



Intangible Rewards and Engagement of Employees: A Guide to Managerial Work

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ABSTRACT

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Intangible rewards and engagement of employees: A guide to managerial work

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The increasing complexity of today's organizational environment has led to the need to analyze the link between intangible rewards and employee engagement. This thesis aims to determine the extent to which these factors can influence the development of engagement. This research is very important as organizations are beginning to recognize the importance of implementing intangible rewards that can help improve the experience of their employees. Through the research, I have been able to gain a deeper understanding of the various types of intangible rewards and their effects on employee engagement and motivation. The findings of this research can be used by managers to improve their employee engagement efforts.

In this thesis, there was no client, so the thesis topic was chosen because of the writer's interest in human resources and improving employee engagement and satisfaction. Good managerial work can positively impact the well-being of their employees and help a company achieve its objectives by making sure that workers are up to the demands of the organization.

This functional thesis provides a guide for all managers or those who are interested in managerial work regardless of their industry. The objective of the thesis was to find out what kinds of strategies managers can use to optimize their employee's intangible rewards and engagement. With the guide, it can help managers optimize their work quality, which can directly affect the well-being of their employees.

Key words: intangible rewards, engagement, motivation, managerial work, a guide

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1 INTRODUCTION

1.1 Thesis Topic

In today's working environment, where monetary rewards are the principal motivators mostly, the importance of intangible rewards is not as prominent. This thesis aims to research the various factors that can influence employee engagement through intangible rewards.

This thesis topic is relevant since companies are mainly focused on their results. But it is still important to care for and acknowledge the employees as a healthy workforce helps companies establish, for example, a competitive advantage. Having a more enjoyable work environment can help employees feel better about themselves and their health. It can also reduce their stress levels and improve their quality of life.

The thesis is functional and provides a guide for managerial work. The thesis is designed to provide managers with a guide on how to implement effective intangible rewards that can improve their employee engagement and motivation. In this thesis, there is no client, so the thesis topic was chosen because of the writer's interest in human resources and improving employee satisfaction and engagement.

1.2 Thesis Objective, Purpose, and Research Questions

The thesis objective is to identify the key types of intangible rewards in the workplace and to explore the relationship between intangible rewards and different motivation theories. Also, to assess the impact of intangible rewards on employee motivation and job satisfaction and examine how managers can optimize intangible rewards through various techniques. And lastly, propose practical strategies for enhancing employee engagement through the effective use of intangible rewards.

The purpose of this thesis is to provide a practical guide for managers who are interested in learning more about the concept of intangible rewards and employee engagement or just are starting their career as managers regardless of their industry. The guide will help managers identify the factors that can influence their employee's engagement. It will also help them understand how they can help their subordinates perform their duties efficiently. Good managerial work can result in an employee's well-being, and it can also help a company meet its objectives by making sure that its employees are up to the task. The guide should be clear and concise so that people can easily read it and obtain valuable career advice. It should also not take too long to read and should not be too hard to follow, instead, it should be easy to understand and should be coherent.

In this thesis, the focus is on the importance of intangible rewards and employee engagement. The research question was designed based on what it aims for. The research aims to analyze the factors that influence intangible rewards and employee engagement and develop theories that can help optimize the effectiveness of those. The research question was designed based on that information.

Main research question:

- To what extent do intangible reward contribute to employee engagement within organizations?

Sub questions:

- What are the key types of intangible rewards recognized within organizations?
- What is the relationship between intangible rewards, employee engagement and motivation?
- What specific strategies can managers implement to optimize the impact of intangible rewards on employee engagement?

1.3 Thesis Structure

The structure of a thesis is designed to guide readers through the research process, from the introduction of the topic to the presentation of findings and conclusions. This thesis begins with the introduction, which provides an overview of the topic, its objective, the research question, and the significance of the research. The next chapter is a literature review, which provides reviews of existing literature on the topic and establishes the theoretical framework that informs the research. The third chapter is about methodology, which describes the research design and methods used for data collection and outlines how the study was conducted. In the fourth chapter, the results of the research are presented, and data are analyzed about the research question and objectives. The fifth chapter is a discussion that interprets the findings and explores their implications. Lastly, there are conclusions and recommendations. The conclusion summarizes the main findings and restates the research question and objectives. Recommendations provide practical suggestions based on the research findings.

1.4 Ethicality and limitation

Ethical considerations constitute a fundamental basis for academic research, protecting the welfare, dignity, and integrity of all participants in the process. This chapter outlines the ethical guidelines followed during the research, which did not utilize surveys or similar techniques for gathering data. Since the research was based mainly on existing literature and secondary data analysis, the traditional process of obtaining informed consent was not applicable. It is essential to emphasize, nevertheless, that the data used came from publicly accessible sources, and that any citation of sources followed the rules of academic integrity. Being transparent is essential to conducting ethical research, and this research has taken great care to explain its goals, procedures, and methods. Open acknowledgment of any restrictions or limitations enables readers to assess the research critically within its parameters.

The limitations and factors that could affect the findings' applicability and scope are discussed in this chapter, especially considering the lack of surveys or comparable data collection techniques. The primary limitation stems from the reliance on existing literature and secondary data analysis. The absence of direct engagement with a live sample restricts the ability to explore dynamic, real-time responses and details that could have been uncovered through interactive methodologies. The results' applicability to wider or more diverse populations may be limited by the absence of primary data collection. The scope and breadth of previous research on the topic as well as the databases consulted for secondary data may have an impact on the depth of insights, and the research's time frame limitations.

2 LITERATURE REVIEW

The literature review introduces the overview of existing concepts and theories of intangible rewards, employee engagement, and motivation. A literature review is a critical analysis of the work that has already been published. It is primarily used to help the author gather the necessary fundament of knowledge to conduct their research (The University of Edinburg 2023).

2.1 Intangible Rewards

An intangible reward is a non-monetary reward that an employee can receive for their efforts. It can be used to show appreciation for their work and is usually given after an employee has performed well. These types of rewards can help promote a positive work environment and enhance job satisfaction. Unlike tangible rewards, which are usually associated with a salary or benefits, intangible rewards can have a significant impact on an employee's emotional and psychological well-being, and they are more cost-efficient than monetary ones (Vasal 2023).

The concept of total reward refers to tangible and intangible rewards, which are the various methods that an organization uses to reward its employees. Some of tangible rewards are indirect, such as health insurance and time off and another type of tangible rewards are direct, which are salary increases and bonuses. Total rewarding (Picture 1.) shows the total rewards and how intangible rewards are as part of it. As can be seen the role of intangible rewards as in total rewards is a small percentage, but it has a huge impact on the overall success of the organization if they optimize it well.

Intangible Rewards as Part of Total Rewards

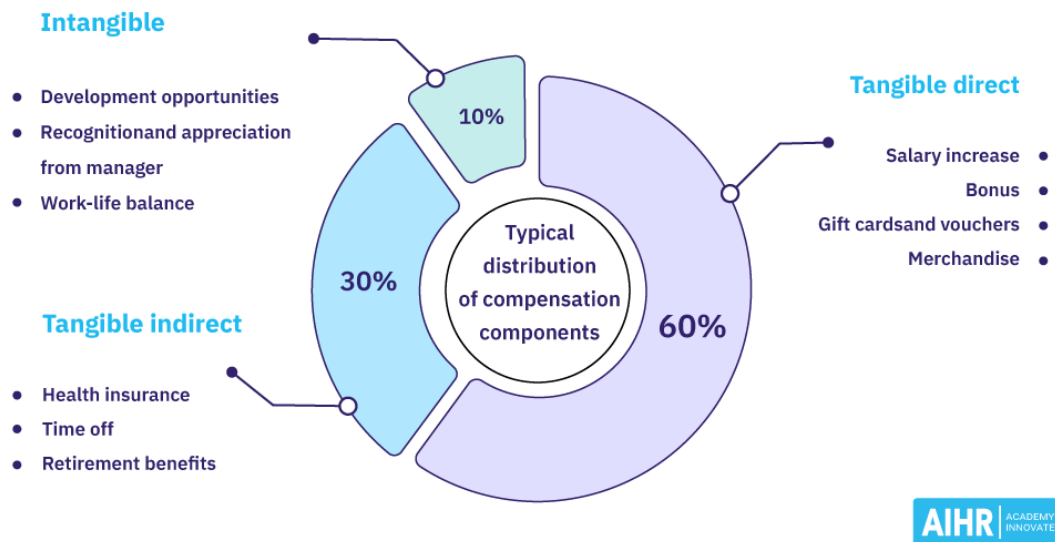


FIGURE 1. Intangible rewards as part of total rewards (AIHR).

The main key characteristics of intangible rewards are recognition, feedback, opportunities for personal growth, meaningful work, and a positive work environment.

Recognition: The concept of recognition refers to the acknowledgment of workers' contributions and achievements. Recognition can be achieved by verbalizing praise or writing a commendation.

Feedback: Giving constructive feedback can help employees develop their performance and identify areas for development. It can also reinforce positive behavior.

Opportunities of personal growth: Offering opportunities to develop employees' skills or advance their careers is a way for organizations to show their commitment to the growth of their employees.

Meaningful work: Rewarding employees for taking on projects and tasks that align with their interests and skills can boost their satisfaction and engagement in the workplace.

Positive work environment: An organization's positive and supportive culture can act as an intangible reward in helping employees feel comfortable and valued in their jobs.

Intangible rewards are significant for an organization since when an organization prioritizes intangible rewards it raises chances of attracting and retaining the top talent. Highly engaged and appreciated employees are more likely to remain with their current employer, which decreases employee turnover. On the other hand, also new employees might be attracted to organizations that prioritize intangible rewards. Another significance of intangible rewards is that it can help foster a more positive organizational culture because employees will feel more connected to the organization's values when recognition, appreciation, and meaningful work are accentuated (Ibrahim, Mohammed, Fallatah, Alabdulhadi & Salem 2023).

2.1.1 Recognition

The time for change in the workplace has arrived since a growing number of employees are seeking jobs that better suit their needs rather than the highest-paying positions. Employees are seeking organizations that provide recognition and encouragement to achieve their objectives. Recognizing employees can help organizations enhance the experience of their employees (Rogers 2022).

Recognition as part of the intangible reward means that employees are acknowledged for their efforts and achievements in the organization. Recognition focuses on the emotional and psychological aspects of employee engagement and motivation. Recognition is an effective tool that can engage and motivate employees when showing appreciation for their hard work and dedication. Various forms of recognition can be used, such as written acknowledgment, verbal praise, and awards (Wickham 2023).

