extra cable channels, or a nicer car, because now there is a little more money now at the end of the month. To that end, the monetary recognition, although important and distinguishable from the other type of recognition, can tend to be short lived if that is the only kind of recognition out there.

Shannon: Which motivators cause employees to respond more productively?

Tony: In my opinion, it is definitely the recognition that helps the employees to respond more productively. The market is going to bear what the market is going to bear as far as salary goes. Now with some nuances from company to company, for the most part, a person that does a certain type of position can expect a certain type of compensation throughout the industry as a general rule. From a different standpoint, it is my belief, that if the employee sees the big picture and they know what they are contributing to, and they know that they were a piece of the machine that created the end result...that is going to cause somebody to be more productive as opposed to that raise, that I believe after a short period of time, is forgotten about. Now I will add this to that...there is a stronger link on the sales side. Here's why I think, to the earlier question that recognition ends up being a better motivator in my opinion...the salaried folks come to work with the opinion that over a short period of time, if they work twice as hard, their paycheck is going to look just the same. There is not a direct change in payroll for the amount of time put in at a desk. Now over the long period of time, the hope is that it trickles into reviews, reviews trickle in to raises and that kind of indirectly works in that fashion. A person that is in a salaried position does not have the ability to directly effect their pay based on their work output. On the sales side, it's a different kind of animal, the loan officers being 100% commission, their paycheck will immediately change based on their productivity. Although the recognition is important they see a much larger relationship between working harder and the paycheck being larger and being able to see the difference.

Shannon: If the company were experiencing a time of limited resources, what would be the prime variable or motivating factor that your company would use? How effective would it be?

Tony: In our environment, you have a couple of mutually exclusive dynamics, where if the originators are motivated to the point where they originate

more, be that through recognition and through financial, then there will be more top line dollars to take care of the salary staff here at the main office. In the event that the resources were really cut back... and you actually hit on something that has some truth to it, because in the mortgage industry right now there has been a great deal of layoffs and a great deal of downsizing just because there was way too much capacity relative to the amount of business being written. We are fortunate at Cambridge, that we have not had to lay anybody off... If we were in that situation though, you might reach a point where just the recognition isn't going to cut it, a person's going to look for a little bit more. My gut instinct, depending on how severe the time of limited resources was that I would probably structure compensation to be based on profitability criteria. Now we kind of bring that sales motivating process of compensation into the administrative ranks, where we say that if you are more productive then you will immediately see that in your paychecks, because your compensation is a mixture of salary maybe bonus, call it what you will, but something that is relevant to the profit that you are contributing to.

Shannon: In your opinion, how do employees in your work environment respond to different motivation styles or techniques?

Tony: It really can depend on the employee. There are really two things that I like to do from a motivation and recognition standpoint. Number one: there are things that are needed for the benefit of the individual, the analysis of things that they are doing that is over and above, what are they doing that's unique or specifically a fantastic employee. Coupled with that we try to do some sort of group events, and it's never nearly as regularly as we would like, but we have found that whenever we are getting the whole group together to do something outside the office, it might be something as simple as a company picnic or outing or something like that, there is a different degree of synergy that is developed from that. The next day at the office there is a different degree of folks wanting to help their coworkers in a situation or helping with the workload or something like that. I might define that as more of an indirect motivator. The response from that is something that you might say is more of a feeling of family, and care from within the office. In that case, we benefit as a company because we are getting a little more horsepower under each person because they want to do that. They don't want to see a coworker floundering or buried or anything like that, because there is a feeling of a sense of family. The individual recognition, the response to that is, that any way the employee can feel a sense of involvement and contributing to the final product, they are going to feel more a part of the team. I don't believe anybody comes to work in the morning wanting to do a bad job that would really be a byproduct of something else. If they can feel that what they're doing is appreciated and is genuinely contributing to something and can see the end result, they are going to be inclined to

duplicate that kind of thing. People want to feel good about what they are doing, and they want other people to feel good about what they are doing. Who doesn't want to be complimented and told that they are contributing and helping and doing a good job? Human nature says that people respond positively to that kind of thing.

Shannon: Do you think that you're own experiences with different motivating factors and styles effects your perception of what will be effective for your own employees?

