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IDENTIFYING MOTIVATION  
PREFERENCES OF GENERATION Y  
TALENT IN CHINA

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## TIIVISTELMÄ

|                    |                          |                       |               |
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Nykyisen tietopohjaisen talouden aikakaudella henkilöstöresursseja pidetään yhtenä tärkeimmistä osa-alueista, joita kehitetään yrityksissä. Y-sukupolven ryhmästä on tullut kasvava osa yritysten henkilöstöhallinnan voimavaroja. Kuitenkin suurin haaste on, miten motivoida kyseistä ryhmää. Nopea talouden ja sosiaalisen aikakauden kehitys vaikuttaa Y-sukupolven eri persoonallisuuksiin ja vaatimustasoon verrattuna edellisiin sukupolviin. Tämä saattaa vaikuttaa työn arvoon ja käyttäytymiseen työpaikoilla. Siksi nykyinen motivaatiomekanismi ei ehkä enää sovi motivoimaan nuoria työntekijöitä.

Auttaakseen yritystä ymmärtämään, mitkä Y-sukupolven motivaatiomekanismit ovat, tässä opinnäytetyössä tehdään kysely, joka perustuu aiempiin Y-sukupolven tutkimuksiin. Ensinnäkin toteutetaan kirjallisuuskatsaus, jotta voidaan ymmärtää Y-sukupolven ominaisuuksia. Seuraavaksi keskitytään klassisiin motivaatioteorioihin ja tutkimuksiin. Näitä motivaatiotekijöitä käytetään perustana tutkittaessa Y-sukupolven mieltymyksiä eräässä koulutusyhtiössä Kiinassa.

Kvantitatiivisen tutkimus- ja analyysimenetelmän pohjalta saatiin selville Y-sukupolven motivaatiomieltymyksiä ja ominaisuuksia. Lisäksi myös työntekijöiden asenteet nykyiseen motivaatiomekanismiin heijastuivat kyselyssä. Yleensä työntekijöillä oli positiivinen asenne nykyisiin motivaatiomenetelmiin, mutta vastaajat toivat esiin myös joitakin ongelmakohtia.

Kyselyn tulosten perusteella esitetään neuvoja Y-sukupolven johtamiseen ja motivointiin. Tämä auttaa yritystä ymmärtämään Y-sukupolven työntekijöitä ja muokkaamaan vastaavia motivaatiomenetelmiä organisaatiossa.

## ABSTRACT

|                    |  |
|--------------------|--|
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In this knowledge-based economic era, human resources are regarded as one of the most essential assets for enterprises to develop. The Generation Y group as part of it has gradually become the main force in enterprises. And how to motivate the Generation Yers seems to be a big challenge for many companies. Since that generation grew up in the context of rapid economic and social development, Generation Yers show different personalities and requirements compared to other generations. This might influence their work value and behavior in the workplace. Therefore, the existing motivation mechanisms might no longer be suitable for motivating those young employees.

In order to help companies understand what Generation Y group's motivation preferences are, this thesis conducted a survey based on the previous studies regarding Generation Yers. First, the extensive literature was reviewed to help to understand Generation Yers' characteristics. Then the focus was on the classic motivation theories and researches. Those motivation factors were used as the basis to research Generation Yers' preferences in an educational company in China.

By using a quantitative research and an analysis method, the general Generation Yers' motivation preference factors and features were shown in this research. In addition, the employees' attitudes toward current motivation mechanisms were also reflected in the survey. Generally, the employees held positive attitude to current motivation methods. However, there still have some problems being revealed by the respondents.

Based on the survey results, the advice for managing and motivating Generation Yers were presented. This enables the company to hold proper understanding at the Generation Y employees and adjust corresponding motivation methods within the organization. Finally, at the end of paper, the limitations and recommendations were depicted for future study.

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Keywords      Motivation Preferences, Generation Y, China

# CONTENTS

TIIVISTELMÄ

ABSTRACT

|       |  |    |
|-------|--|----|
| 1     | INTRODUCTION.....  | 8  |
| 1.1   | Background of Research.....  | 8  |
| 1.2   | Defining the Contribution and Research Problem.....                    | 9  |
| 1.3   | Framework of the Thesis.....   | 10 |
| 2     | THEORETICAL ANALYSIS.....  | 11 |
| 2.1   | Talent Description.....  | 11 |
| 2.1.1 | Talent Literature Review.....  | 11 |
| 2.1.2 | The Talent in Educational Industry.....                                | 12 |
| 2.1.3 | The Importance of Knowledge Talent Retention.....                      | 13 |
| 2.2   | The Analysis of Generation Y.....                                      | 15 |
| 2.2.1 | Introduction of Generation Theory.....                                 | 15 |
| 2.2.2 | The Background of Generation Y in China.....                           | 16 |
| 2.2.3 | Understand Chinese Generation Yer's Features in Workplace...20         |    |
| 2.3   | Motivation Theories Reviewed.....                                      | 21 |
| 2.3.1 | Maslow Hierarchy of Needs.....   | 24 |
| 2.3.2 | Herzberg's Motivation-Hygiene Theory.....                              | 25 |
| 2.3.3 | Alderfer's ERG Theory.....   | 26 |
| 2.3.4 | McClelland's Needs Theory.....   | 27 |
| 2.3.5 | The Dimension of Motivation.....                                       | 27 |
| 2.4   | Previous Study Results about Generation Yer's Motivation Preferences29 |    |
| 2.4.1 | Previous Study in Western Countries.....                               | 30 |
| 2.4.2 | Chinese Research Perspective.....                                      | 32 |
| 2.4.3 | Research Basis.....  | 32 |
| 3     | EMPIRICAL STUDY.....   | 34 |
| 3.1   | The Company Background.....  | 34 |
| 3.2   | The Present Motivation Mechanism.....                                  | 35 |
| 3.3   | Research Methodology.....  | 36 |
| 3.4   | Reliability and Validity.....  | 37 |
| 3.5   | Analysis of the Questionnaire.....                                     | 38 |

|       |  |    |
|-------|--|----|
| 3.5.1 | The Background of the Respondents .....                | 38 |
| 3.5.2 | Current Attitude of the Employees .....                | 39 |
| 3.5.3 | Generation Y Motivation Factors in Company X.....      | 42 |
| 3.5.4 | An Exception: Salary and Welfare.....                  | 45 |
| 3.5.5 | Intrinsic Motivation and Extrinsic Motivation.....     | 46 |
| 3.5.6 | Others Motivation Methods for Generation Y Talent..... | 47 |
| 4     | CONCLUSIONS .....                                      | 49 |
| 4.1   | Research Findings.....                                 | 49 |
| 4.2   | The Problems of Motivation in Organization .....       | 50 |
| 4.3   | The Suggestions for the Company.....                   | 52 |
| 4.4   | Recommendation for Future Study.....                   | 54 |
|       | REFERENCES.....  | 55 |
|       | APPENDIX 1. THESIS QUESTIONNAIRE .....                 | 60 |

## LIST OF FIGURES

|   |    |
|---|----|
| <b>Figure 1.</b> Thesis framework   | 10 |
| <b>Figure 2.</b> Chinese economic tendency after “reform and open” (Chinese statistic institution 2013) | 18 |
| <b>Figure 3.</b> The process of motivation (Shajahan & Linu 2000)                                       | 22 |
| <b>Figure 4.</b> Maslow Hierarch of Needs (Shajahan & Linu 2000)  | 23 |
| <b>Figure 5.</b> The Motivators and hygiene factors (Shajahan & Linu 2000)                              | 24 |
| <b>Figure 6.</b> Alderfer’s Needs Theory (Shajahan & Linu 2000)   | 25 |
| <b>Figure 7.</b> McClelland's Needs Theory (Robbins 2010)   | 26 |
| <b>Figure 8.</b> Generation Yer’s motivation preferences in China (Yang 2008)                           | 32 |
| <b>Figure 9.</b> Company X organizational structure   | 35 |
| <b>Figure 10.</b> Year of birth   | 39 |
| <b>Figure 11.</b> Respondents by education background   | 39 |
| <b>Figure 12.</b> The satisfaction divided by age   | 41 |
| <b>Figure 13.</b> The possible actions when felt demotivated  | 42 |
| <b>Figure 14.</b> Extent of the intrinsic factors motivates more than extrinsic factors                 | 47 |

**LIST OF TABLES**

|  |    |
|--|----|
| <b>Table 1.</b> Chinese generation Y (Zhang & Zhou 2015)                           | 17 |
| <b>Table 2.</b> The dimension of the motivations (Sekhar, Patwardhan & Singh 2013) | 28 |
| <b>Table 3.</b> The views of Generation Y motivator preferences (Kultalahti 2015)  | 31 |
| <b>Table 4.</b> Satisfaction divided by age  | 40 |
| <b>Table 5.</b> The descriptive statistics of Motivators                           | 43 |
| <b>Table 6.</b> Rank of “very effective motivation factors”                        | 44 |
| <b>Table 7.</b> The correlations between salary and age                            | 45 |

## 1 INTRODUCTION

This chapter aims to give a general introduction to the thesis. At first, it will display overall research background. Then the research problems as well as the contributions will be presented in second section. Last, the framework of this thesis can be viewed at the end of this chapter.