The way how recognition is done is crucial because every employee is an individual and therefore not all are the same. Some individuals favour, for example, public praise and others private form of recognition. Therefore, it's necessary to identify every employee's personality type and how they prefer to get recognition that is the most appropriate to them (Wickham 2023).

The recognition can be verbal or written, such as verbal recognition can include making a point of thanking employee or publicly acknowledging their contributions. Instead, written acknowledgement may be provided in the form of a note, email, or letter. There are three types of recognition that can be done depending on the situation, such as public, peer and managerial. Public recognition can be done by announcing employees' achievements in a companywide or team meeting, or through social media. A peer recognition is a way for employees to show appreciation for their colleagues. It can help promote a more collaborative and positive work environment. Managerial recognition is an approach that involves a formal evaluation or feedback session, one-on-one interactions, or informal gatherings where the manager expresses appreciation for the employee's efforts (Cross 2023).

The importance of an employee experience is a vital part of any organization's success. However, implementing effective strategies to foster a favorable experience can help boost employee satisfaction and personal growth. Recognizing employees can help an organization provide a more enjoyable experience. Creating a convenient employee experience through the digital, interpersonal, and environmental elements is the essence of a successful workplace (Rogers 2022).

Digital Experiences: Because of digitalization, the workplace is constantly changing, so organizations need to focus on their digital aspects. A digital recognition system can help employees feel recognized and content by providing them with a customized experience that's designed to meet their needs. It can establish an entertaining and interactive experience for employees.

Interpersonal Experiences: Employees are spending plenty of time with their coworkers and managers and therefore, it's one of the crucial composers to define the healthiness of the organization. Making an employee feel appreciated for their contributions to the organization is the aim of employee recognition. Organizations can enhance the work experience of their employees by putting in place efficient recognition programs.

Environmental Experiences: One of the most essential factors that organizations consider when it comes to creating a great work environment is recognition. This can be achieved by designing recognition programs that emphasize the creation of a lively and healthy work environment. A well-designed recognition program should be able to accommodate the varying needs of employees. Since the COVID-19 pandemic, the workplace environment has changed, employees are working at the office or remotely and therefore a comprehensive workplace environment is needed regardless of where workers are located.

The importance of recognition in the workplace is enormous because being able to acknowledge and appreciate the contributions of employees can help boost their satisfaction and make them feel valued and included in the organization. Therefore, they are more likely to feel engaged and motivated when their managers show appreciation for their hard work. Also, recognition can result in higher job satisfaction, which can lead to a more stable organization, because satisfied workers are more likely to stay with the organization and avoid looking for other jobs. Constant recognition can help organizations create a positive organizational culture, which promotes excellence among employees and fosters appreciation for their contributions.

2.1.2 Feedback

Feedback is a process of communication between employees and managers, which involves providing suggestions, insights, and observations to help employees improve their work or performance. It is a great way to promote awareness of oneself and guides employees to grow and develop their skills (Castillo 2023). Feedback is crucial to us as individuals in our jobs because it can help us develop

effective behaviors and improve efficiency. It can also help guide the actions and decisions of others. Unfortunately, many people are not comfortable giving or receiving feedback (London 2014, 3).

Several different types of feedback can be used depending on the situation. They can be divided into three main parts according to the type of evaluation, form, and content (Castillo 2023).

Three types of feedback can be used in an evaluation. These are based on the type of evaluation that is planned on conducted.

Positive feedback: A positive evaluation is a form of feedback that highlights an individual's abilities, strengths, and achievements. Positive feedback is necessary, as it helps employees feel that they're doing a desirable job. Positive feedback aims to reinforce positive actions, behaviors, or outcomes. It encourages employees to strive for excellence and recognizes their achievements.

Negative feedback: Negative feedback is aimed at highlighting areas of concern for the employee and offering suggestions on ways to improve. It is the most challenging type of feedback and is required to foster employee growth.

Constructive feedback: With constructive feedback, an individual can enhance their performance by highlighting areas of their work that they can improve. It can provide them with tools and solutions to develop.

There are four types of feedback can be used in a form:

Implicit feedback: The implicit form of feedback involves messages being conveyed through signs or the tone of voice. It is important to avoid sending the wrong message to the intended recipients. This technique is commonly used to avoid a confrontation and includes delivering feedback in a sensitive custom.

Explicit feedback: Explicit feedback is an entirely straight method of conveying a message. It can provide specific details about an employee's performance, despite its negative or positive nature.

Feedback 360: A more complicated form of feedback is Feedback 360, which requires the involvement of other people, such as managers and colleagues. With this method, an employee's achievements can be estimated from varying viewpoints. This form of feedback aims to provide employees with cherished insight into how to enhance their performance.

Continuous feedback: Instead of being praised at only specific moments, continuous feedback is a form of feedback that is offered regularly. This method is used to observe an employee's efficiency.

The last type of feedback according to the content has two types, which are general and specific feedback.

General feedback: Feedback that concentrates on an employee's general perspectives is referred to as general feedback. It doesn't consider the details that could apply to the issue being discussed.

Specific feedback: In contrast, specific feedback aims to provide more precise information, such as reforming an individual behavior, like preciseness. This type of feedback is frequently used to recognize problematic issues and implement effective measures to enhance performance.

In general, the feedback can be written or verbal. Written feedback is a type of communication that can be provided in a variety of forms, such as comments on documents or performance appraisals. It allows for detailed and recorded discussions. Verbal feedback means that it's given orally, in face-to-face engagements, or in meetings. It is more personalized and swifter. The feedback can be given by colleagues or managers, which means that feedback from peers is typically provided by colleagues at the same level and it gives an individual a unique perspective on their performance. Managerial feedback is typically given by supervisors. It can include an evaluation of an individual's performance, professional growth, and achievement goals. Lastly, in today's working environment, feedback can be given remotely or in a virtual work environment using digital tools (Kirk 2023).

In workplaces, feedback may be utilized to motivate or inspire employees. Feedback is a form of recognition that tells an employee that their work is appreciated. It can help an employee to develop their work identity and motivation. Having feedback can also help build a trusting atmosphere in the organization. Feedback is a sign to employees that someone is noticing their contribution. In most companies, employees often feel like they are working alone. With feedback, one can share their achievements with others. An employee may not be able to tell if they are doing the right thing if they are not receiving feedback. This can make them feel like their work is not worth anything. Also, a single positive comment from either a supervisor or colleague can have a lasting impact on an individual's career (Sarkkinen 2017).

According to psychologists, feedback can help improve an individual's motivation. It can also alleviate learning by providing helpful information in a way that's significant to the individual. Information on outcomes is a vital part of motivation, as it originates from feedback that comes from the achievement of a job or task. Feedback plays a significant role in career motivation. The heading and steadiness of an individual's career can be influenced by their insight into their environment and oneself. This is because information about potential career paths can be acquired from performance feedback. Feedback is also an essential part of learning, as it can help employees to develop their skills and behaviors. Feedback enables individuals to try new things and improve their performance (London 2014, 6).

2.2 Employee Engagement

The concept of employee engagement refers to the various features that contribute to its development. First, it requires the maintenance of energy. Second, it is about the individual's ability to interpret the experience of their work. Lastly, it is about the level of directionality that the engagement has. An employee's engagement is singular because it is concentrated on the employee's work context. It involves the full involvement of the individual, including their psychological knowledge. According to a study, employee engagement involves experiencing

significant, critical emotions and cognition. These types of expressions are regarded as psychological appraisals that are related to the expectations of the work environment (Shuck 2019, 8).

The concept of employee engagement also refers to the individual's desire to be engaged in their work. This is because the desire to be successful in their job is linked to the experiences that they have throughout their career (Shuck 2019, 72). Powerful motivational states such as pride, accomplishment, and belief can lead employees ahead. In the workplace, an employee may come to work completely engaged if they are feeling proud of their accomplishments and if their work is valued (Shuck 2019, 33).

Employees who are engaged in their work are more likely to maintain their focus and direction as they carry out the task at hand. When employees believe that their actions are meaningful, they tend to choose to engage proportionately. Unfortunately, many employees who believe that their work is meaningless or unsafe may not be engaged in the company's operations. The importance of the work that an employee is doing and the feedback they receive are two of the most important factors in employee engagement (Shuck 2019, 21).

Studies have shown that employee engagement can extend beyond the workplace. According to studies, being engaged can also have a positive effect on an employee's life outside of work, because being engaged at work help decrease an employee's levels of anxiety and depression. It can additionally help employees feel more able to forgive themselves for their failures (Shuck 2019, 59). According to the findings of the studies, leaders who encourage the development of an environment that supports employee engagement are more likely to have higher levels of creativity and innovation and satisfaction with their employees. They are also more likely to have a higher level of profitability (Shuck 2019, 62).

The concept of employee engagement is not a requirement, nor can it be empowered through any methods or convention. The goal of employee engagement is to make people feel included. An employee's engagement occurs when they believe that their organization will support them and that their interests are also

considered equally. This belief is commonly seen as being related to their supervisor (Shuck 2019, 71).

Organizations that are interested in enhancing their employee engagement may target on adopting recognition techniques that sustain mid-st knowledge and educate managers to approach their work from a different perspective. Developing systems that promote such as psychological safety and career mapping are also essential for all employees. It's necessary for organizations to find ways to communicate the importance of their employees work by establishing genuine ways to connect with their employees (Shuck 2019, 72). One of the approaches may include, for example, being able to discuss the safety of their colleagues and the overall condition of their work environment can help boost feelings of engagement. This can include their thoughts about the safety and meaning of their environment, their desire to be in the workspace, and how those experiences are linked to the concept of employee engagement (Shuck 2019, 34).

Various tools are used by organizations to measure and study the level of engagement in their workforce, such as surveys and assessments. Various strategies can be used to improve the level of commitment and dedication of employees, such as providing clear communication, recognizing workers, promoting professional growth, and fostering a enjoyable work environment.

2.3 Motivation Theories

The concept of motivation is defined as the shaping of an individual's desired behavior in a satisfactory and acceptable way. It is linked to various concepts such as stimulus and motive. A stimulus can stimulate an individual to behave in a certain way to provide them with a reason to do so. In the process of motivating, a person is engaged in accomplishing specific goals (Nieżurawska 2023, 7).

Richard Ryan and Edward Deci developed the Self-Determination Theory (SDT) of motivation and according to the theory, there are two ways to be motivated to do something: intrinsic and extrinsic. Intrinsic motivation is proactive and instead of focusing on external goals, intrinsic motivation is focused on the things

that inspire people. This type of motivation can be triggered by the person's inner desire. It helps individuals avoid being burdened and instead focus on the things that they want to experience. Extrinsic motivation is instead reactive and it's outside the control of the individual. Its primary motivator can be fear of punishment or reward, or group pressure. Striving for external goals can make one feel repulsive, and it can consume a lot of mental resources due to its negative effects on one's well-being (Mayor & Risku 2022, 39).