Tony: There's no question. Over time you work with managers of all different flavors and there is no question that you respond differently to how people try to motivate you and then you carry that into your daily work habits. I don't think it's any different than remembering teachers that had a special place in our life because of their technique or what they did. I'm not a teacher, but I would have to say that the results are driven by a lot of the same things that a student wants to know that they are doing a good job. Human nature just causes people to want to do more than that. I look at the folks that have managed me or mentored me in the past, and even the lousy ones provide a lesson because they give you some insight into what not to do. You get something from everything.

APPENDIX E

INTERVIEWEE: BONNIE ANDREWS, PERSONAL BANKER
COMPANY: *"ABC" BANK
DATE: MARCH 19, 2005
TIME: 9:00AM
LOCATION: "ABC" BANK NORTHVILLE, MI
INTERVIEWER: SHANNON RILEY

Shannon: Please give me a brief description of the company and what product or service it offers to the consumer.

Bonnie: ABC Bank is a financial institution. We offer several different checking and savings products for business and personal use. We have commercial departments, trust departments, mortgage departments, investment departments, and safe-deposit boxes. We offer a variety for all of your financial needs, both personal and commercial. We offer about 80% of all of those things listed here. We have a mortgage representative here, an investment representative here, commercial banker here, new accounts representatives for business and personal, and if they are not here we will call them in here.

Shannon: First I would like to know a little bit about the work environment, as far as the physical setting, and the general background and work experience of your employees.

Bonnie: As you can see here, most of our lobbies are rather large. On the onsite premises of what we call our banking centers, we have several offices in them. We have a teller or customer service area, onsite ATM's, 2-4 drive-through lanes depending on the age of the branch. We also have in-store branches that are located inside supermarkets like Farmer Jacks, they are a smaller version usually a couple teller windows and a little desk area. Now as far as employees backgrounds we are diversified. We have employees with different ethnic backgrounds, different nationalities, also different races. That is one plan that they have been working on for quite some time. We are diversified and we are here to help everyone.

The experience for most of our employees...we range from non-college to college degrees even master's degrees. Most of the branches you will find there are probably more women than men. They come from customer service backgrounds, sales backgrounds or some type of financial backgrounds. We do have a lot of moms; a lot of moms work in banks. Depending on your degree or what you have been trained for if you came from another bank, you can move up the ladder pretty easily or be hired right into management. Without a degree or depending on what you would like to do and your background you would start out as probably a

customer service representative and then work your way up to a personal banker, which is my position, and then from a personal banker you could go into office management. Once you get above a personal banker, there are different requirements. You have to have a license to sell securities, so you would have to want to go in that direction to go any further up into management. We do have personal bankers that are licensed to sell securities.

Shannon: What do you feel best motivates the employees?

Bonnie: Our branch in particular and I'm sure this stands true with all other branches, of course...money, I would have to say motivates people. I would have to say recognition for a job well done. Flexibility in the schedule is also a good motivator...if you make this quota we will give you half a day off, type of deal. So I would have to say the flexibility of the schedule, money first and foremost, and then of course the flexibility. There is a base pay here...I'm not sure what it starts off at...I think it's around \$9.00 an hour, but you do get incentives. Tellers get incentives for referrals to a desk person. They get paid for checking and savings accounts, loan referrals, investment referrals, mortgage referrals. Once you are a desk person or a platform person in my position, we don't get incentives for the basic checking/savings, that type, we get incentives for loans referrals, business account referrals, and of course mortgage referrals. They are quite nice. ABC Bank is very good at their incentive program and motivating employees, but I think money always is pretty major. Depending on what your position is, some are salary employees, but the employees in the branches are customarily hourly plus and incentive programs.

Shannon: Do you think that employees distinguish between financial and non-financial motivators? Which motivators cause employees to respond more productively?

Bonnie: Yes, I do. Some of them, depending on the individual, some of course...well all of them like the money, but there are other things. A lot of them do work towards that "Wow, I can get a day off..." That's a real big incentive. I do believe that people notice the difference. They seem to work a little harder...we have a lot of contests. We use those contests and different promotions to motivate...I think those work for some individuals who are competitive. Then you have the individuals who are overwhelmed and they are doing their job and they are doing good but they don't have time to participate in contests. That usually motivates and picks up the morale of the girls in our office, and I'm assuming the other branches too.