### 1.1 Background of Research

Today, with the rapid development of knowledge-based economy, the demand for the talent has dramatically increased. Talented person as one of the important resources for enterprises can create and add value to the products or services by exerting their professional knowledge and skill. They are essential resources for developing the enterprise and social economy. Recently, the demand for well-educated young talents rising dramatically in China after Chinese government issued the outline of “National Innovation-driven Development Strategy” in 2016. (Luo, Zhang & Zeng 2016) abbreviated

Generation Y is also abbreviated as Gen Y. Bussin (2014) defined them as the demographic cohort who born between 1980 and 2000. According to Tamara (2008), Generation Y workers make up roughly 26% of the world population, which is one of the largest cohorts in the world. Moreover, in China, Generation Y population consists of approximately 385 million people. Though the age boundaries of Generation Y cohort have slightly differences, large population number still shows that they are the main labour force currently and future. (Russell 2016)

Therefore, human resources, especially the Gen Y talent, will be important resources for developing economy in the future. However, if we want to fully transfer human resources into the enterprise value, our understandings must rely on the perfect incentive mechanism. According to William James, normally employees could survive in the work place by just exerting 20%~30% of their ability, while the rest of their capacity is wasted. If the company established perfect incentive mechanism to inspire the rest of their ability, it could improve the working efficiency by 3-4 times. Therefore, to some extent, the quality of



incentive methods decides the survival and development of a company. (Zhang 2014)

However, managing and motivating generation Y in the workplace is regarded as a big challenge for some enterprises, because that the new generation has different values and characteristics compared to other generations. The factors such as economy, social environments and culture all exert influences on the personal characteristics. They affect the individual's living styles, thinking ways, and make generation Y have different features and requirements compared to other generations. In America, a large number of new generations pouring into the work place have already caused some management issues in enterprises. Therefore, it is worth for Chinese enterprises to pay attention to new requirements of the Generation Y employees, and renew the management methods to motivate them in their work. (Meier & Crocker 2010)

## **1.2 Defining the Contribution and Research Problem**

Motivation as one of the important management methods aims to achieve organization goals. Motivating employees not only can solve the problems of lower working performance and high turnover rate, but also bring new ideas and energy for enterprises. Generation Y as the primary labour force current and future should be paid attention. Therefore, in order to retain the Generation Y talent and improve their work performance, this thesis is going to identify the Gen Yer's motivation preferences in workplace.

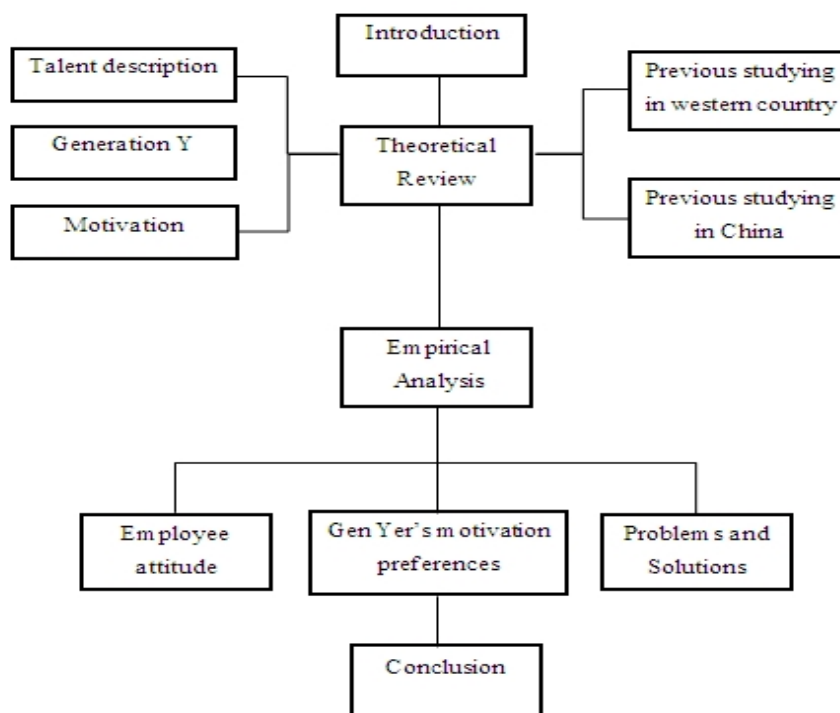
Company X is a rapid expanding educational company in China. Because of the low-age market position, Company X has a large demand for new generational employees. When worked as a HR intern in company X, I found out that the company has the problem of brain drain. Also, sometimes the younger employees complained about their work in private.

Thus, company X will as the case company to research the Generation Yer's motivation preferences. On the one hand, the work contributes to understanding what Generation Y really needs, and what kinds of motivation factors attract the

Generation Y talent most. Also, it will help companies hold appropriate awareness to establishing motivation mechanisms for Generation Y. By applying the right motivation measures, the enterprises not only could retain the excellent young talents, but also could improve employee performance and sense of well-being.

### 1.3 Framework of the Thesis

The overall framework of this thesis is shown in Figure 1. It contains four parts. At first, the general research background will be introduced. Then it was followed by the theoretical review, which includes talent description, the analysis of Generation Yer's characteristics as well as the classic motivation theories. Simultaneously, previous studies about Generation Yer's motivation preferences in both China and Western countries are sorted out in this part. Next is Empirical part. Before analysing the results, basic company information and research method will be presented. By adopting quantitative research method, the employee's attitudes and general motivation preferences can be identified. Last, according the description by respondents as well as the research findings, the problems and solutions will be proposed at the end of the thesis.



**Figure 1.** Thesis framework

## 2 THEORETICAL ANALYSIS

Talented people are in a critical role in the era of knowledge economy in contributing to achieving organizational objectives by exerting their professional ability and knowledge. As the theory basis to research Generation Y talent's motivation preferences, this Chapter is structured as follows: literature about talent will be reviewed first. Then the characteristics concerned about generation will be discussed. Here the focus is mainly give to the Generation Y talent. Moreover, in order to examine how the motivation mechanism exerts influence in the workplace, motivation theory will be presented. Last, the previous studies about Generation Yer's motivation preferences in both Western and Chinese will be referred as the basis of the research.

### 2.1 Talent Description

In this section, the general studies regarding talent will be introduced first. Next, because of the nature of Company X, the knowledge workers theory will be explained. Last, the importance of knowledge talent retention will be discussed.

#### 2.1.1 Talent Literature Review

In an increasingly globalized world, prosperity now depends less on physical elements but more relies on the intelligence factor. (Yigitcanlar, Baum & Horton 2007) Intellectual talent has gradually become a critical factor for organizations to achieve success in the market. However, there is no universal definition of the term "talent". Some scholars tend to believe that the talent is the individual who performs at the top of a certain field, while others argue that talent could also be classified as high potential group. In addition, talent also is regarded as the people who possess scarce skills and knowledge. (Bussin 2014)

Here the definition of the talent in this thesis will be adopted from CIPD (2006): "*Talent* consists of those individuals who can make a difference to organisational performance either through their immediate contribution or, in the long-term, by demonstrating the highest level of potential." (Bussin 2014) Based

on this definition, talent can be used to refer to a person who can perform well or the individual who has high potential to contribute in the long-term. Talented people increase the benefit in the product or service by developing their specialist skills or knowledge, which contributes for a company to obtain powerful competitiveness in the market. Therefore, many successful enterprises would like to retain and attract talent at any cost. (Mihelic & Plankar 2010)

Knowledge workers as one of groups of talent in this knowledge economic era are worthy of attention. To some extent, they even could determine the failure or success in a certain market, such as in high technology and the educational industry. These kinds of enterprises rely on knowledge innovation as their core competitiveness to develop. In the earlier years, a number of views regarding knowledge workers have already been discussed by scholars. (Drucker 1999)

The term “knowledge workers” was first proposed by the American business researcher named Drucker. He concluded that knowledge is the one of the primary resources in the post-capitalist society. The employees who are engaged in consulting, analysis, high-tech and educational works all belong to knowledge workers, for example engineers, teachers, data analyst, planners and researchers, etc. They usually have a good command of conceptions or symbols and enable to utilize them in the workplace. (Drucker 1999)

Drucker (1999) stated that the most valuable prosperity in 20 Century is the equipment, while in the 21 Century the most valuable wealth will be the knowledge that is produced by the intellectual talent. In this knowledge economic era, knowledge workers play an important role in society in enhancing the competitiveness for the company.

### **2.1.2 The Talent in Educational Industry**

In fact, the educational industry is an intensive industry where knowledge workers gather. The knowledge workers as the primary talent in this industry require specialized knowledge and ability to cope with the different situations. Usually they have the following characteristics:

At first, knowledge talents have strong independence. Since they are well-educated, they commonly have their own unique thoughts and values. In contrast to factory workers, knowledge workers prefer to have relative independence in controlling the process of their own work. (Cortada 1998)

The second feature is that knowledge workers prefer to have more autonomy. The features of flexibility and diversity of their work processes and results make the knowledge workers need more autonomy. Compared with the traditional workers, the knowledge workers not only could output their results from an office, but also can work any everywhere from remote sites, such as home, shops or cafeteria. (Mcdermott 2005) The knowledge they output is based on their own thinking and understanding. They can control the work process by their own approach. For example, in education industry, it can be seen that every teacher has his or her unique teaching style and method. Therefore, this kind of flexibility and creative work makes knowledge workers require more autonomy. (Cortada 1998)

Also, the performance of knowledge workers is difficult to measure. Knowledge works are different from the traditional work patterns. Traditional work is produced with the certain procedures and working equipment, which make the outcome of the work is easy to assess, while knowledge work is more flexible and diverse, the intangibility of knowledge makes the outcome more difficult to evaluate. (Mcdermott 2005)

### **2.1.3 The Importance of Knowledge Talent Retention**

Talent is confirmed as the decisive factor for developing knowledge-based economic. It contributes to increasing the capital and the value for the enterprise. Thus, retaining the talent would bring great benefit for the company. In contrast, the high turnover rate will impose negative effects on the enterprise or on organization. It can be demonstrated as:

The primary negative effect is that the enterprise will lose the talent and ideas produced by them. An excellent talent who can come up with creative and valuable ideas may create significant profit for the enterprise. Mastering core

knowledge or technic is the key to success for some companies in certain industries, such as the IT industry or the educational area. Thus, brain drain will cause significant loss for enterprises in those fields. In addition, the brain drain also might increase other areas of competitiveness advantage if talent decides to seek employment from your competitors. (Gordon, 1990)

In addition to the direct loss of talent and ideas, the cost effect is also worth of considering for the company. When the talent decide to leave, the company have to fill the vacancy with a new person. However, the replacement recruitment is an additional expense for enterprises. According to the Society for Human Resources Management statistics, the cost of employee replacement can be expensive. Sometimes it could even cost as much as nearly 50 to 60 percent of an employee's annual salary. (Cascio 2015) It will be worsened if frequent turnover occurs in a company or an organization. Therefore, a company cannot only focus on how to recruit an excellent talent, but also has to concentrate on the talent retention. Developing retention strategies toward talent contributes to save unnecessary expense as well as client losing.