Motivation is one of the crucial elements in developing an individual's work effectiveness. Numerous studies have presented that proper motivation can lead to higher commitment levels. The implementation of effective incentive programs can help employees develop their motivation permanently (Nieżurawska 2023, 7). An employee with low motivation might be working at a slower speed and not putting much effort into their job. This can lead to a waste of resources and affect the performance of other employees. It could also prevent the company from achieving its goals. Conversely, employees who are motivated tend to be more productive, as they are more likely to put in the extra effort required to finish their tasks. They also want to focus on accomplishing the company's goals and contributing to its success. The success of a company depends on its employee's motivation (Perkbox n.d.).

The next chapters will go through the studies of various motivation theories so that managers will have a better understanding of how to motivate their employees. Theories can help identify the various factors that influence people's motivation, such as environmental factors and individual needs. This knowledge can then be used to develop targeted interventions that can improve the motivation of employees. Different people may be motivated by varying factors. With motivation theories, one can address and understand these differences, which makes for more effective management techniques. Understanding the various theories of motivation can help organizations improve their performance by creating environments that foster commitment, dedication, and satisfaction among their employees.

2.3.1 Maslow's Hierarchy of Needs

The Hierarchy of Needs is a framework developed by Abraham Maslow in 1962. He outlined the concept of the hierarchy of needs, which sought to explain how people behave and what factors motivate them to act. According to the theory, individuals are motivated to fulfill their needs in a certain order, with the lower ones being prioritized over the higher ones (Harrison 2005). From the bottom of the hierarchy upwards, the needs are physiological, safety, love and belonging, esteem, and self-actualization (McLeod 2018).

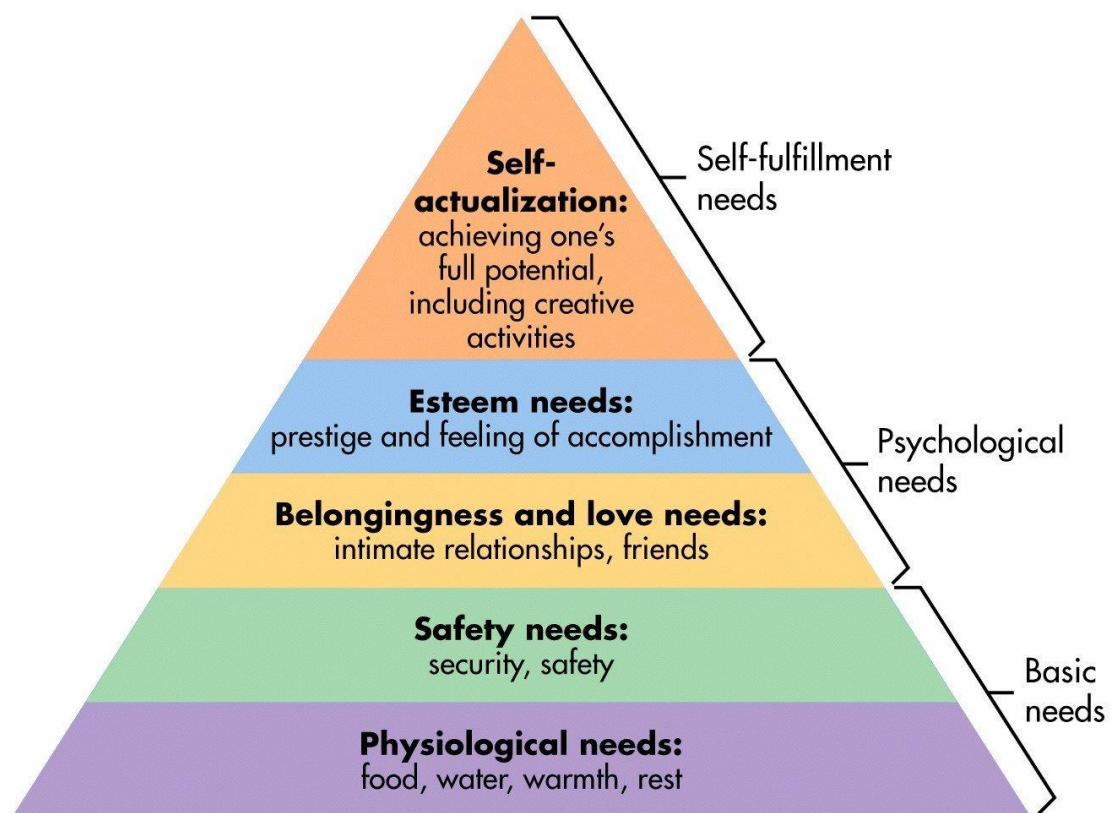


FIGURE 2. Maslow's Hierarchy of Needs (Simply Psychology).

- 1. Physiological needs:** Humans need food, shelter, water, and sleep to survive. Satisfying these necessities is the goal of most individuals until they are met. Some of the factors that can help employees meet their physiological needs are rest breaks, occupational health care, and exercise at the workplace.
- 2. Safety needs:** Once physiological needs are met, individuals start seeking security and safety. This includes protection from harm, financial stability, and

physical safety. The factors that can help employees feel safe in the workplace are the proper employment relationship, ergonomic equipment, and salary.

3. Belongingness and love needs: After meeting safety and physiological needs, people seek social connections and a sense of belonging, which can involve feelings of love and acceptance. The workplace can influence the social needs of workers by fostering teamwork, group cohesion, and a favorable supervisor-employee relationship. To create a positive work environment, the manager should aim to establish a strong team spirit and develop a good relationship with employees.

4. Esteem needs: Satisfying one's esteem requires one to feel proud of one's accomplishments, be recognized by others, and be able to express one's self-worth. This stage also encompasses external and internal esteem. Appreciation needs can be met in the workplace through the establishment of goals, evaluations, rewards, and feedback practices.

5. Self-actualization: At the top level, one seeks fulfillment of one's purpose, individuality, and creativity. This phase also involves attaining personal growth and realizing one's potential. Self-actualization can be seen in various ways in the workplace, such as career advancement, fulfillment in one's work, and a sense of competence. If the goal is to maintain employees' commitment to the company, then the needs of the previous levels must be met.

This theory separates extrinsic and intrinsic motivation. Extrinsic motivation is frequently related to physiological and safety needs. Extrinsically motivated individuals are more likely to avoid negative consequences by choosing external rewards. As people reach higher levels, their motivation becomes more intrinsic, and they are motivated by factors such as their personal growth and fulfillment of their potential (Ruohotie & Honka 1999, 14).

The hierarchy of needs helps managers understand that their subordinates may have different motivation sources. Managers need to be knowledgeable enough to identify with their subordinates what motivates them. Managers can enhance employee retention and satisfaction by addressing the varied needs and motiva-

tions of their employees. Some of the ways managers can do this is by implementing safety measures or providing avenues for personal growth to fulfill esteem needs.

Transitioning from Maslow's Hierarchy of Needs to Herzberg's Two-Factor Theory allows for a more exploration of the factors that influence employee satisfaction and motivation. While Maslow's Hierarchy of Needs provides a broad idea of what human needs are, the Two-Factor Theory by Herzberg goes into more detail about the elements that can affect employee engagement and attitudes. Herzberg's theory provides a more focused lens, shifting our attention from general human needs to the distinct factors that contribute to job satisfaction and dissatisfaction. Transitioning focus from Maslow's broad categorization of needs to Herzberg's dual-factor approach helps to gain a more refined perspective on the workplace dynamics that directly impact employee motivation and engagement.

2.3.2 Herzberg's Two-Factor Theory

Frederick Herzberg conducted a study in the 1950s to find out what made some employees feel dissatisfied and satisfied at work. According to Herzberg, two dimensions of job satisfaction affect an employee's motivation and attitude at work. These are the hygiene factors and the motivators. He claims that while hygiene issues can't directly motivate workers, they can help minimize their dissatisfaction if properly handled. Some of the common hygiene topics that can affect an employee's satisfaction include salary, work conditions, and supervision. On the other hand, motivators are those who help individuals fulfill their needs by providing them with the necessary resources and opportunities to grow. After addressing the hygiene concerns, the motivators can then help boost production and job satisfaction (Syptak, Marsland & Ulmer 1999).

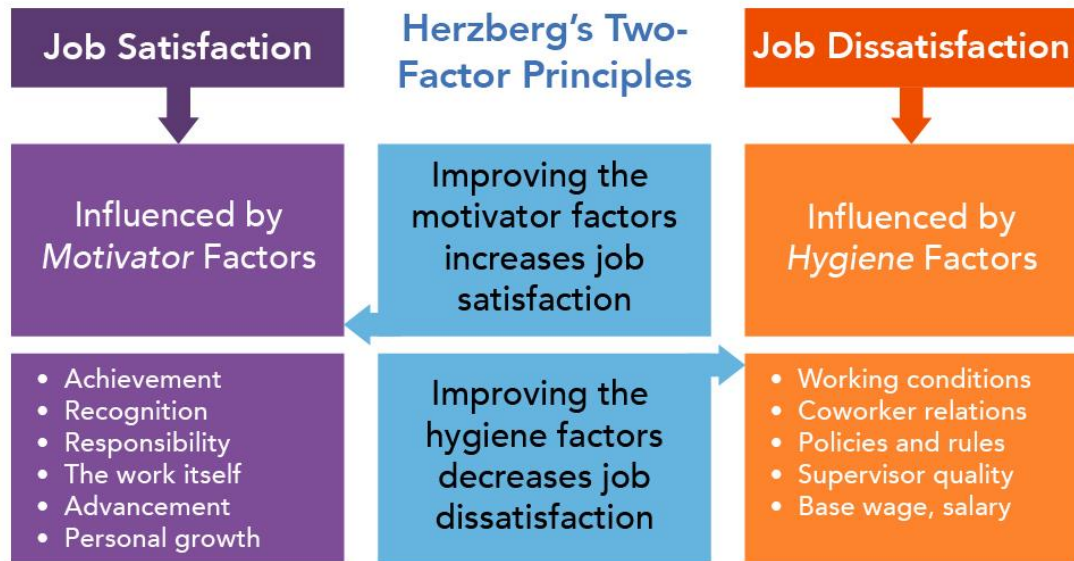


FIGURE 3. Herzberg's Two-factor Theory (Lumen).