- Shannon: If the company were experiencing a time of limited resources, what would be the prime variable or motivating factor that your company would use? How effective would it be?
- Bonnie: We would use those little contests. There is a lot of competition in the banking industry. We are not only losing out to other banks, but also insurance companies that are promoting their own banking now. You have your financial institutions that are opening your basic checking and savings accounts. Banks do lose business...so we are basically using our friendly customer service. We really try to use those qualities to keep business and bring business in. That's one of the major things they promote. I don't think I answered your question?
- Shannon: If you were unable to reward with monetary benefits...how effective would it be, in this company?
- Bonnie: I don't feel they could motivate people as much without them. In today's day and age, let's face it if a company doesn't do that, but the employee is working well, than I guess it is working for them, because they are afraid to go out and look for another job, because there are not a lot of jobs out there. It doesn't effect me, I still do my 100% and more. I feel that I always do what I should even if there wasn't an incentive program. A lot of times, like I said, sometimes it's overwhelming, "I have this contest going on...oh my god I have to do this, this and this, on top of this, this, and this..." I think again it depends on the individual.
- Shannon: In your opinion, how do employees in your work environment respond to different motivation styles or techniques?
Do you think that it is a fair statement to say that because there are a lot more hourly employees in a bank rather than a financial institution where everyone is a loan officer and things like that...do you think that has a difference on what motivators are more effective?
- Bonnie: Yes I do. Most of your salaried employees might get a big bonus at the end of the year, probably a lot more than what we have made working all year long in our bonuses or incentives. They have bigger numbers to hit of course, and I guess again, it depends on if it's a mortgage person, they have to work off commission, so they do have to work harder than someone who is up in an office making tons of money...but they have figures to meet too. They have goals to make too. As far as on the branch level, it seems to work here, with our girls, as far as the rewards programs or the flexible schedule.
- Shannon: Do you think that in this industry, every things relative to this industry...that when someone first comes into the company, it is easier or more effective to reward with those monetary benefits, get them

interested, get them excited about the job, and then you can begin to reward with other incentives? Or could you go the other way around?

Bonnie: I think it would be easier in this company to bring them in and eventually introduce the rewards program. It's overwhelming, you have a lot to learn, it's not just cash transactions. I know that they are using incentives to hire people, offering extra vacation time. They are using incentives to hire people to make us more competitive. They don't...just because I have been here five years and someone else has been here six months, they are entitled to the same type of incentives I am. It's open to everyone. Any contest they have is open to all banking center levels.

Shannon: Do you think that your own experiences with different motivating factors and styles effects your perception of what will be effective for your own employees?

Bonnie: Yes it has effected me. Again if you think of the company as a whole, which would be hard this is a rather large company to try to figure out what kind of... "well Bonnie is this kind of person and she likes this kind of incentive versus Terry she likes this kind of incentive." On a branch level when there are maybe six to ten people, I feel it is important to know what incentive or program or motivational technique is better for each individual. Some people are working for different reasons. I think that you would have to know that motivational technique for each individual. They offer a lot of different incentives. Lisa, another personal banker here who is also a licensed banker, has only been with ABC Bank for a year, she came from another company, she managed to sell five credit cards in one day so they gave her the rest of the day off. They are really fair about it.

The banking industry has become a very sales, competitive organization over the years and it has just happened in the last few years...for me. I think that the incentives we offer today are helping us move in that direction as well. They have to take the time. It's harder when you wait on customers everyday because you are in between. You have to do these things to reach your goal, so we do it as a branch because we have goals we have to meet, monthly goals. You can't just be a bank teller any more and do the cash transactions and leave for the day. It is much more involved. I'm sure the interviews are a lot more sales oriented. I've noticed a lot more of the people coming out of college, we have one right now in management training, she's in business and marketing courses that I'm sure are helping her.

* The name of the banking institution this interviewee represents has been changed for the sake of confidentiality to "ABC" Bank.

APPENDIX F

INTERVIEWEE: TRACY RECENDIZ, OFFICE MANAGER
COMPANY: *"ABC" BANK
DATE: MARCH 19, 2005
TIME: 9:30AM
LOCATION: "ABC" BANK NORTHVILLE, MI
INTERVIEWER: SHANNON RILEY

Shannon: Please give me a brief description of the company and what product or service it offers to the consumer.