Moreover, brain drain will influence the employees' performance and business productivity, since replacing and training of new employees will take time. When a vacancy remains, it means that the works related this position is not being completed, and it may delay subsequence processes. Even if the vacancy is filled, the company and managers still have to take time and cost to train newcomers repeatedly. For most employees, there still exists learning curve, which means that it takes time for employees to get used to their work and company. Thus, it is apparent that the processes of filling a vacancy will affect the regular operations and overall performance within companies. If the frequently turnover happens, the "bottom line" in an organization could even be crushed, which might bring significant difficulties for the business development. Therefore, the retention of the talent is an effective way for the company to ensure that regular operations are not being interrupted, while maintaining sustainable development and productivity. (Cascio 2015)

Finally, the turnover rate can affect the employees' morale. According to research, employees usually enjoy working with the familiar colleagues and environment. They are familiar with the working style of each other, and this benefits cooperation. Frequent turnover will take time for the employees to get used to the working ways of each other. Therefore, the stable working team is benefit to creating a positive working atmosphere and strengthening the employees' affective commitment to the organization. This kind of affective commitment enables the talent to exert their maximum strength in making profit for the company. (Cascio 2015)

## **2.2 The Analysis of Generation Y**

Given the importance and particular features of the new generation, scholars have conducted in-depth researches about them. Here, first, the definition of the generation will be discussed, and then the focus will mainly be given to Generation Y group. Last, based on the consensus that agreed by both Chinese and Western scholars, the social backgrounds and key features of Chinese generation Y talent will be analyzed.

### **2.2.1 Introduction of Generation Theory**

Generational theory that originated in Western countries is the basis for classifying the different cohorts. The research about the generation theory can be dated from Greco-Roman era. It was German Sociologist Karl Mannheim who formally lays the foundation of Generation Theory in his book of *Problem of Generations*. It claimed that Generational Theory provides the norm for classifying different generations. By clearly classifying the generation, the scholars could study the differences and similarities among cohorts regarding their features, behaviors and social values etc. (Todor 2007). However, the precise definition of a generation is still controversial. Scholars have proposed different understanding about the generation theory based on varies research perspectives.

According to Todor (2007), "generation" has dual characteristics, which are "physical" and "social". "Physical" represents the biological boundaries, which

means one generation is a group of people who were born and living within the same time period. “Social” means that individuals have the same social environment and culture backgrounds, which enable them to shape similar values, living styles as well as ways of thinking. (Todor 2007) Therefore, each generation will shares similar values and holds them throughout their lifetime. In contrast, different generations will show distinct features and personalities.

However, there also are other opinions towards the generation theory. Pilcher (1994) claimed that the generation theory refers to a group who has experienced certain and intact historical events, such as World War II, or 9/11 in New York. It means that certain events are the mark of an era. They impose significant impact on a generation’s lives, values and attitudes. Thus, the people who experience common events can be regarded as a generation group.

Today, Generation Theory has been gradually developed, and most of the researchers quote the definition from Kupperschmidt (2000). He combined both theories and claimed that a generation refers to an identifiable group who was born within the same period and has experienced the common significant historical events.

Generally, Generational theory provides the basic norm for classifying generations. Accordingly, the classification can be defined as follows: the Veterans (born between 1920-1940), the baby boomer (born between 1941-1960), Generation X (born between 1961-1980), Generation Y (born between 1981-2000). (Bussin 2014)

### **2.2.2 The Background of Generation Y in China**

Having considered various literatures, Chinese scholars Zhang & Zhou (2015) built a commonness framework. They proposed that the views about the generation theory between Chinese and Western scholars have reached agreement in three perspectives:

- 1) The same generation is born within the same period.



- 2) The same generation has experienced certain historical events together or has common social backgrounds, such as World War II, Industrial revolution, or Informatization.
- 3) The same generation has similar group characteristics or traits.

In China, because of the distinct political institution, social, economic and historical backgrounds, the understanding towards generations have slight differences compared to Western countries. (Zhang & Zhou 2015) Next, this thesis will be based on this commonness framework to help to understand the Chinese generations. Accordingly, by reviewing previous literatures, the main points about the Chinese Generation Yers' are summarized in terms of their backgrounds and features. (See Table 1)

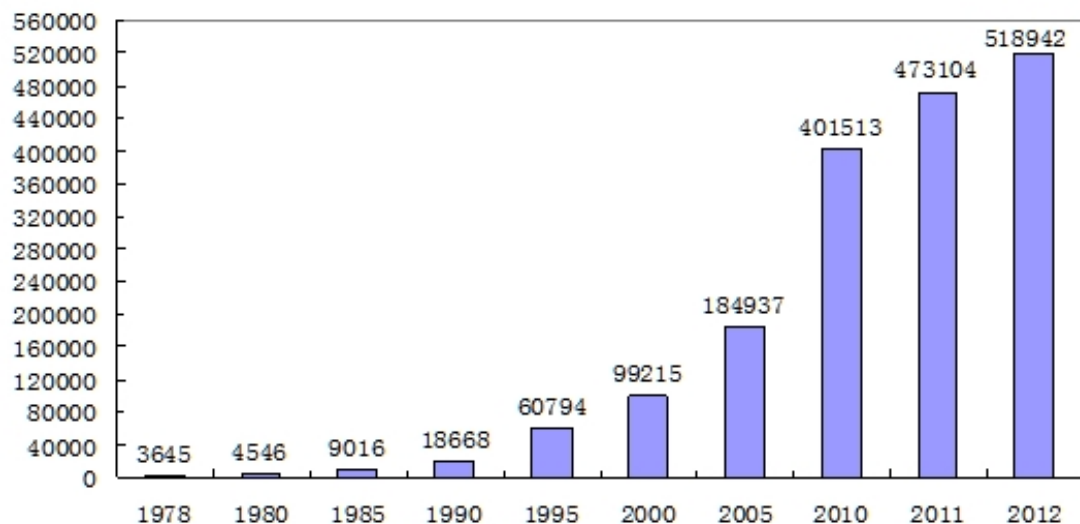
**Table 1.** Chinese Generation Y (Zhang & Zhou 2015)

| <b>Chinese Generation Y</b>                        |  |
|--|--|
| <b>Time period</b>                                 | 1981-2000  |
| <b>Significant events<br/>(Chinese background)</b> | <ul style="list-style-type: none"> <li>• 1977- college entrance examination system resume</li> <li>• 1978- “reform and opening” policy to encourage foreign investments</li> <li>• 1979- One-child policy</li> <li>• 1993- Job allocation policy</li> <li>• 1999- Chinese university began to dramatically expand</li> <li>• 1986-Legislation concerning compulsory education</li> </ul> |
| <b>Generation Y<br/>Features</b>                   | <ul style="list-style-type: none"> <li>• Free competition</li> <li>• Emphasize democracy and equality</li> <li>• High self-esteem and confidence</li> <li>• Diversified values.</li> <li>• Innovation and critical consciousness</li> </ul>  |

According to the commonness framework, Table 1 summarizes the essential backgrounds and features of Chinese Generation Y. Firstly, the significant social events happened during Generation Y period in China are listed. Those particular events have brought profound effects on to Chinese economy, society and culture at that time. (Zhang & Zhou 2015) So how do these external changes influence Chinese Generation Y group?

From an economic perspective, compared to other generations, Generation Y grew up in a more stable and flourishing economic environment. To a large extent, they are influenced by prevailing positive economic policies issued by Chinese government. For example, the implement of “Reform and Open” policy from the year 1978 has dramatically improved the economy. It can be seen from Figure 2 that the Chinese economy has constantly grown after the “Reform and Open” policy. The average annual economic growth rate reached as high as 9.8%. (Huang, Deng, Chen, & Lu 2009)

Hundred million



**Figure 2.** Chinese economic tendency after “reform and open”. (Chinese statistic institution 2013)

In addition, the further market opening has not only brought material wealth, but also bring changes in awareness. The awareness of “Market free competition” has become a commonness value in Generation Yer’s mind. Compared to rigid posts

of the 60s or the 70s, the new generation prefers to participate and compete freely in society. (Huang, Deng, Chen, & Lu 2009)

Moreover, from the political perspective, the improvements in legislation and diploma policy at that time are benefit for social stable and development. Chinese government emphasizes that all of the privileges belong to the people and people are the master of the country. Thus, the public's status and rights have gradually promoted. Especially the new generation has gradually increased the awareness of equality and democracy. They become more rational to analyze the value and shortcoming and dare to challenge long-standing traditional ideas. (Huang et al. 2009)

Further, from a social perspective, Generation Y has grown in a more stable and harmonised social environment. "One-Child Plan" as one of important social policies was introduced in 1979, which means that most of Generation Yers are the only child in their family. As a special group in Chinese society, they were nicknamed "Litter Emperors". They do not only have a high life quality, but also enjoy the focus and affective on from the whole family. Thus, this group tends to have high self-esteem and confidence compared to other generations. (Huang et al. 2009)