Herzberg claims that it is crucial to invest in people's motivation when it comes to work. The two-factor theory states that giving employees, for example, feedback and training opportunities can help improve their performance and personal growth. In addition, hygiene must be maintained to prevent job dissatisfaction. The lack of proper hygiene can negatively affect the working community and employees' motivation (Robbins & Coulter 2016, 496).

To apply Herzberg's theory to real life, it's necessary to go through hygiene factors and motivators (Figure 2.) that can affect job dissatisfaction and how they can be considered to improve the work environment. There are various hygiene issues that can affect the work environment. Although these aren't the main factors that can influence job satisfaction, they should be addressed to develop a work atmosphere that is conducive to employee satisfaction (Syptak, Marsland & Ulmer 1999).

Working conditions: The working environment can have a huge impact on an individual's level of pride. It's important to take the necessary steps to ensure that the organization's facilities and equipment are up to date.

Coworker relations: One of the most essential factors that employers consider when it comes to developing a successful interpersonal relationship with their

coworkers is the availability of social contact. This can be done through the establishment of a schedule that allows employees to meet other people and socialize.

Policies and rules: These can be a source of frustration for workers if they are unclear or not required to follow them. Having policies that are fair and apply to everyone can help decrease the dissatisfaction among employees.

Supervisor Quality: Being a good supervisor is very challenging, and it requires a lot of skills and knowledge. Having the right person in place can help decrease the dissatisfaction among employees. One of the most important factors that can be considered when it comes to hiring and retaining a good supervisor is continuous training, for example, to use recognition efficiently and feedback regularly.

Salary: Although an employee's salary is not a motivator, they want to be compensated. If they feel that they are not being compensated, they might not want to work for the organization.

Neglecting these hygiene issues may cause problems in more ways than one. Employees may feel dissatisfied, and this may affect the quality of work. Organizations may lose some of their skilled and dedicated employees who may look for a new job, while mediocre performers may stay put. It's essential to focus first on hygiene and then move to motivators (Syptak, Marsland & Ulmer 1999).

After going through hygiene factors, it's time to develop the theory to real life in perspective of the motivators.

Achievements: According to Herzberg, most people want to do well in their job. To help these individuals reach their goals, it's essential to make sure that employees are placed in positions where they can use the best of their talents. Also, make sure that employees know what the standards and goals are for each position.

Recognition: Everyone in the organization wants to be acknowledged for their hard work. It's important to praise those who perform well, even if their accomplishments don't have a significant significance. Noticing an employee doing well, it's essential to show appreciation immediately.

Responsibility: Having responsibility can help workers feel more motivated to perform their duties well. This can be accomplished by giving them enough power and freedom to do their jobs.

The work itself: The tasks themselves can have a huge impact on an employee's feelings about their work. Their level of engagement and difficulty can significantly affect their satisfaction.

Advancement: One of the most essential factors that organizations can consider when it comes to rewarding their employees is providing them with a new title that reflects their achievements. This can help them make their employees feel valued and improve their performance. When it comes to supporting employees, it's necessary to allow them to pursue higher education.

Personal growth: Many growth opportunities are like the principles of Maslow's Theory of Self-actualization. They provide people with the chance to enhance their personal development and experience promotion in the workplace. Being able to grow personally can help an individual develop their professional capabilities and increase their chances of attaining new knowledge.

While Herzberg's Two-Factor Theory provides valuable insights into job satisfaction and dissatisfaction, transitioning to Expectancy Theory allows for a more comprehensive examination of the psychological mechanisms influencing individual performance and effort. The Expectancy Theory offers a more in-depth understanding of how employees perceive effort, performance, and potential rewards, providing a more dynamic perspective on workplace motivation. Extending the focus beyond the factors that directly affect job satisfaction allows to analyze the cognitive processes involved in evaluating an employee's performance and effort.

2.3.3 Expectancy Theory

In 1964, psychologist Richard Vroom explained that the forces that motivate an individual are multiple factors that can affect their performance. They can be perceived as instrumentalities that can lead to high-level outcomes, such as productivity, and valences that can help with the perception of desirability (Barakat & Moussa 2019). The expectancy theory focuses on outcomes instead of needs unlike the concepts of Herzberg and Maslow (Juneja 2015).

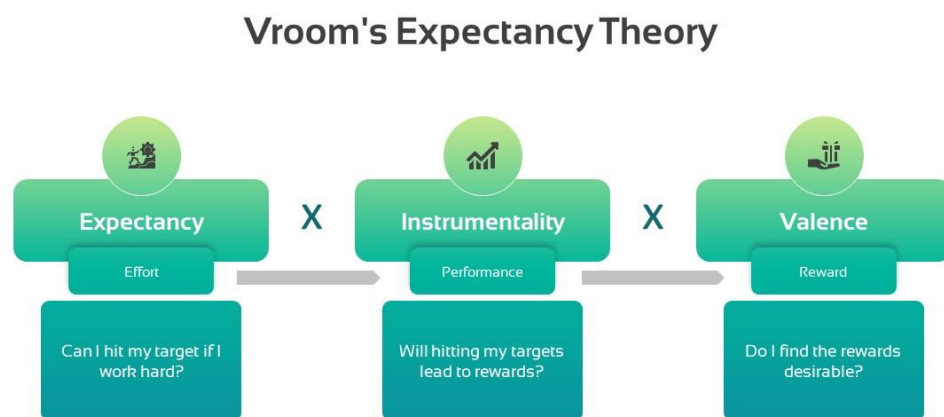


FIGURE 4. Vroom's Expectancy Theory (SlideBazaar).

The expectancy theory can be expressed in terms of a formula, which is: Motivation = Expectancy x Instrumentality x Valence (Figure 4.).

Expectancy: Individuals' expectancy refers to their belief that their efforts can help them achieve their desired results. It can also be used to measure the likelihood of accomplishing a task successfully.

Instrumentality: The concept of instrumentality states that successful performance can lead to various rewards and outcomes. It examines the connection between rewards and performance.

Valence: The valence of rewards or outcomes is a measure of how attractive or significant a reward is.

To implement the expectancy theory in a workplace setting, it's necessary to understand how people make decisions regarding their performance, effort, and pursuit of rewards according to their valence, expectancy, and instrumentality.

The concept of motivation refers to the multiplication of valence, expectancy, and instrumentality. When these three elements are positive, employees are more likely to exert themselves to perform at their best. To reinforce the link between effort, rewards, and performance, organizations should regularly adopt effective strategies. They should also provide ongoing feedback and reinforce achievements. To ensure that the rewards are relevant to the values and preferences of their employees, the rewards should be aligned with these values.

Employees evaluate their expectancy when it comes to performing tasks successfully. An organization can improve this by providing clear expectations, training, and resources. In addition, managers should ensure that workers have the necessary skills to complete their assignments, for example, professional development and training opportunities should be offered, and job descriptions should include clear performance expectations. Coaching or mentorship initiatives should also be established to help employees develop their skills (Isaac, Zerbe & Pitt 2001).

Employees are more likely to evaluate the link between their desired outcomes and performance if they know that their reward system is transparent. This can help improve the instrumentality of an organization. Clear communication of the link between rewards and performance is also important.

Employees evaluate an organization's rewards and outcomes according to their values. Organizations must understand the varying needs and preferences of their workforce to ensure that they can attract and retain the best talent.

Through interviews and surveys, organizations can gain a deeper understanding of their employees' aspirations and needs. They can then offer a variety of rewards to accommodate these preferences. They can also develop a positive

work environment by recognizing and valuing diverse contributions (Isaac, Zerbe & Pitt 2001).

Having explored the individual cognitive processes in Expectancy Theory, the shift toward the Job Characteristics Model signifies a move toward a holistic understanding of how job design influences employee motivation and engagement. Although the Expectancy Theory provides insight into the various factors that influence people's decision-making, the transition to the Job characteristics model allows to investigate how the inherent aspects such as skill variety and autonomy, contribute to employee motivation and satisfaction.

2.3.4 Job Characteristics Model by Hackman and Oldham

The job characteristics model (JCM) was established by Oldham and Hackman in 1976. It's an extensively studied model of job design that explicates essential work outcomes by modeling job design on a motivational level, such as satisfaction (Singh, Singh & Khan 2016). The goal of the JCM is to explain how a monotonous or boring job can prevent employees from performing well. On the other hand, a challenging or exciting job can boost motivation (Yourcoach n.d).

According to the theory, there are five core characteristics of a job that affect a person's psychological state. These include the skill variety, task identity, task significance, autonomy, and feedback. These factors can also impact work outcomes such as absenteeism and satisfaction. The core characteristics, which the employees see, can have a significant impact on how they react to the job and how this reaction leads to outcomes (Singh, Singh & Khan 2016).

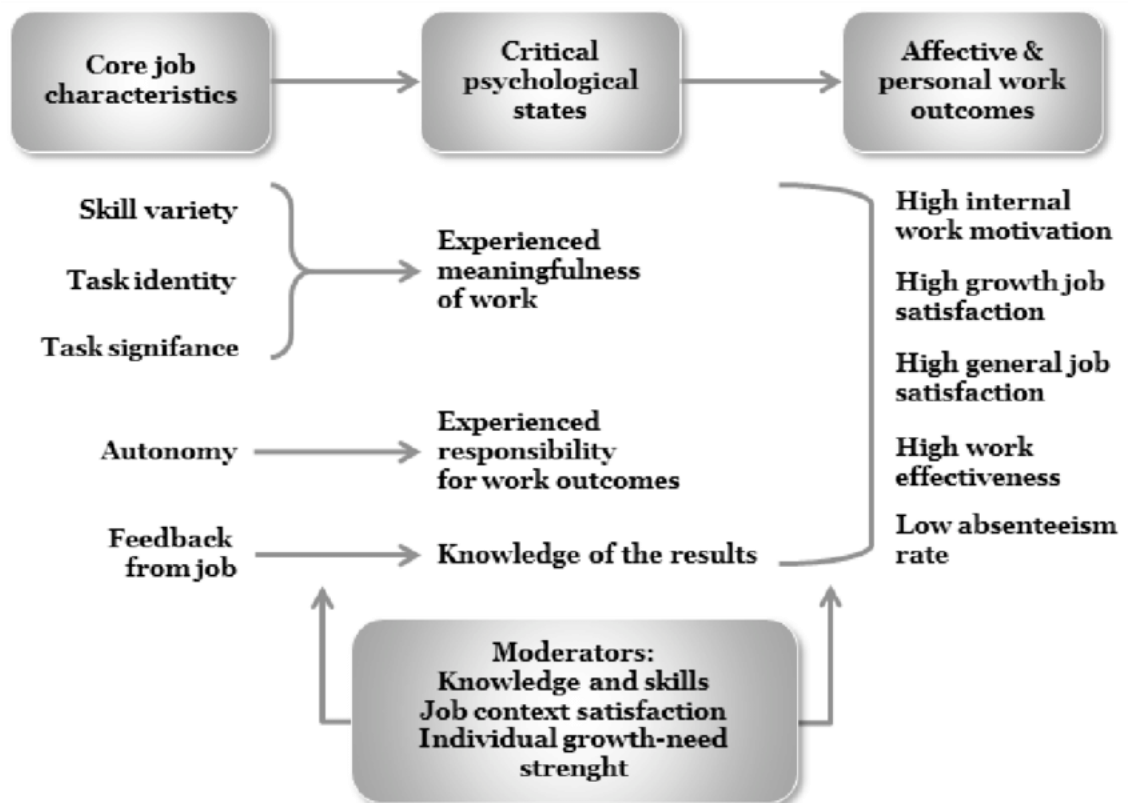


FIGURE 5. The Job Characteristics Model (ResearchGate).