Tracy: Within the bank industry now, we offer everything to the consumer. We try to actually be, typically they say we're "a one stop shop." You can get everything at one location. You can get, besides all of your checking and your saving products, you can get your CD's, you can get your retirement products, as well here, your mortgage. We now also offer securities, so now you can come in and we can even help you with all of your investments. We can help you plan for your retirement, and all of your loan needs. Every single loan need that you have, the bank can do that for you. Some of the newest ones that all of the banks have jumped on board with as we move into more of a sales industry is offering securities, where we will help you do all of your investments as well. So that all of your funds are in one spot and we can help you keep track of them and make sure that you have enough in each category. We can sell everything within one branch.

Shannon: First I would like to know a little bit about the work environment, as far as the physical setting, and the general background and work experience of your employees.

Tracy: Within each branch you will have...you have your CRS's that work behind the teller lines, that are taking the deposits, doing withdrawals. CRS's, we call them our customer service representatives...what was known as a teller. They are the ones that are our front line. They see most of the customers all the time, so they are the ones taking in the deposits, helping them with their withdrawals. They are also checking each customer's accounts to make sure they are in the proper account or if there is something else that we could assist them with. From the CRS's then you come to our personal bankers. They are the ones that open up the accounts. They sit down and they also talk with the customers to make sure we are getting them into the proper account by asking them questions in what it is that they are needing. We are also looking for possibilities to help them in other areas as well that they may not know. We have found out that a lot of customers don't know that banks do everything, so they end up going all these different directions. So we let them know that we

can help them with everything and develop a personal relationship with them and get to know them better. We also have my position, I'm an office manager. I oversee internally everything that goes on within the office. I try to assist, coach, and train, make sure all of the paperwork is filed in compliance, make sure legally we are doing everything properly. Then we also have another manager, that is more of the sales manager. She is out developing a lot of business relationships. In house we also try to keep a mortgage representative, who will also have an office. We will also have a securities officer that will also have an office. Some of our other offices house commercial loan officers as well, ours does not.

We have about 8 people working in this office. We are very fortunate. A lot of us here have worked together for quite a long time. A lot of my staff tends to follow me wherever I may end up. They seem to enjoy working with me. I'm of the philosophy that I won't ask them to do something that I don't do myself. My management style is that I will pitch in and help wherever I can. They always know that I am there for a backup. I'll run a window, I'll assist with a line. I will handle any complaint or customer problem that comes along. They know that I'm there for them. I will open up accounts. I will do whatever is needed, therefore that has really gained a lot of respect from my staff and so far a lot of them have followed me from branch to branch. This branch was opened in June. We were downtown in Northville, and quite a few of us were there. I've had others though that have come from other branches that have worked with me and come here. We are actually very friendly with each other...it's kind of like a family. We know everything there is about each other. So it makes the working relationship really nice. I've never come across any problem, but we are really careful not to step over that line. Just because they feel like I know them, they are not going to ask for something that is way out of line. We've established those boundaries that we are not going to infringe upon each others' friendship to get something, but at the same time we have developed a very relaxed working style where I can just go to them and say we need to get this accomplished. I don't have to put very much into it, and they know that this is what needs to be done. So it's a very easygoing atmosphere.

Shannon: What do you feel best motivates the employees?

Tracy: You actually need to get to know each individual, different things will motivate different people. The way that the bank works is that there are so many different motivation levels. Of course it is very sales oriented...so one of the first levels is especially for the CRS, the customer service rep/tellers, is anytime that they notice an opportunity, that there is a better product, or something else that we could assist the customer in, and that customer opens up that particular product, they get paid for that. They get paid for that referral. That was a good customer relationship, they took