Finally, from the cultural perspective, Generation Y grew in a diversified culture backgrounds and higher literature level. Marxist theory has stated that "Economy is the base of superstructure". Eliminating the poor and improving living condition contribute to the development at cultural and educational level. With the constant growth in the fiscal revenue, the government have increased investment in modern education. It is apparent that Generation Y commonly has higher literacy level than the earlier generations. In addition, the explosive growth in information technology is making a growing number of western cultures infiltrate into China, which brings diversified cultures and impose significant influences on the new generation's life style and value outlooks. (Huang et al. 2009)

To conclude, all of those affects not only changes in Generation Yer's lives, but also impose the influences on their personalities. They obviously demonstrate

their changes in terms of individual awareness, attitude, and values. (Kultalahti & Viitala 2015)

### **2.2.3 Understand Chinese Generation Yer's Features in Workplace**

Based upon the interaction of all those effects, the distinct personalities of Generation Y have gradually shaped. Accordingly, these characteristics influence Gen Yer's value and behavior in working place. Thus, it is worth understanding their main personalities and attitudes in workplace. According to Zhang and Zhou (2015) that drew on both outer and inner research, they concluded the following characteristics about generation Y:

#### *(1) The diversity of the values.*

Generation Y in China has experienced significant economic reforms during their time. These reforms have brought economic prosperity and this offered better financial environment for them to meet their spiritual needs. Meanwhile, the introducing of Western culture and technology under the policy of "reform and open" has also resulted in more diverse ideas. All of these factors have transformed individual thinking, working and living styles. Generation Y talent tends to have diversity requirements and values. Compared with Generation X, generation Y accepts new value more easily, which enables them have more diversity in choosing their workplace. (Zhang & Zhou 2015)

#### *(2) Personalization*

Generation Y in Western countries are more ego-centered compared to other generations. They are full of original ideas and are eager to put them into practice in workplaces. Sometimes they even only work according to their own ideas. This was proved to be the same case in China. In Chinese generation Y group, most of them are influenced by the policy of "one-child plan", which means there is only one child in a family enabling the child gain much love and attention from his or her elders. The children who live under this circumstance will have strong ego and independence awareness in their mind. Thus, the characteristics of independence and autonomy will make them

unwilling to follow traditional conceptions and they will prefer to follow their own mind and interest. (Zhang & Zhou 2015)

*(3) Innovation and critical consciousness*

Generation Y in China has enjoyed greater education than other generations. The higher education quality broadens their horizon and mind, which enables them to break through the traditional ways of thinking. In addition, by announcing compulsory education policy and encouraging innovation policy, the new generation has gradually realized the important of the innovation in social development. They are begin to have strong innovation consciousness and are using more innovation and critical methods of thinking and solving the problems. (Zhang & Zhou 2015)

*(4) Emphasize democracy and equality*

As the development of the economic and policy, the awareness of democracy and equality has improved in Generation Yer's mind. Generation Y in work place would prefer to democracy and equal communication ways. This especially happened when they facing the problems. They would choose to solve the problem by communication rather than keep silence. In addition, Generation Y is eager to be involved in the decision-making in the companies and perform them actively. (Zhang & Zhou 2015)

### **2.3 Motivation Theories Reviewed**

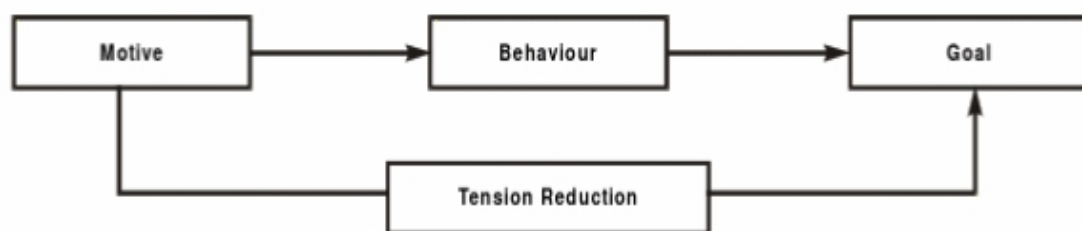
Motivation is always a widespread concerned topic that attracts scholars. In the past decades, several motivation theories have appeared. (Ryan & Deci 2000) In order to identify the Gen Yer's motivation preferences in work place, this section will review the theories regarding to the motivation. At first, the significance of the motivation will be discussed. Then classic motivation theories will be reviewed. Finally, the dimensions of the motivation factors will be introduced.

In workplace, motivation is regarded as an important role in both the human resource management and individual development. Pinder (2008, 11) proposed that the motivation is a set of driving forces, which enable the individual to act

differences in terms of intensity, format, orientation, and duration. Ryan and Deci (2000) agreed that the motivation driven by the organization objectives can change employees' working behaviors. The Ashmos and Duchon (2000) also stated that to find out the value and purpose of the work and motivate employees simultaneously enable the employees to perform at a higher level.

Although scholars use different terms to define motivation, the meaning they expressed is similar. They all refer to the internal and external drives which simulate personnel to have continuing interest or commitment to performing differently in the job. Though the behavior will show differences in terms of format, content, intensity, time, or quality, it all aims to achieve the organizational or individual objectives. (Bussin 2014)

Figure 3 shows the process of the motivation. It can be seen from the figure that the origin of the motivation is "motive". Motive involves the needs and expectations. When people feel unsatisfied or generate the needs to something, it means that they are in the condition of the need to be motivated. These unfulfilled needs or goals will stimulate the employees to search for the approaches to achieve the goal. In this phase, the employees will explore different behaviors in order to achieve the goals. Finally, they will take action until accomplishing their goal and desires. However, after the individual satisfied with certain needs, they will reassess new needs again and repeat this process. (Shajahan & Linu 2000)



**Figure 3.** The process of motivation (Shajahan & Linu 2000)

The main functions of the motivation are demonstrated in three perspectives. At first, motivation could improve performance of employees. According to Holland

(1989), performance depends on the interaction of an individual's ability level and motivation degree. If the employees are fully motivated, their performance will have significant improvement. In addition, The Harvard University psychologist William James found in his research that the employees who are fully motivated will perform three to four times better than before. Therefore, paying more attention to identifying the needs of employees and taking effective motivation measures enable the employees to make effort to improve the work efficiency. This also contributes to stable development in the long term.

Further, motivation is beneficial to building good relationships between an employer and employees. On the one hand, motivation represents the trust towards employees, because this means that the supervisors believe that the person possesses the ability or potential to complete the task. On the other hand, when the enterprises fulfill their reward promises after an employee reaches a set goal, this will also increase the employees' affective commitment to the organization. Maintaining good supervisor-employee relationships is an important premise of co-operation and teamwork. Therefore, motivation is necessary for strengthening the relationship between the employer and employees. (Kultalahti & Viitala 2015)

Moreover, motivation also contributes to the employees' sense of well-being and job satisfaction. When employees are motivated, they will be energetic to achieve the goal. This kind of positive attitude is not only beneficial to achieving the organizational and individual objectives, but also promotes their sense of self-accomplishment and well-being at the same time. Thus, it is important to encourage employees and keep them motivated. (Kultalahti & Viitala 2015)

Motivation theories can be divided into content motivation and process motivation theories. Content motivation theory mainly examines the factors that enable the individual to be energized from the personal needs perspective. Process motivation theory focuses on analyzing how the performances are affected by the motivation. It provides the description about how the behaviors transfer from dissatisfaction to satisfaction. As this thesis aims to detect the motivation factor

preferences, the content motivation will be reviewed. The content motivation theories include the theories developed by Maslow, Alderfer, Herzberg and McClelland, which will be described in the following sections. (Shajahan & Linu 2000)

### 2.3.1 Maslow Hierarchy of Needs

Maslow's theory focuses on the personal needs in a growth stages order (See Figure 4). He classified these phasic needs to five levels, which are "physiological", "security", "belongingness", "self-esteem", "self-actualization". (Shajahan & Linu 2000)



**Figure 4.** Maslow Hierarchy of Needs (Shajahan & Linu 2000)

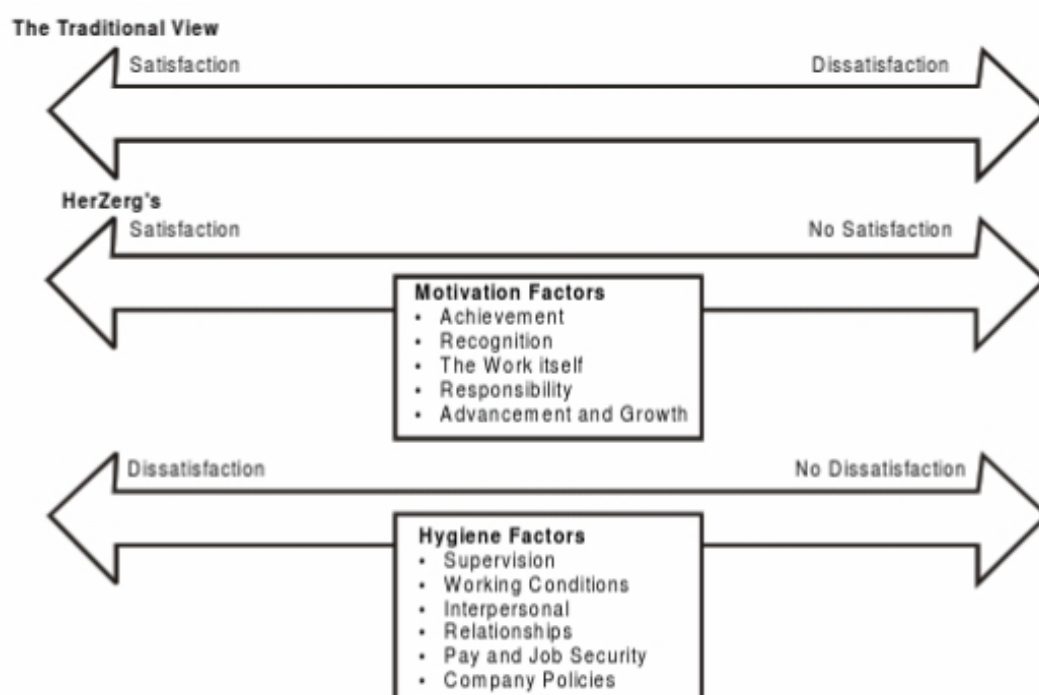
It can be seen from Figure 4 that the physical need and security are basic personal needs, whereas the esteem need and self-actualization are the higher stage needs. The difference between them is that the basic needs are usually involve extrinsic requirements, while the higher level needs refers to satisfy personal intrinsic needs. Each need should be fulfilled before moving to higher needs. However, Maslow theory still shows its deficiency. Though studies show that the Maslow needs can be applied to both underdeveloped country and developed country, such



as India and US, the specific needs are different between the nations, regions, and ages. It still changes constantly with different stages. Thus, it is important to identified different kinds of needs before motivation. (Shajahan & Linu 2000)