Skill variety refers to the extent to which an individual should have the necessary skills to perform their job. High-skill jobs allow workers to utilize varying abilities, which makes the work more engaging and interesting. The concept of task identity refers to the degree to which a job requires the completion of a specific task. A job with a high task identity allows workers to see the fruits of their job. It also provides a sense of contribution and completeness. The effects of a task on the well-being and lives of others are defined as task significance. High-task significance jobs are those that directly affect others and contribute to a sense of purpose and meaning (Taylor 2015).

A job's autonomy allows employees to have the freedom to set their schedules and perform their duties. With high autonomy, workers can make their own decisions regarding how they perform their tasks, which fosters a sense of control and responsibility. The concept of feedback refers to the extent to which workers

are provided with clear and direct information regarding their performance. Feedback can help employees improve their performance and develop their skills. It can also provide them with an opportunity to learn something new (Taylor 2015).

The job's five core characteristics can influence three distinct psychological reactions, which are meaningfulness of work, responsibility, and knowledge. Critical psychological states are defined as the kinds of reactions that a person can encounter when they react to a job (Singh, Singh & Khan 2016). The concept of meaningful work is related to the idea that a job has meaning to an individual and how much difference it makes to others. It contains skill variety, task identification, and task significance (Figure 5.). It is a fundamental aspect of intrinsic motivation. Having the necessary freedom to act is also important for individuals who want to be successful at their jobs. This includes being able to make changes and utilize the learnings that they've gained while working. One of the most important factors that should be considered when it comes to being successful at the job is having the necessary knowledge about the outcomes of the work. This will enable employees to make informed decisions and improve the quality of their work (Yourcoach n.d).

When a job's core characteristics are included, employees feel a sense of internal motivation and enjoyment. According to the JCM jobs that are designed with certain core dimensions can result in higher job satisfaction. Also, individuals are expected to perform well due to intrinsic motivation and positive psychological states (Singh, Singh & Khan 2016).

3 METHODOLOGY

This chapter of the thesis covers the various steps involved in the research, such as data collection methods, selection, implementation, and interpretation. This chapter is essential because it provides a comprehensive overview of the aspects of research design. The research design process is a learning curve that helps students develop their skills in research. It involves identifying the main idea and defining the problem (Sileyew 2019).

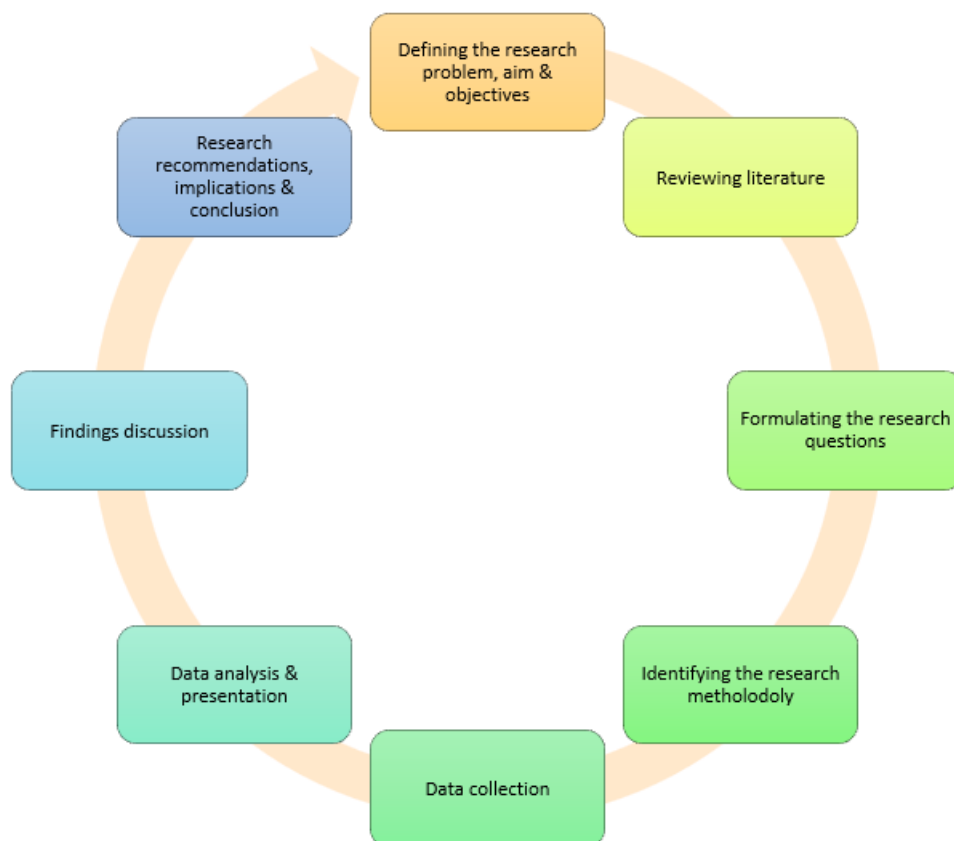


FIGURE 6. The Research Process.

The research process of this thesis can be seen above (Figure 6.). The process began with defining the research problem, aim & and objectives. The research problem serves as the foundation of the research representing the specific challenge or gap in knowledge that the research seeks to address. The research aim

is to provide a high-level statement about the research's main goal and aspirations. Research objectives are specific, measurable, and achievable milestones that guide the research.

The next step was to establish an extensive literature review. This involved a comprehensive exploration of existing various theories on intangible rewards, employee engagement, and motivation. The third step was to formulate a clear and focused research question that would guide the research's development. A well-designed research question provides a framework to address the key issues that affect the research's overall objective. The fourth step was to identify the research methodology, which involves specifying the methods and procedures that will be used to conduct research. It's a critical step in the research process and requires careful consideration of the approach that aligns with the research question and objectives.

The next step of the research process was data collection, which phase is a crucial part of the research process, as it involves identifying the tools and methods that will be used to gather the necessary information. The type of information that will be collected, as well as the nature of the research, are the factors that influence the choice of the data gathering methods. The sixth step was to analyze and present data, which were based on the existing literature. The next step was to discuss the findings, which aimed to provide the researcher with an analysis and a deeper understanding of the results of the research. Also, compare the results with the existing literature and theories to highlight divergences or similarities. The last step of the research process was to establish a conclusion and recommendations. In the conclusion part, the research findings were summarized clearly and concisely. The recommendations section included practical suggestions extracted from the research guiding and how to apply its findings in real life.

Due to time constraints and availability of existing literature, the research was conducted using a literature review and a theoretical analysis as the primary methodology. In this research there was used secondary data methods, and the term secondary data refers to the information that is already available online or in the library. These include, for example, journal articles, books, and exploratory studies. Every source of data must be checked for credibility and must undergo

a critical review. Some of the credible sources that were included in the research were ProQuest Central, Gale eBooks, ResearchGate, KauppakamariTieto: Professional Library, and Alma Talent Business Library. The strategy utilized keywords to find relevant literature, and thematic analysis was carried out to identify key theories and themes emerging from the collected materials. The criteria for using the selected literature were the relevance to research questions, recency, and credibility of the sources.

Although a literature review is a widely used technique, it has various limitations that can prevent from achieving desired goals. Due to the lack of fresh data, it can cause failing to generate new information within a literature review. This can affect the quality of the work and could prevent addressing gaps in the literature. The available literature may be biased due to various factors, such as cultural perspectives, methodological approaches, and publication preferences. This can limit the diversity of sources. Although a literature review serves as an overview of the current studies, it may not capture the changing nature of the subject or provide adequate coverage of new developments. The quality of secondary sources is an issue when it comes to conducting research. The writer must rely on their accuracy and reliability, and errors in the literature may be perpetuated in their analysis. Due to the continuously changing nature of literature, some sources may no longer be reliable. This can affect the accuracy and relevance of the research. Despite these limitations, the chosen methodology for the research was deemed to be appropriate.

4 DATA PRESENTATION & ANALYSIS

The data in this thesis was collected through literature review and this chapter is going through the results of the research that is intended to provide an organized and clear view of the findings.

4.1 Intangible Rewards

In the first chapter of the literature review there was defined the concept of intangible rewards. The concept of intangible rewards refers to non-monetary incentives that an organization provides to its employees as a form of recognition for their efforts. Unlike bonuses or salary increases, intangible rewards are focused on recognizing the employee's accomplishments and efforts. The research findings proposed that intangible rewards play an important role in fostering a positive work atmosphere and they are linked to employee motivation and engagement. Employees who receive meaningful and consistent intangible rewards are more engaged in their work. Intangible rewards can help establish a favorable work atmosphere and make employees feel valued.

Also, an organization that effectively utilizes intangible rewards exhibits a supportive and encouraging culture that values acknowledgment and appreciation. A positive culture can attract top talent, boost employee happiness, and establish a flourishing workplace that encourages collaboration.

The results of optimizing intangible rewards can lead to several positive outcomes, such as employees who are acknowledged and rewarded are more likely to feel highly satisfied with their jobs. Employees who are satisfied with their jobs are more likely to remain with the organization and contribute to its success. Job satisfaction is also a vital factor when it comes to the retention and well-being of employees. Organizations that effectively utilize intangible rewards attract and retain top talent. The ability to retain and attract top talent is very important for an organization to be successful.

4.2 Employee Engagement

The importance of employee engagement is acknowledged by workforce management professionals as it can yield positive results for both the organization and the individual. The link between intangible rewards, motivation, and engagement is also mutually reinforcing.