advantage of it, they saw it, they talked to the customer and got the customer to come over to open up the product. Same with the staff, stuff that is not normally sold, or that customers don't normally come in for...like a credit card or something like that, my personal bankers will get paid if the customer decides to take that credit card, or take a certain loan...my staff will get paid for that. So that's one level of motivation. Then we also have competitions within our region, and say that the branch does very well on a certain set of goals that has been established, like a two week goal, or a month goal...well then the branch itself will get an incentive and it could be going out...like all of us being taken out for dinner and then we spend a whole evening together on the fun side. Then we also hold different motivation factors within the branch. I try to come up with monthly ones. This month it had to do with credit cards and whoever got five approved credit cards or ten applications would receive a half a day off with pay and then as the added incentive, say you actually got five approved, and it is 10:00am you get to wave goodbye. You get to leave because you have done your sales job and this is your higher motivation. We do stuff like that. We also do things where whoever gets a home equity loan will get to select a gift, and we might have a bunch of gifts all wrapped up and they won't know what's in them. We are also doing another one for investments and it looks like a race track and it's back in our break room. I set up this race track and each one of my staff has a horse with their special name on it and every time they get, not just a referral, but the customer actually sits down and talks with representative, then they start moving around that race track. It's called "Run for the Roses." At the end of that they will receive a dinner and a bouquet of roses. So it's just a little different things, and plus we post little different things like that so that staff can see how they're doing and they love recognition. Then we can go up and say "great job...you've moved six leaps down" and kind of announce it. The other really big motivation factor is not necessarily money or gifts, they just want the recognition. They just want everybody to know that they are doing a good job and that you're proud of them. So I will walk up periodically and say "you know that was a fantastic thought and you had such great customer service, and I just wanted to let you know that the customer is pleased with you and so am I." Well they are beaming for the rest of the day, and you won't believe the kind of customer service you get out of them for the rest of the day. It made their day; it brightened it up...and that's all it took. They were in a bad mood and you just got them in a great mood and they are ready to work for the day. Other things that we'll do, is sometimes we will sit down with them and we will say, "what will motivate you?" You give us your list...is it a free breakfast, is it money, do you want your day off...do you want me to buy you a magazine? They will list out different things of what they want. We are always gearing things all different months. Like I said, the half a day off really appealed to one and she jumped in there and got four applications one day and her fifth applications

came in at 9 o'clock the next morning and she waived good-bye and got a day off basically. That's what she wanted and she said, "I'm outta here." We said congratulations. It's different motivations for different people, but you really have to get to know them and you play up on that. A lot of times we do things all the same like the "Run for the Roses" just because that's a team thing, but then there are other times were we will single out individual motivation to get to each person and get them going and let them know that we recognize their hard work.

Shannon: Do you think that employees distinguish between financial and non-financial motivators? Which motivators cause employees to respond more productively?

Tracy: Yes, absolutely. I've been with the bank, well I've been in the financial industry for 17 years, or 18 years I should say. I've been with this company for 14. I've worked with many people in many different environments. Not only at a regular branch, I have worked at a main office branch, where you have everything else going on around you as well. I've also worked in a bankmart, so that you are inside a Farmer Jack and it's just the four of you and you are in a very confined little area. So I've learned that everybody has a different motivation. Some people really don't care about the money, they are actually getting paid to do their job and that's how they feel, but they want to be recognized. They want to be told that they are doing a great job and it might be something as simple as doing a little certificate saying we are awarding this to you because you have done outstanding customer service. You've really gone beyond. We do that also within the bank. You will be amazed that when they get that certificate and maybe a little pin that shows outstanding customer service that have gone up and beyond the call of duty...they just beam. Sometimes we will do it within the branch and sometimes we will hold it within the region. So that specific individual gets this award in front of everybody within the entire region. That's what motivates them. Other people are in it purely for the money...the more money you pay me, the better I'll do. That's why we have both motivations as a bank wide. That's why we have both motivations going. You can choose what will motivate you...you can choose.

Shannon: The next part of the question states which motivators cause employees to respond more productively? It sounds like you would have to cater to that employees needs.

Tracy: I've actually seen both. One person is strictly in it for money and the more incentive you offer them the better they will perform and push for that particular product or set of products. And then the other one...the just want to be recognized, because maybe in their eyes, they are wanting to move up in the company and the more recognition that they get is what is

going to get them higher in the company and so that is the direction that they go.

Shannon: If the company were experiencing a time of limited resources, what would be the prime variable or motivating factor that your company would use? How effective would it be?

Tracy: Well obviously they would probably end up going for those non-financial motivators. It might even be...they just might put more twists on it to make sure that they are very recognized. It might even be that the president himself comes out to see you. Which ours does...we've actually had our president come out and shake everyone's hand and just let us know that they have seen what the branch has done and they are very impressed. So they will do different spins on that. They will show that they will go above and that there is nobody too good to be able to count. We've had regional managers, district managers, and we've had the president himself...if that's what it takes...he will come and personally give you an award.