### 2.3.2 Herzberg's Motivation-Hygiene Theory

Herzberg has separated the factors that lead to job satisfaction and job dissatisfaction. He proposed that the factors that can lead to job satisfaction are referred as motivators, such as responsibility, achievement, work itself, advance opportunity and responsibility. These usually related to the intrinsic rewards. On the other hand, the factors that trigger the feeling of unhappiness are defined as the hygiene factors, such as salaries, company policy or work condition issues. (Shajahan & Linu 2000). Figure 5 has clearly shows the Herzberg's views regarding satisfaction and dissatisfaction.



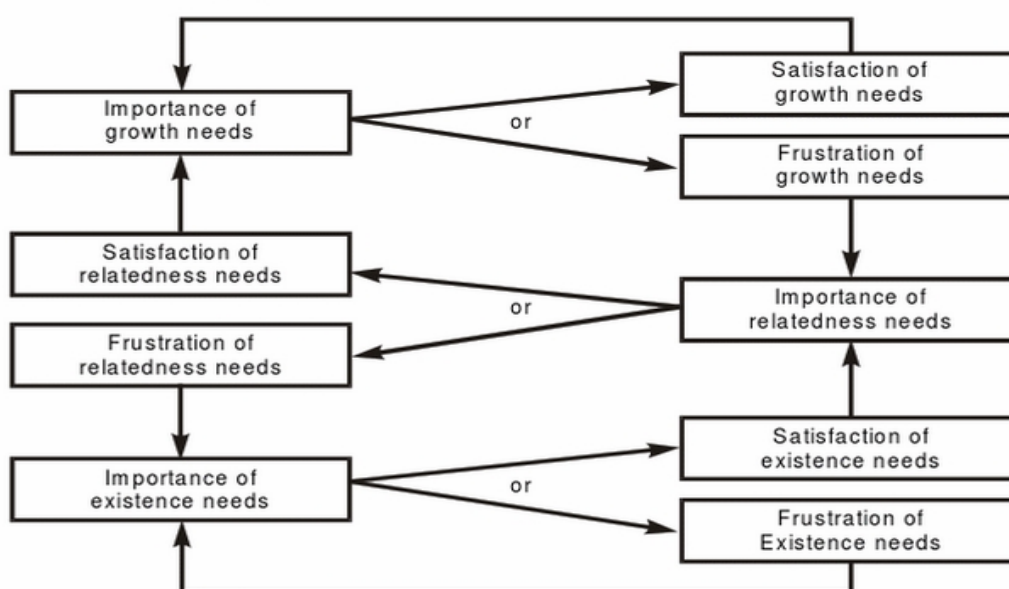
**Figure 5.** The motivators and hygiene factors (Shajahan & Linu 2000)

Traditional view believed that the opposite site of satisfaction is dissatisfaction, while Herzberg argued that the factors lead to satisfaction and dissatisfaction is completely distinct. The improvement of hygiene conditions can only eliminate

the feeling of dissatisfaction but cannot motivate the employees. Only motivators that focus on individual intrinsic needs enable to generate great incentive function. Though they have different functions, the two factors are working together to impose impacts on employees in their work. Therefore, it is better for an organization to recognize employees' needs and effectively combine the two-factors in management. (Shajahan & Linu 2000)

### 2.3.3 Alderfer's ERG Theory

Based on the Maslow needs, Alderfer further merged the employees' needs into three areas, which are Existence, Relatedness, and Growth needs respectively. (See Figure 6) Existence refers to the material and physical requirement for meeting the need of existence, such as the food, cloth, and safety etc. Relatedness means that the people need to interact and build good interpersonal relationship with others to satisfy their social needs. Growth need is related to the individual growth development, which can be satisfied by exerting skills and capacity in a person's career. (Shajahan & Linu 2000)



**Figure 6.** Alderfer Needs Theory (Shajahan & Linu 2000)

The needs he identified are similar to the Maslow needs. However, the difference is that Alderfer believed that these three needs could exist simultaneously and that

there is no order between them. People could move to higher needs without satisfying lower needs. (Huczynski and Buchanan 2001) Therefore, an organization should identify the employee's diverse requirements. When employee requirements change, the company should adjust the motivation methods to meet the needs of the employees.

### 2.3.4 McClelland's Needs Theory

McClelland argued that regarding the basic existence needs as the motivation is too parochial for human beings. He proposed three needs for evaluating people in the work place, which are need for achievement, the need for affiliation and the need for power. The person who has the requirement for achievement would be like to pursue challenging work, and would wish to achieve it in a successful and excellent way. Then the need for affiliation refers to the needs in good interpersonal social relations. Finally, the need for power reflects people's desire to influence and lead others. (See Figure 6) (Robbins 2010)



**Figure 7.** The McClelland's Needs Theory (Robbins 2010)

### 2.3.5 The Dimension of Motivation

Sekhar, Patwardhan, & Singh (2013) extracted the primary dimensions of the motivation based on a large number of existing researches. (See Table 2)

**Table 2.** The dimension of the motivations (Sekhar, Patwardhan & Singh 2013)

| <b>Table 2</b> Motivation dimensions |                      |  |                 |
|--------------------------------------|----------------------|--|-----------------|
| Sl. no.                              | Dimension            | Author(s)  | No. of citation |
| 1.                                   | Training             | Commeiras et al. (2013); Panagiotakopoulos (2013); Williams (2013); Lazazzara and Bombelli (2011); Gegenfurtner et al. (2009); Gegenfurtner et al. (2009); Noe (2009); Rowold (2007); Bell and Ford (2007); Klein et al. (2006); Tai (2006); Chiaburu and Tekleab (2005); Kontoghiorghes (2004); Tsai and Tai (2003); Tharenou (2001); Kirkpatrick (2000); Colquitt et al. (2000); Seyler et al. (1998); Kirkpatrick (1996); Facticeau et al. (1995); Cannon-Bowers et al. (1995); Whitehill and McDonald (1993); Clark et al. (1993); Mathieu et al. (1992); Baldwin et al. (1991). | 25              |
| 2.                                   | Monetary incentives  | Beretti et al. (2013); Panagiotakopoulos (2013); Aguinis et al. (2013); Szczepanowski et al. (2013); Schultz and Brabender (2013); Poulidakas (2010); Feldman and Lobel (2010); Park (2010); Jain et al. (2007); Rose et al. (2007); Zhang and Wu (2004); Linder (1998); Leung et al. (1996); Nelson (1996); Rowley (1996a, b); Kovach (1995).   | 16              |
| 3.                                   | Job transfer         | Azizi and Liang (2013); Swift and Hwang (2013); Asensio-Cuesta et al. (2012); Casad (2012); Datta and Eriksson (2012); Eguchi (2004); Zhang and Wu (2004); Cosgel and Miceli (1999); Cheng and Brown (1998); Ichniowski et al. (1997).   | 10              |
| 4.                                   | Job satisfaction     | Pantouvakis and Bouranta (2013); Pravin and Kabir (2011); Wickramasinghe (2009); Kaliski (2007); Saari and Judge (2004); Williams et al. (2003); Bussing et al. (1999); George and Jones (1997).   | 8               |
| 5.                                   | Promotion            | Steidle et al. (2013); Koch and Nafziger (2012); García et al. (2012); Jung and Kim (2012); Syed et al. (2012) Pravin and Kabir (2011); Lindner (1998); Kovach (1995).   | 8               |
| 6.                                   | Working conditions   | Cheng et al. (2013); Jung and Kim (2012); Pravin and Kabir (2011); Dundar et al. (2007); Lindner (1998); Kovach (1995).  | 6               |
| 7.                                   | Achievement          | Hunter et al. (2012); Sarkar and Huang (2012); Satyawadi and Ghosh (2012); Yang and Islam (2012); Muchini et al. (2012).   | 5               |
| 8.                                   | Appreciation         | Mahazril et al. (2012); Kingira and Mescib (2010); Lindner (1998); Nelson (1996); Kovach (1995).   | 5               |
| 9.                                   | Recognition          | Candi et al. (2013); Barton and Ambrosini (2013); Mahazril et al. (2012); Javernick-Will (2012).   | 4               |
| 10.                                  | Job security         | Yamamoto (2013); Pravin and Kabir (2011); Zhang and Wu (2004); Cheng and Brown (1998).   | 4               |
| 11.                                  | Social opportunities | Harvey (2013); Panagiotakopoulos (2013); Kingira and Mescib (2010); Rowley (1996a, b).   | 4               |

In Table 2 that the main dimensions of the motivations are Training, Monetary incentives, Job transfer, Job satisfaction, Promotion, Achievement, Working conditions, Appreciation, Job security, Recognition and Social opportunities.