Through the research of the literature review could be found that employees who are engaged are more likely to exhibit higher levels of performance and productivity. The higher productivity that employees can achieve through engagement can help them maintain a competitive edge and achieve organizational objectives. It encourages them to exert more effort into their work, leading to better results. Employees who are engaged are more inclined to stay with their current organization for a long time. The reduction of turnover can be beneficial for an organization as it helps retain valuable institutional knowledge. Also, organizations that have high retention rates can benefit from stable and experienced staff members. Lastly, employees who are engaged tend to experience better mental and physical health. The well-being of employees can help boost a company's overall resilience and reduce absenteeism.

While conducting the research, it could be found the link between employee engagement towards intangible rewards and motivation. Intangible rewards, such as recognition and feedback, are important factors that can help boost employee engagement because they can help reinforce the connection between the employees and the company. Engaged employees are motivated to contribute their best efforts, and motivation is sustained through positive reinforcement, meaningful work, and a sense of purpose, all of which are facilitated by intangible rewards. The link between those three is significant as it shows the importance of appreciating and recognizing employees.

4.3 Motivation

In the last chapters of the literature review, there was examined various theories of motivation, which showed that they are related to intangible rewards and employee engagement. Through the findings, it can be found that Maslow's Hierarchy of Needs is related to intangible rewards and employee engagement because intangible rewards can help employees address their safety and physiological needs. These include recognition, feedback, and a positive work environment. Feeling appreciated and secure can help employees feel more engaged. Providing feedback and recognition enables employees to feel valued and included in the workplace. In addition, positive interactions can result in higher engagement levels. Recognition, which is an intangible reward, can directly address an employee's esteem needs. Employee's self-actualization needs align with the professional development opportunities that they can take advantage of. Being engaged in tasks that let them excel at their best can also make employees feel more satisfied. Intangible rewards play an important role in addressing Maslow's Hierarchy of Needs, as they can help fulfill these needs and increase employee engagement.

Herzberg's Two-Factor theory is linked to intangible rewards and employee engagement because sufficient recognition and feedback can act as hygiene factors by preventing dissatisfaction. Herzberg's motivating factors are aligned directly with intangible rewards such as recognition, feedback, and opportunities for achievement. These factors can help boost engagement and job satisfaction. According to Herzberg, intangible rewards can serve as motivators, but their absence can lead to dissatisfaction. Feedback and recognition play a vital role in addressing hygiene issues and motivating employees.

The Expectancy Theory suggests that people tend to act in a particular manner based on their expectations regarding the outcome of their actions. The theory comprises three key components: expectancy, the belief that effort will lead to performance and expectations are often linked to employee engagement and performance. Intangible rewards can help motivate and improve an employee's performance. Secondly, instrumentality, the belief that performance will lead to a reward, the link between an employee's performance and an intangible reward is very important. If an employee believes that their efforts, for example, recognized by intangible rewards, will result in positive results, this can improve

their engagement. Lastly, valence, value placed on the reward, the perceived value of intangible rewards influences employee engagement. If employees value recognition, feedback, or other intangible rewards, they are more likely to engage in behaviors that lead to these outcomes.

The last motivation theory was the Job Characteristics Model by Hackman and Oldham, and one of the core characteristics of the model was feedback. Intangible rewards, such as constructive and regular feedback, align with this characteristic and can contribute to worker engagement by uplifting the sense of accomplishment and comprehension of their work's impact. Recognition is often linked to task significance and intangible rewards that recognize the meaningfulness of an employee's work contribute to a sense of significance and engagement. The importance of recognition and feedback is acknowledged in the Job Characteristics Model as it relates to creating an engaging and motivating work environment.

5 DISCUSSION

The primary objective of this discussion chapter is to unpack the findings of the research, drawing connections between intangible rewards, employee engagement, and the overarching theories that guide our understanding of workplace motivation. As we dive into the analysis of the data, we will investigate the degree to which intangible rewards impact employee engagement and, in turn, support the general health and success of companies.

In an effort to comprehend the complex relationships that exist between intangible rewards and employee engagement in organizations, this research has sought to address the main research question: To what extent do intangible rewards contribute to employee engagement? Through an in-depth exploration of existing literature this research has aimed to shed light on the relationship between intangible rewards and the employee engagement.

As organizations navigate the evolving landscape of employee motivation and satisfaction, the role of intangible rewards has come to the forefront of managerial attention. The significance of recognizing and appreciating employees beyond financial compensation has been a focal point in fostering positive workplace environments. In light of this, this research set out to explore the effects of intangible rewards on employee engagement as well as their broader implications for the performance and well-being of organizations.

The findings of this research unequivocally highlight the substantial contribution of intangible rewards to employee engagement within organizations. Through a comprehensive exploration of various intangible rewards and their impact on employee motivation and satisfaction, the research reveals a nuanced understanding of the depth and breadth of this relationship.

The crucial role that feedback and recognition play is one of the main themes that came out of the data. Intangible rewards as significant contributors to employees' sense of engagement. Instances where individuals felt acknowledged for their

contributions or received constructive feedback were directly correlated with heightened levels of engagement. This aligns with the principles of motivation theories, notably Maslow's Hierarchy of Needs and Herzberg's Two-Factor Theory, emphasizing the importance of social and esteem needs.

The research's findings also strongly align with Expectancy Theory, revealing that employees perceived a clear link between their efforts, performance, and the likelihood of receiving intangible rewards. This perceived connection enhanced the motivational impact of these rewards, fostering a workplace environment where employees were not only willing but eager to invest discretionary effort. Furthermore, the analysis through the lens of the Job Characteristics Model (JCM) highlighted how certain intangible rewards, such as feedback and recognition, influenced key job characteristics. Skill variety, task identity, and task significance were positively impacted, contributing to employees' sense of meaningful work. This alignment between intangible rewards and JCM underscores their role in shaping the very nature of jobs and, subsequently, engagement levels.

While the findings robustly support the significant contribution of intangible rewards, it is crucial to acknowledge the limitations of this research. The external validity of the findings may be influenced by organizational context, industry-specific factors, and cultural nuances. Future research endeavours could explore these aspects more deeply, providing a broader understanding of the generalizability of the relationship between intangible rewards and engagement.

The extent to which intangible rewards contribute to employee engagement is substantial and multifaceted. The intricate interplay between recognition, feedback, and various other intangible rewards offers organizations a rich landscape to cultivate a workplace environment that fosters high levels of engagement, ultimately impacting performance, retention, and overall organizational success.

6 CONCLUSION & RECOMMENDATIONS

This thesis conclusion is a vital part of the research process, as it provides a summary of the main findings and establishes the significance of the research.

6.1 Conclusion

The thesis research explores the link between intangible rewards and employee engagement, revealing practical implications and insights. The research shows that the connection between intangible rewards, employee engagement, and motivation is more than a theoretical concept. It can be utilized to transform the present state of the workplace. This chapter summarizes the link between intangible rewards, employee engagement, and motivation emphasizing how important it is to have a work setting that encourages this behavior.

The research went through various motivation theories, which provided a holistic understanding of the factors that drive employee motivation. Each theory brings unique insights into the complex interplay of individual needs, work conditions, and psychological factors. Herzberg's Two-Factor Theory and Maslow's Hierarchy of Needs acknowledge the importance of both intrinsic and extrinsic motivators. Organizations can use this insight to design comprehensive reward systems that go beyond financial incentives, incorporating elements that fulfill employees' higher-level needs for growth, recognition, and achievement. The combination of theories allows organizations to strike a balance between intrinsic and extrinsic rewards. While intrinsic factors like meaningful work and autonomy are crucial for job satisfaction, extrinsic rewards such as recognition, promotions, and benefits contribute to overall employee engagement.

Vroom's Expectancy Theory emphasizes the importance of aligning employee expectations with achievable performance goals and meaningful rewards. Organizations can leverage this theory to establish clear performance expectations, provide the necessary resources for success, and offer rewards that employees

perceive as valuable and directly tied to their efforts. The Job Characteristics Model (JCM) provides a framework for designing jobs that are inherently motivating. Implementing JCM principles can lead to higher levels of employee engagement by enriching job roles, providing opportunities for skill development, and fostering a sense of purpose and responsibility.

Implementing motivation theories emphasizes the importance of continuous feedback and recognition. Recognizing employees for their achievements, aligning feedback with performance expectations, and acknowledging their contributions fosters a positive work environment and reinforces a sense of accomplishment. Motivation theories underscore the dynamic nature of individual needs and preferences. Organizations should be flexible and adaptable in their approaches, regularly assessing the evolving needs of their workforce and adjusting engagement strategies accordingly.

The successful implementation of motivation theories contributes to the creation of a positive organizational culture. When employees perceive that their needs are understood and valued, and when they experience a motivating work environment, they are more likely to be engaged, satisfied, and committed to the organization. Organizations should regularly evaluate the effectiveness of their engagement strategies, solicit feedback from employees, and stay informed about emerging trends in motivational research to adapt their approaches over time.

By considering multiple motivation theories, organizations can tailor their employee engagement strategies to address diverse individual needs. Recognizing that employees have different motivational drivers allows for the creation of more personalized and effective engagement initiatives.

The integration of motivation theories into employee engagement and intangible rewards provides a comprehensive framework for understanding and nurturing employee motivation. By considering the multifaceted nature of motivation and tailoring strategies to individual and organizational needs, organizations can create a workplace culture that fosters high levels of engagement, satisfaction, and performance.

6.2 Recommendations

Based on the extensive research, I have developed a set of recommendations that will help organizations improve their employee engagement and optimize their intangible rewards. These recommendations are inspired by various theories, such as Maslow's Hierarchy of Needs and the Two-Factor Theory, as well as the Job Characteristics Model and the Expectancy Theory. These ideas will help create an environment that is conducive to the development of effective employee engagement.

By Maslow's Hierarchy of Needs I suggest concentrating on the five needs:

Physiological and Safety Needs: Ensure that basic needs like fair compensation, job security, and a safe working environment are met.

Social Needs: Foster a sense of belonging through team-building activities, mentorship programs, and a collaborative work culture.

Esteem Needs: Implement recognition programs, career development opportunities, and avenues for employees to showcase their expertise.

Self-Actualization: Provide opportunities for skill development, training, and challenging projects that allow employees to achieve their full potential.

By Herzberg Two-Factor theory I suggest concentrating on hygiene factors and motivators:

Hygiene Factors (Preventing Dissatisfaction): Address hygiene factors such as competitive salaries, job security, and work conditions to prevent dissatisfaction.

Motivators (Enhancing Satisfaction): Focus on motivators like recognition, challenging work, and opportunities for advancement to enhance job satisfaction and motivation.

By Vroom's Expectancy Theory I suggest concentrating on three components:

Expectancy (Effort-to-Performance Link): Clearly communicate expectations and provide resources necessary for employees to meet performance goals.