Shannon: In your opinion, how do employees in your work environment respond to different motivation styles or techniques?

Tracy: Mine kind of...right now...all of my staff, believe it or not, sort of responds equally, because we give them both. They get paid, they get little gifts, and they also get the recognition. It will even be that we will write about them so that it goes into our region's newsletter, so that everybody gets to know what they did. So our staff pretty well beams.

Shannon: Since you give both rewards, both incentives, can you tell with each employee which one they're striving for?

Tracy: You know it's funny because, I will look and say that well Sarah, money or being paid for something is not that big of a deal for her. I mean she'll except it, she loves the extra income, you know what I'm saying? For her, she tends more to the recognition. Terry needs more of the funds just because of her situation, but believe it or not, she is the very one that if you come out and give her a verbal recognition, you see her beam for the rest of the day. So, my staff, and these two I think they like more of the money right now...so I think that is what they are going for...that extra. I think, of course, it also depends on their jobs. I think that's why we try to praise even more on the CRS level because they always feel like they are the bottom of the barrel. We are always trying to show them actually they are not. They are the front line person, if they fail we all fail. So we are very dependent on them at times. I think that they just like to be told, that we know what their job is and we appreciate them and give them that acknowledgement. That's what it takes. I think that in the long run...I

think that acknowledgement takes over money. I just do. I think that people like to be told that they are doing a good job and that they are seen. I really do. So far everybody that I really talk to, when it comes down to it. I mean they love the gifts, and they love the money, but I actually see their face light up a whole lot more when you just verbally come up to them and tell them they have done a great job and you thank them for it. That's to me...I see them respond to that more. Don't get me wrong though, if you offer someone \$50.00 they are going to take \$50.00. However when you actually watch them the rest of the day...if I paid someone, walked up to them and said here is your \$50.00 and just walked away, the rest of the day wouldn't change. If I walked up to somebody and said "wow you just knocked my socks off with what you just did and there are very few people that have accomplished what you have accomplished...and from the bottom of my heart I thank you for it," they are beaming for the rest of the day and they have actually got that extra step in their step. You know...you can hear it when they are talking to the next customer. You have made their day. That's what I have noticed.

Shannon: Do you think that your own experiences with different motivating factors and styles effects your perception of what will be effective for your own employees?

Tracy: Sure it does, because what you like...when I started in the business, I also liked...sometimes it's a thankless job and you are dealing with money and you get a lot of customer problems. Your day doesn't go by when you are sometimes dealing with a customer that can come in very irate and some days you can feel like you are getting slapped down faster than you can stand up. You are sitting in one little spot, and it's all customer service. In this day and age, people come in and they are not always in the best of moods...even if there is nothing wrong, they come in very grouchy. Our employees have to approach each and every customer with a smile on their face. Sometimes you don't feel like smiling, but they have to do it, and they know they have to do it. I remember those days, because fortunately I was one of those that has also worked every single position. I think that that helps me out in my management because I have been in every single position that I now manage. I can remember that it just feels good for somebody to come by and just thank you. That's why I tend to try and motivate both, a gift is really nothing unless there is a thank you attached to it.

If you have a manager that is taking all of the glory for themselves and has never shared it with the staff, that stays with you forever and it makes you go "I do not want to be one of them." I've actually known some of those and I still see some of those, they still exist. You walk into their branch and everybody is very somber, they are just doing their job, no communication. We've actually had customers come in here and say it is so fun to come in here to bank because we are always laughing and all

helping each other, every one is joking, and you know us. When we get those comments from our customers, that's what we want to keep. That's why I do the management style that I do. Plus this gets me where I work with every single one of my staff. I stand right by their side on any given day and it works. I think that's the most important thing, and my staff has always said that they really like it, that I work right with them. I never ask them to do something that I won't do myself. I will also always take on the extra work. If they feel that they are overwhelmed, they know that they can say that they can't get to it. I will take on that extra work and help them that day, but they know that I still appreciate the work. I always tell my staff, "you know, I'm so glad that you are here today, you are going to make my job so much easier, just by showing up." That's all it takes. One of the rewards right now is that they went out to get a free breakfast, that's where one of them is right now, picking everything up. It's a Saturday, it's not so bad coming in.

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