Systematic training to enhance the employees' knowledge, skill and capacity in organization is not only enables the employees to improve their personal ability, but also contributes to achieving the organization goals. (Lazazzara & Bombelli 2011)

Monetary incentives would meet the employees' material and existence needs. It motivates the employees to keep enthusiasm towards the work and perform it in a greater way. (Park, 2010)

Job transfer provides opportunities for employees to experience diversified job categories, which aims to prevent the dullness of sole work and simultaneously leads to the broadened outlooks and multiple skills. (Asensio 2012)

Promotions as a reward for good performance are desired by most of employees. It is a kind of acknowledgement to their competence. Thus, the visible opportunity for advance will makes the employees full of energy to perform well. (Koch & Nafziger 2012)

Achievement refers to an inner sense of happiness that is produced by successful attaining on a goal. Most employees have strong needs in the sense of achievement. (Satyawadi & Ghosh 2012)

Good working conditions will improve an employee's satisfaction with his or her job. Poor physical working environment only results in a lower mood and poor performance. (Cheng 2013)

Appreciation is an effective motivation way for the organization to express appreciation to the employees. As an immaterial incentive, it contributes to enhance the employees' affective commitment. (Kingira & Mescib 2010)

Job security enables employees feel the sense of security and confident about their future career. By meeting the needs of job security, employees' work enthusiasm will be greatly stimulated. (Zhang & Wu 2004)

Recognition is originated from intrinsic needs. To be recognized by the supervisors will increase the sense of satisfaction. It will motivate the employees to put more effort to their work. (Mahazril 2012)

#### **2.4 Previous Study Results about Generation Yer's Motivation Preferences**

The topic of motivating Generation Y in work has attracted widespread concerned among the scholars because of Generation Yer's different personalities compared to other cohorts. In this section, previous studies about Generation Yer's motivation preferences in Western and China will be discussed respectively. Then

the common factors that found from both studies will as the research basis in empirical part.

#### **2.4.1 Previous Study in Western Countries**

Zingheim and Schuster (2001) proposed in their study that enterprises should focus on five key incentive factors in the future:

- a) Development prospects in a company. A good development in a company is necessary for attracting the employees and meeting the employees' requirements.
- b) Personal development. To provide the employees with a clear personal development plan and a good training system contributes to improving their abilities, and this is beneficial for company development in the long term.
- c) Good work environment. Creating an active work atmosphere and environment for the employees will contribute to the sense of well-being.
- d) Comprehensive compensation system. This system involves in the strategies such as attractive salary, welfare, extra bonus and so on.
- e) Recognition. Most employees are eager to gain recognition from their supervisors. Giving appropriate praise and encouraging are necessary.

Further, more specific studies about Generation Y motivation preferences are summarized in Table 3. (Kultalahti 2015) (See Table 3)

**Table 3.** The views of Generation Y motivator preferences in western countries (Kultalahti 2015)

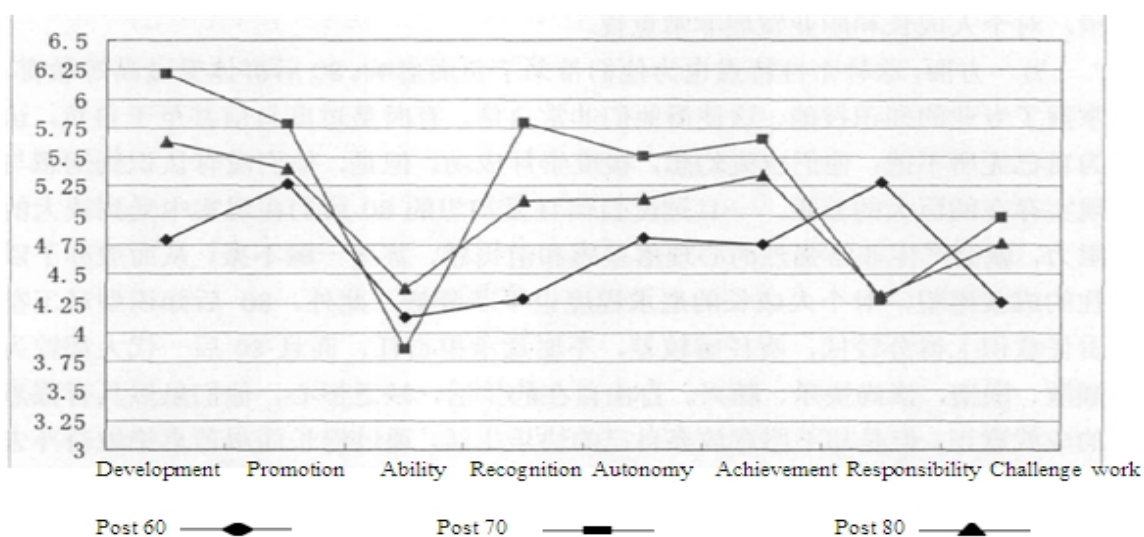
| Scholars              | Generation Y prefer motivators  |
|-----------------------|---|
| Glass ( 2007)         | <ul style="list-style-type: none"> <li>• Flexibility and portable career</li> </ul>   |
| Baruch (2004)         | <ul style="list-style-type: none"> <li>• Challenging and meaningful assignments</li> </ul>  |
| Van Rooy's (2010)     | <ul style="list-style-type: none"> <li>• A balanced view on compensation, but learning more towards variable pay rather than fixed</li> <li>• Non-financial recognition is very important</li> <li>• Development and career opportunities were the highest among all generations in all different types of training listed</li> </ul> |
| Dries (2008)          | <ul style="list-style-type: none"> <li>• Salary is as important for Gen Y as for other generations</li> </ul>   |
| Wong(2008)            | <ul style="list-style-type: none"> <li>• Social connections and cooperation at work</li> </ul>  |
| Solnet and Hood(2008) | <ul style="list-style-type: none"> <li>• Self-actualization</li> <li>• Intrinsic benefits</li> <li>• A working environment that is nursing and supportive</li> </ul>  |

Table 3 lists the Generation Y's motivation preferences in western countries. It can be seen from it that most of Generation Y's motivation preferences are involved non-financial motivations, such as the career development, advancement opportunities and recognition, etc. It is apparent that new generation is focused more on the intrinsic requirements. In addition, Dries (2008) also have argued that the salary is as important for Generation Y as the other generations.

However, all of these studies were conducted in the Western world. While under the different history events, national institutions as well as the economic situation, what would Chinese Generation Y motivation preferences be? Will there be any differences between the Chinese and Western Generation Y? Next, the previous studies about Gen Y's motivation preferences in Chinese will be reviewed.

### 2.4.2 Chinese Research Perspective

Compared to Western studies about Generation Y, little attention was given to the Chinese new generation. Yang (2008) proposed in *The Research of Posts of the 80 Personality and Incentive Preferences* that the career development is the factor that posts of the 80 most preferred. Then the factors such as promotion opportunity, recognition, autonomy and achievement also are the motivation factors that they paid much attention. However, there is a big difference between posts of the 80 and posts of the 60 about work responsibility. It can be seen from Figure 8 that the posts of 80 have less interest in the responsibility than posts of 60 or 70. They tend to believe that the sense of responsibility is difficult to encourage them and improve the performances. (See Figure 8)



**Figure 8.** Generation Yer's motivation preferences in China (Yang 2008)

### 2.4.3 Research Basis

To summarize, the motivation factors of Generation Yer's preferences that are frequently mentioned by Western and Chinese scholars include the following categories: (1) Recognition ;(2)Achievement; (3)Challenging and meaningful assignments; (4)Career opportunity and advancement; (5)Responsibility



(6)Monetary reward (3)Company culture(4)Interpersonal relationship (5)Working environment (6)Training and learning opportunity (7)Flexible working hours

Therefore, in the following experiment part, a research will be conducted in a Chinese company to examine to what extent these factors will motivate Chinese Generation Y in workplace.

### **3 EMPIRICAL STUDY**

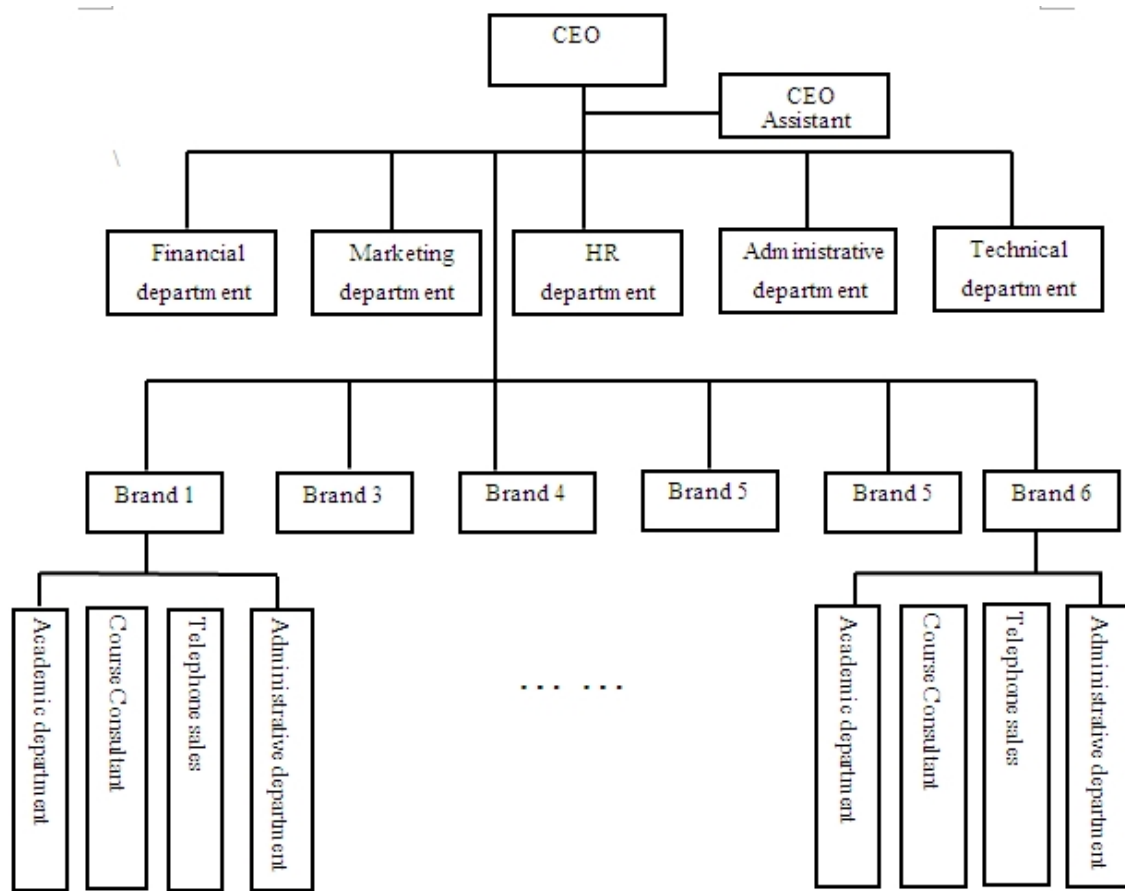
I worked in company X before as a HR intern for several months and found that the turnover rate in the company was quite high. Some employees complained about their working concerns in private. This phenomenon occurred particularly among the younger employees who tend to show different thoughts compared with the Gen X. However, talent is one of the most precious assets for educational companies and the brain drain will cause many losses. Therefore, in order to improve the working performance and retain the talent, this section will conduct a survey in Company X to identify Generation Yer's motivational preferences, as it is beneficial for the company to know their requirements in order to adjust their incentive mechanism for new generation.