Instrumentality (Performance-to-Reward Link): Ensure that employees perceive a direct link between their performance and the receipt of intangible rewards.

Valence: Understand the value employees place on various intangible rewards and align them with individual preferences

By Job Characteristics Model (JCM) I suggest concentrating on the five core characteristics:

Skill Variety: Provide job rotations, training programs, and diverse tasks to enhance skill variety.

Task Identity: Encourage employees to complete whole tasks, fostering a sense of ownership and identity with their work.

Task Significance: Communicate the impact of employees' tasks on the broader goals of the organization.

Autonomy: Allow employees greater autonomy and decision-making power in their roles.

Feedback: Establish regular feedback mechanisms to enhance knowledge of results.

Lastly, I would recommend cross-cutting recommendations such as:

Individualization: Tailor intangible rewards based on individual preferences and needs.

Regular Communication: Establish open channels for communication, ensuring that employees are aware of the available intangible rewards and how to attain them.

Inclusive Culture: Foster an inclusive culture where all employees feel valued and recognized, regardless of their role or position.

Leadership Development: Invest in leadership development programs to ensure that managers are equipped to implement these strategies effectively.

Continuous Assessment: Regularly assess the effectiveness of intangible rewards programs and adjust them based on feedback and changing organizational dynamics.

By integrating these recommendations into their organizational practices, companies can create a workplace environment that optimizes intangible rewards, aligns with motivation theories, and fosters high levels of employee engagement.

In addition to providing insightful information about the topic at hand, the current research creates new opportunities for investigation and research in the future. For example, carrying out long-term research to investigate the dynamic relationship between employee engagement and intangible rewards. This method could shed light on how different reward schemes change over time in organizational contexts and what long-term effects they have. Also, investigate how different industries differ in how intangible rewards affect employee engagement. Comparative studies may clarify details unique to a given industry and the efficacy of intangible reward schemes in various organizational contexts.

It is also crucial to consider how remote work is changing and how much we depend on technology, it is worth looking into how to maximize intangible rewards in virtual and hybrid work settings. The results of this study may help modify reward schemes to consider the evolving nature of the workforce. Also, to investigate how various leadership philosophies affect the efficacy of intangible re-

wards. Examining the effects of transformational or transactional on the execution and results of programs for intangible rewards. It is also essential to investigate how age or gender affects how intangible rewards are perceived and how effective they are. Recognizing demographic differences can yield specific insights for reward strategy optimization.

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APPENDICES

Appendix 1. A Guide to Managerial Work - Intangible Rewards and Engagement of Employees

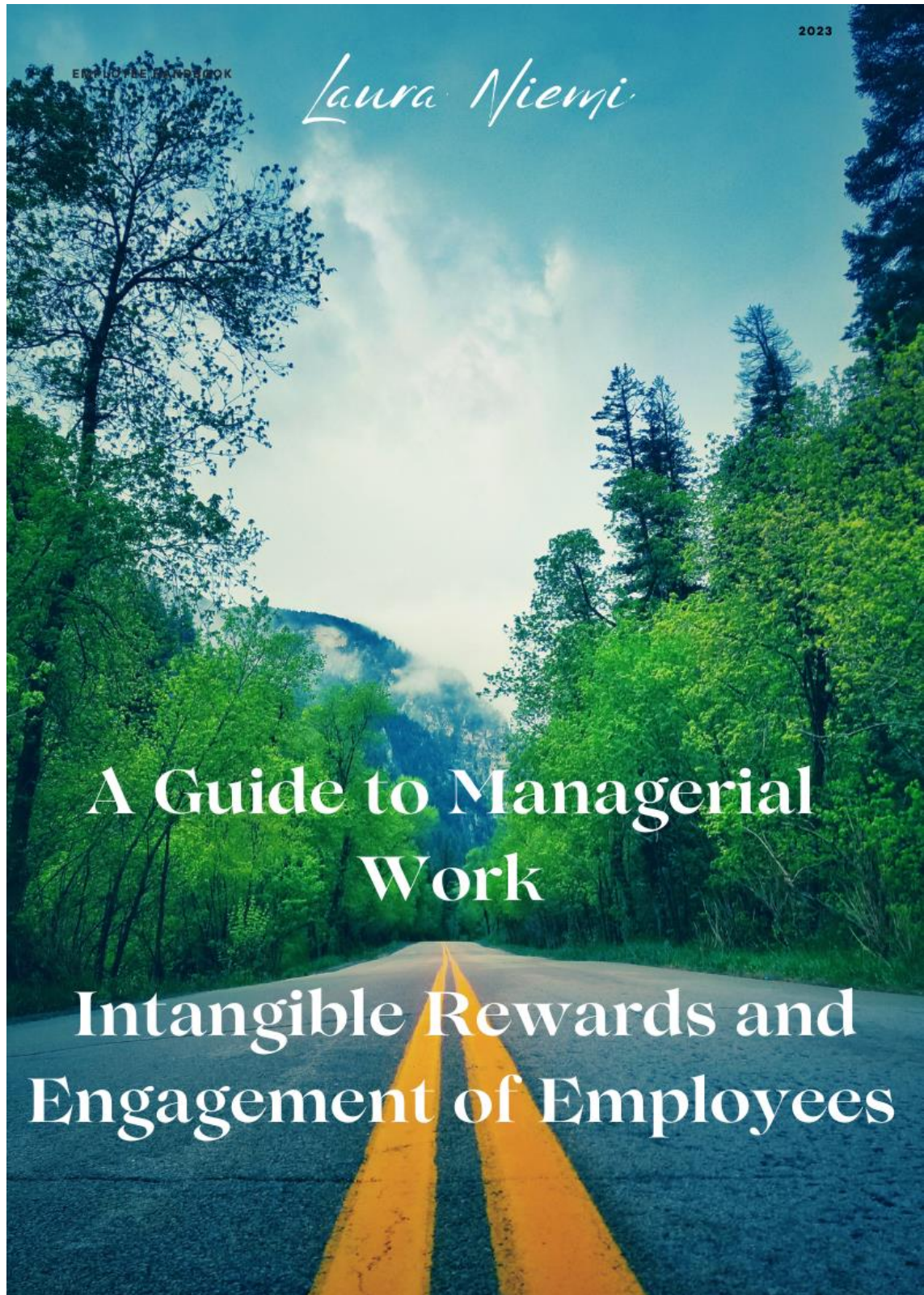


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Introduction

Welcome to this practical guide for managers to optimize intangible rewards to improve employee engagement. In the current, constantly evolving work environment, where personal and professional domains are increasingly distorted, creating an environment that fosters employee engagement is not only a smart move but also a must.

Employee engagement is a vital component of a successful company. When employees do their jobs with passion, creativity, and dedication, it increases results, encourages innovation, and enhances the working environment. In a world where attracting and maintaining top talent is a competitive advantage, employee engagement has grown ever more vital to the success of organizations.

In this guide, we delve into the potent realm of intangible rewards. Recognition, feedback, opportunities for professional growth, and a positive work environment are among the intangible rewards explored here. Why intangible? Because it's these elements that resonate with employees, fostering a sense of purpose, connection, and fulfillment.

As a manager, your ability to effectively manage intangible rewards can shape the engagement levels of your employees. It's about understanding the unique needs and aspirations of your employees, tailoring your approach, and creating a workplace where everyone feels seen, valued, and motivated to contribute their best.

This guide is your toolkit for navigating the terrain of intangible rewards, offering practical insights, strategies, and actionable steps to enhance employee engagement within your employees. Come along on this journey to discover how to manage intangible rewards effectively to help your employees reach their greatest potential.

Intangible Rewards

Intangible rewards are the subtle, non-monetary incentives that contribute significantly to employee engagement and satisfaction. Unlike tangible rewards such as salary or benefits, intangible rewards focus on the emotional and psychological aspects of recognition and appreciation.

The main key characteristics of intangible rewards are:

- Recognition
- Feedback
- Opportunities for personal growth
- A positive work environment
- Meaningful work

Importance of Intangible Rewards

Creating a Positive Culture at Work:

Positive work cultures are fostered in part by intangible rewards like recognition and appreciation. A foundation of respect and unity is created when employees' efforts and accomplishments are acknowledged.

Intangible rewards boost employee morale by creating an environment where individuals feel valued for their contributions. In turn, high morale affects collaboration, innovation, and a readiness to go above and beyond.

Fostering Employee Engagement:

Employees who receive intangible rewards, such as possibilities for meaningful work, feel more engaged in their work. Employees who are actively involved in the success of the company are more inclined to coordinate their efforts with its objectives.

Enhancing employee engagement through opportunities for professional growth and development is one way to provide intangible rewards. Workers are encouraged to invest in their development when they perceive a path for advancement within the company.

Increasing Retention and Loyalty:

Employees and the company develop an emotional bond as a result of intangible rewards. Emotionally connected workers are more likely to stay with the company, which lowers turnover rates.

When workers believe that their contributions are valued and crucial to the success of the company, loyalty is fostered. Loyalty is fostered by intangible rewards like a supportive leadership team and a positive work environment.

Recognition and feedback are the elements that enhance each participant's performance in the complicated performance of organizational dynamics. Their impact extends beyond gratitude: they are transforming energies that establish an environment where people flourish, give their all, and work together to take the company to new heights of achievement.

Tailoring Intangible Rewards

There is no one-size-fits-all when it comes to intangible rewards. It is strategically critical to comprehend the unique preferences of your team members and adjust intangible rewards appropriately. Why it matters is as outlined below.

Increasing Engagement:

Personalized incentives have a deeper emotional impact and increase feelings of appreciation and connection. Have discussions, send out questionnaires, or conduct assessments to find out what drives each team member most.

Maintaining Top Talent:

When employees believe their special contributions are valued, they are more likely to stay at the company. As a manager, you should establish reward programs that are customized to meet each person's personal and professional objectives.

Establishing a Welcoming Environment:

Different teams require different things. Inclusion is promoted by personalization. Recognize and accept differences in communication styles, work preferences, and cultures.

Practical Steps for Managers:

Frequent Check-Ins: Arrange private meetings to discuss personal preferences and professional goals.

Flexible Approaches: Provide a range of intangible rewards so that team members can select the ones that work best for them.

Tailored Recognition: Customize your approach to recognizing accomplishments, taking into account public versus private recognition.

Recognition and Feedback

Employees who receive recognition have their contributions and accomplishments within the company acknowledged. When given appreciation for an employee's effort and commitment, recognition is a powerful tool for inspiring and motivating them.

Feedback is a process of communication that managers use with employees to help them improve their work or performance. It consists of ideas, observations, and suggestions. As individuals, we need feedback in our work because it can help us become more efficient and build beneficial behaviors.

Importance of Recognition and Feedback

In the dynamic landscape of employee motivation, few tools wield as much influence as recognition and feedback. These are not just tokens; they are vital elements that have the power to change the culture of the workplace, boost morale, and advance organizational success.

Recognizing Achievements:

- Recognizing the efforts and successes of both individuals and teams can have a positive impact on morale. Motivated and involved workers are more likely to feel valued and appreciated at work.
- An environment at work where recognition is valued and encouraged is one of collaboration. When acknowledgment is taken for granted, it fosters a feeling of pride and accomplishment among all involved.
- Employees who are acknowledged by the company are more likely to have a sense of loyalty. Regular recognition in conjunction with a positive work environment fosters employee retention.

Providing Constructive Feedback:

- **When constructive feedback is given, it may encourage ongoing development. Employees appreciate direction on how to improve their performance and make a significant contribution to the objectives of the company.**
- **Good feedback makes expectations clear and guarantees that employees are aware of their responsibilities. Straightforward expectations enable individuals to align their efforts with the goals of the organization.**
- **Feedback is a two-way communication tool that helps managers and employees have honest and forthcoming discussions. Professional relationships are strengthened and trust is increased through transparent communication.**

Key Strategies for Implementation:

- **Instantaneously feedback and recognition have the greatest impact. Their effectiveness is increased when accomplishments are immediately acknowledged and when performance evaluations are provided.**
- **Individualized praise and criticism based on each person's unique contributions and strengths strike a deeper chord. Managers ought to spend some time learning about the distinctive characteristics of every team member.**
- **A well-rounded approach is ensured by combining private and public recognition. Acknowledgment in public creates a positive team atmosphere; individual development is addressed through private feedback.**

Employee Engagement

The term employee engagement describes the feeling of dedication and emotional investment employees have in the organization they work for.

Importance of Employee Engagement

Employee satisfaction and morale are directly impacted by a positive work environment. Employees are more likely to put their all into their jobs when they work in an environment that recognizes their contributions, values their well-being, and encourages a good work-life balance. A sense of purpose and belonging are fostered by this positive environment, and these are essential components of employee engagement.

Intangible rewards are essential in creating a positive work environment. Acknowledgment, feedback, and recognition serve as triggers for driving positivity. When employees receive such rewards, they not only feel valued but also understand how their work affects the organization as a whole. This acknowledgment brings back into the positive atmosphere at work, inspiring and energizing employees in turn.

Tracking and evaluating employee engagement is a strategic tool for understanding the dynamics of your team and making wise choices. It goes beyond simply collecting data. On the next page are some helpful pointers to help you with this crucial procedure.

Employee Survey: Developing Useful Awareness

- **Surveys should be conducted on a regular basis to monitor shifting attitudes and issues.**
- **Create inquiries that focus on particular facets of involvement, like communication, work satisfaction, and growth prospects.**
- **Maintain anonymity to promote honest feedback and an environment of open discussion.**

Feedback Structure: Establishing a Mutual Street

- **Regular check-ins: Arrange regular one-on-one meetings to get personal input.**
- **Suggestion boxes or channels: Give people a way to voice their anonymous concerns and suggestions.**
- **Team meetings: Organize regular gatherings where team members can share their thoughts and participate in conversations.**

Useful knowledge: Transforming Information Into Advancements

- **Data analysis: To efficiently evaluate questionnaire findings and achievement measurements, invest in the necessary tools or knowledge.**
- **Discover trends: To identify areas that require advancement, search the data for patterns and trends.**
- **Employee involvement: Ask employees for their opinions on the significance of the data while including them in the analysis process.**

Motivation

Motivation refers to both internal and external factors that drive people to act in particular ways, put in effort, and persist in accomplishing their objectives. It is the force that starts, directs, and maintains actions and efforts aimed at completing tasks, reaching goals, and enhancing the organization's overall performance.

Importance of Motivation

Employees who are motivated are genuinely interested in what they do. They have a strong emotional connection to the organization's goals and success. A more resilient and adaptable workforce and a positive corporate culture are both influenced by higher levels of engagement.

Motivated workers feel more fulfilled and purposeful in their work, which leads to increased job satisfaction. Job satisfaction and employee retention go hand in hand, lowering attrition rates and the expenses related to hiring and onboarding.

Employees who are motivated are more likely to approach work with passion and dedication, which increases results. Intrinsic motivation, driven by personal satisfaction and a sense of purpose, encourages employees to go above and beyond their basic job responsibilities.

A motivated and enthusiastic team starts with effective leadership. Managers shape the culture of the workplace by influencing how employees view their responsibilities and contributions. Team members who experience positive and inspiring leadership are more committed and feel like they have a purpose.

Understanding Intrinsic and Extrinsic Motivation

Intrinsic Motivation:

- Individual's inner motivation to complete a task because it will inevitably satisfy them. Employees who are motivated by intrinsic factors find satisfaction in their work, whether it be in the form of a sense of achievement, personal development, or task enjoyment.

Extrinsic Motivation:

- Refers to the use of rewards or consequences from outside sources to motivate behavior. This could take the form of awards, bonuses, promotions, or other material incentives that motivate workers to deliver quality work.

Although intrinsic and extrinsic motivation are important factors in shaping behavior, a successful motivational strategy strikes a careful balance between the two. Below you can see some tips for that.

Intrinsic:

- Encourage employees to make the connection between their jobs and the broader goals of the company. Emphasize the significant influence that their contributions have had on the individual and organizational levels.
- Employees can be empowered if they are allowed some degree of control and autonomy over their work. A sense of ownership, accountability, and inventiveness in problem-solving are all encouraged by autonomy.
- Encourage opportunities for ongoing learning and development. When workers perceive a clear path for internal promotion within the company, they become more motivated.

Extrinsic:

- **Establish a system for promptly and meaningfully recognizing both individual and group accomplishments. Provide observable incentives based on performance, such as bonuses, promotions, or additional recognition.**
- **Make sure workers believe their contributions are valued appropriately. Competitive pay and benefits have a positive impact on motivation levels and job satisfaction.**
- **Make explicit your expectations for performance and link them to particular incentives. The relationship between effort and result is strengthened when the reward system is transparent.**

The Combination of Both:

- **Acknowledge that people's preferences for what drives them differ. A balanced approach takes the workforce's variety of needs into account.**
- **Adapt motivational strategies to the preferences of individuals or groups. While certain employees might be more receptive to incentives from outside sources, others might thrive on internal factors.**
- **Remain adaptable and modify your motivational techniques in response to changing situations. Evaluate the efficacy of the extrinsic and intrinsic components regularly.**

Understanding Different Motivation Theories

Managers looking to develop a motivated and engaged team will find that having a solid understanding of the various theories of motivation is essential. Every theory provides a different perspective on the elements that influence employee satisfaction and behavior. Let's examine these four well-known theories.

Maslow's Needs Hierarchy

Overview: Abraham Maslow postulated a pyramid-shaped hierarchy of human needs. These needs cover a wide spectrum, from more complex needs like self-actualization to more fundamental physiological needs.

Application for Managers: Acknowledge that different needs at different times motivate different employees. Meeting these needs can result in more engagement and job satisfaction.

The Two-Factor Theory of Herzberg:

Overview: Frederick Herzberg distinguished between two categories of factors: motivators and hygiene factors. Inadequate hygiene factors result in discontent, whereas motivators enhance job satisfaction.

Application for Managers: To develop a well-rounded motivational strategy, pay attention to both hygiene factors like fair compensation and a comfortable work environment and motivators like recognition and growth opportunities.

The Expectancy Theory of Vroom:

Overview: Victor Vroom's theory places a strong emphasis on the idea that a person's effort will result in performance, and that performance will lead to rewards that will fulfill personal objectives.

Application for Managers: Recognize and coordinate organizational and personal objectives. Make certain that employees understand the direct connection between performance, effort, and rewards.

Model of Job Characteristics, JCM:

Overview: The JCM, created by Hackman and Oldham, identifies key job characteristics that affect worker motivation, satisfaction, and performance, such as task identity and skill variety.

Application for Managers: Create positions with a range of responsibilities, independence, and growth potential. Higher levels of employee engagement and motivation may result from this.

Combining Theory and Practice for Effective Leadership:

Holistic Approach: Acknowledge that every employee is different and that a variety of factors affect motivation.

Customization: Integrate components from various theories to create motivational tactics that are appropriate for both individual and group requirements.

Continuous Evaluation: Evaluate motivational techniques regularly, and be open to making adjustments in response to feedback and evolving conditions.

Conclusion

In the complicated performance of organizational dynamics, where the workforce's collective energy drives success, managers play a critical role as creators of motivation. As we come to the end of this helpful guide we consider the fundamental concepts that support the development of a work environment where people thrive with a sense of purpose and commitment.

It has been demonstrated that intangible rewards, often forgotten sources of motivation, can act as catalysts for creating a positive work environment. Recognition, appreciation, opportunities for development, and a feeling of direction are not just token acts; they are the pieces that bind engagement and fulfillment together. Understanding the importance of these intangible elements as a manager enables you to access a source of motivation that extends beyond monetary compensation.

Employee engagement is a constantly changing procedure rather than an unchanging situation. It's the ongoing conversation between the company and its employees, in which goals are made clear, successes are acknowledged, and people are given the freedom to make significant contributions. Maintaining high levels of engagement as a manager requires you to be aware of the various needs of your team and to create an atmosphere that values cooperation and honest communication.

Motivation works as the glue that binds together different components such as recognition, feedback, internal and external rewards, and continual leadership. When strategic decisions are made with understanding and purpose, they contribute to a dynamic environment that supports your team's objectives. In this motivational context, your leadership responsibilities as a leader include personalizing tactics, providing prompt feedback, and leading by example, all of which greatly increase the impact of your leadership.

Think of this guide as a blueprint that changes to fit the specific needs of your company rather than a fixed set of rules as you navigate the challenges of leading and inspiring your team. Accept the flexibility of motivational techniques and modify them in response to your team's evolving needs as well as the shifting dynamics of the workplace.

Keep in mind that creating a motivated and engaged workforce is a continuous process. Reward accomplishments, take lessons from setbacks, and keep improving your strategy. Your dedication to comprehending, appreciating, and fostering the human aspect within your team serves as the foundation for a successful and driven culture.

As a manager, you have the transformative ability to establish a work environment where people are valued members of the team rather than just employees who work toward the common goal of the organization. May this journey be characterized by empathy, resiliency, and a sincere desire to help those you lead reach their greatest potential.

Thank
you!

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