#### **3.1 The Company Background**

The survey was conducted in an educational training institution located in China. I have finished my internship in the HR department and have certain understanding at its motivation system. The information and survey involves real information about the company. Therefore, the company requires keeping the company name anonymous, representing it company X.

Company X was founded in 2008 in China. It is an educational training institution that aims to provide American-style early childhood education, English and art education for 0-18-years-old child and adults. Because the nature of the educational company and its high-end market position, Company X attracts a lot of young talents. Generally, the employee's in Company X have relatively high educational level.

Company X is expanding rapidly in the Chinese market. At the moment, it has already established six sub-brands and 27 sub-sections that are located in different cities in China. The group's organizational structure is shown in Figure 9.



**Figure 9.** Company X organizational structure

### 3.2 The Present Motivation Mechanism

In fact, company X has already established a series of motivation methods, and the HR department is responsible for executing them. The present motivation methods in company mainly as following:

- 1) The salary system. The employees' salary in company X is mainly composed of the basic salary, performance and bonus, depending on the work types and rank. Each department has its corresponding performance assessment method for each type of position.
- 2) Welfare. Company X provides the standard five insurances to employees according to legislation. In addition, the employees can enjoy internal preferential benefits for their children attendance.

- 3) Promotion. Promotion mainly relies on individual performance assessment, which decided by their supervisors.
- 4) Training. Company X has severed a lot training opportunities. Every new employee must participate in two week introduction training and a final test before entry. For the teachers, the academic department will hold an academic seminar every month. The person who has excellent performance will have the opportunity to take the training courses in Beijing headquarters. For other departments, the monthly meeting will become the opportunity for training.

### **3.3 Research Methodology**

In general, research methods can be divided to quantitative and qualitative methods. Both of them can be used to solve practical problems. The quantitative method is to quantify the problems and variables in a measurable way so as to generate numerical data. By applying varying statistical techniques to analyze the numerical data, the results can be expressed in the form of numbers, which are easy to be interpreted. Usually it can be used to check the theory or hypothesis. In contrast, qualitative method seeks the understanding toward phenomenon in a naturalistic approach. It gathers information by open-minded or semi-structured questions, and the results are usually expressed in words. Qualitative method provides broad insights to develop undiscovered ideas or hypotheses. This method enables researchers have further understanding to the problems, whereas the information sources and results are depending on subjective judgment. Compared to qualitative method, the quantitative methods are more objective. (Golafshani 2003)

As this thesis is mainly research the common motivation factors of whole group, and previous studies are applied in the questionnaire to test its effectiveness, here the thesis will choose the quantitative method as the research methodology. By gathering large samples and analyzing its consistency, the results can be reliable to identify the Generation Yer's motivation preferences. The survey was conducted in April. After getting the permission from Company X, questionnaires are given out online in Chinese. HR departmental manager and my colleagues that

I worked before helped me to send out the questionnaires' link within the company. Totally, 103 effective answers from the employees in Company X were received, in which 90 respondents belong to Generation Y group.

### **3.4 Reliability and Validity**

The reliability is defined as the extent of the result's consistency and accuracy of representing the population. It also can be verified by similar technique to test if the result can be regenerated. (Joppe 2000). In addition to the attribution of repeatability, the Charles (1995) also points out attribution of stability. He proposes that reliability means the responses to a questionnaire can remain consistent by test-retest method in different times and he owes this attribution to the stability. However, Joppe (2000) notes that the test-retest method still has its defects, which is the results may be inconsistent with changes of factors, such as attitude, personality, external condition and so on. Therefore, it is necessary for the researchers to consider the accuracy and consistency of the measurement method.

In order to ensure research reliability, the questionnaire in this thesis is drawing on the previous studies of Generation Yer's motivation preferences. Several classic content motivation models are followed to ensure that general motivational preferences are taken into account. Then by previous studies in both Western countries and China, the questions are gradually narrowed down to the motivation dimension factors within an accurate range. All the factors that are listed in the questionnaire have been already tested and verified by scholars. Therefore, this research can be stated as reliable.

As for the validity, Wainer and Braun (1998) believe that the validity is depending on what data is going to be needed, source of data as well as the way to obtain the data. However, they also propose that the involvement and the active influence of a researcher would reduce the validity of the results. At this level, maybe the validity of this research would be reduced. However, based on the selection of the research sample and measurement method, this research shows its validity. At first, the case company X has the advantage of possessing a lot of young

employees, which gives a representative sample of Generation Y. As for the measurement method, the scale from 1-5 is used to measure the effectiveness of motivation factors rather than a scale from yes to no. This will improve the validity of the research to a large extent.

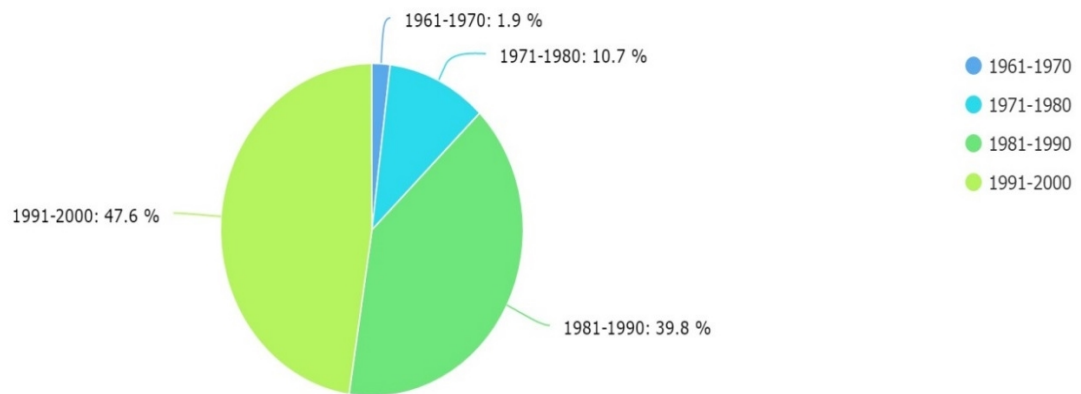
### **3.5 Analysis of the Questionnaire**

After collecting the questionnaires, 103 valid answers were received from the employees in Company X, in which 90 answers are from Generation Y group. In this section, the survey results will be analyzed from three perspectives. At first, the respondents' background will be introduced as the premise of the analysis. Then the attitudes of employees will be asked to test the motivation influences and problems. Finally, it will mainly focus on identifying the motivation preferences of Generation Y employees.

#### **3.5.1 The Background of the Respondents**

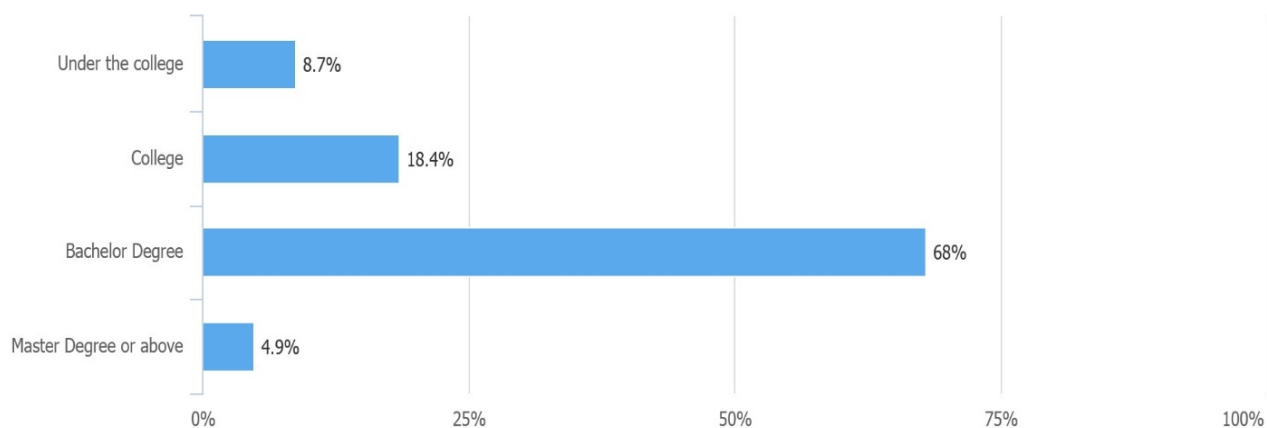
At first, there was an equal amount of respondents from both genders. Out of 103 respondents, 46 respondents (44, 7%) were male and 57 respondents (55, 3%) were female.

As for the respondents' age, it can be seen from Figure 10 that 39.8% of the employees were born between the years of 1981 and 1990, and 47.6% of employees were born between the years 1991 and 2000. In total, 87.4% of employees belong to Generation Y (born between 1980 - 2000) in this survey. It is apparent that the employees in company X are generally young, which is conformed by its recruitment requirements requiring young employees. Thus, it is reliable to choose Company X as the case company to study Generation Y employees.



**Figure 10.** Year of birth

In addition, Most of the employees in Company X have high-level education. It can be seen from Figure 11 that 68% of the respondents have a Bachelor's degree, and 4.9% of the respondents have a Master's degree. It is apparent that Company X regards human resources as its core resources. High-quality talents are especially required for company to develop in educational industry.



**Figure 11.** Respondents by educational background

### 3.5.2 Current Attitude of the Employees

Currently, the motivation methods that existed in company X include monetary rewards, welfare, training as well as the promotion opportunities. From Table 4, it can be seen that generally most of respondents hold on the view of "Not satisfied

nor dissatisfied” and “somewhat satisfied” to current motivation methods. This shows that generally the employees in company X feel satisfied with current motivation mechanisms, while to some extent, it also means that current motivation methods have not totally met the needs of the employees. Some motivation methods still could be improved in order to promote employee satisfaction.

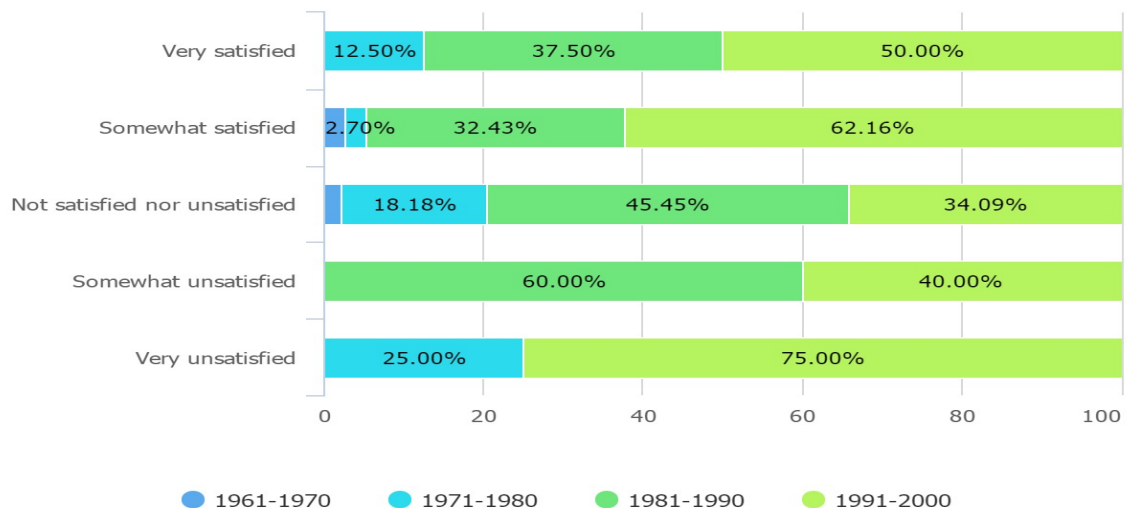
**Table 4.** Satisfaction divided by age

**1.Year of birth \* 6.To what extent do you satisfied with current motivation methods Crosstabulation**  
Count

|                  |             | 6.To what extent do you satisfied with current motivation methods |                    |                                |                       |                   | Total |
|------------------|-------------|---|--------------------|--------------------------------|-----------------------|-------------------|-------|
|                  |             | Very satisfied  | Somewhat satisfied | Not satisfied nor dissatisfied | Somewhat dissatisfied | Very dissatisfied |       |
| 1. Year of birth | A.1961-1970 | 0   | 1                  | 1                              | 0                     | 0                 | 2     |
|                  | B.1971-1980 | 1   | 1                  | 8                              | 0                     | 1                 | 11    |
|                  | C.1981-1990 | 3   | 12                 | 20                             | 6                     | 0                 | 41    |
|                  | D.1991-2000 | 4   | 23                 | 15                             | 4                     | 3                 | 49    |
| Total            |             | 8   | 37                 | 44                             | 10                    | 4                 | 103   |

However, for the Generation Y respondents, most of the respondents who feel “very dissatisfied” are most born after 1990s, which accounts for the share of 75%. Also in the answers of “somewhat dissatisfied”, all the respondents belong to the Generation Y group (born between 1981 and 2000). (See Figure 12) This shows that current motivation methods have not met the needs of Generation Y group. It is apparent that company X has not paid attention to Generation Y requirements. They should establish proper motivation measures to meet Gen Yer’s needs.





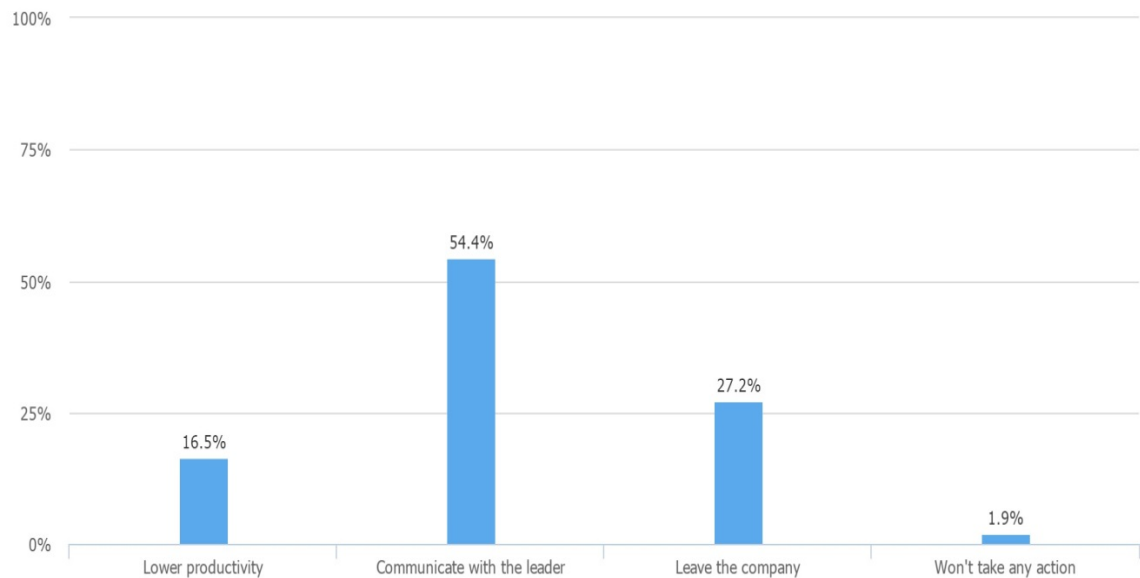
**Figure 12.** Satisfaction divided by age

Further, according to the survey, the respondents' most dissatisfied factor is the monetary reward, which accounts for 43, 8%. It shows that Generation Y group does not satisfy with monetary rewards in Company X. However, they still have strong requirements for the money. Thus, they believe that the monetary reward is the factor that still needs to be improved.

Meanwhile, Generation Y respondents also feel dissatisfied with the factors of promotion opportunities and receiving recognition from supervisors. These are in accordance with Generation Y characteristics. According to Solnet and Hood (2008), Generation Y cohort is eager to be recognized and acknowledged. Getting compliments and honors from their supervisors is the most direct method for employees to realize that they have been recognized. In addition, the specific promotion opportunity is not only one of rewards for working hard, but also is the important impetuses for employees to advance.

Finally, for the question of what to do when demotivated, most of respondents claimed that they would choose to communicate with their supervisors. This kind of solution is exactly coincident with Generation Y's value of democracy and equality. When facing a problem, they usually prefer to communicate with their supervisors equally and express their opinion freedom. For new generation employees, they believe that communication is one of the most effective solutions to solving problem in the work place. However, 28% of the respondents told that

they would choose to leave the company directly, and 16.5% of the respondents would act with lower productivity. (See Figure 13)



**Figure 13.** The possible actions when felt demotivated

The survey demonstrated that lacking of motivation indeed will bring to the loss for the company. The brain drain and lower productivity all will influence business operations. Thus, it is worth to identifying Gen Yers' motivational preferences in order to retain the talent and improve work efficiency.

### 3.5.3 Generation Y Motivation Factors in Company X

In the survey, respondents were required to measure to what extent various factors will motivate them. The scale is from 1=very ineffective; 2=ineffective; 3=general; 4=effective; 5= very effective. Descriptive statistics were used to analyze Gen Yers' preferences. According to the statistic, generally the Gen Yers' satisfaction extent descriptions towards 11 motivators can be shown in Table 5.

**Table 5.** The descriptive statistics of Motivators.

| Descriptive Statistics                 |    |         |         |      |                |
|--|----|---------|---------|------|----------------|
|  | N  | Minimum | Maximum | Mean | Std. Deviation |
| Opportunity for advance                | 90 | 3       | 5       | 4,12 | ,783           |
| Salary and welfare                     | 90 | 2       | 5       | 4,10 | ,869           |
| Achievement                            | 90 | 2       | 5       | 4,05 | ,797           |
| Recognition                            | 90 | 2       | 5       | 3,92 | ,813           |
| Training and learning opportunities    | 90 | 2       | 5       | 3,85 | ,912           |
| Responsibility                         | 90 | 2       | 5       | 3,53 | ,905           |
| Challenging and meaningful assignments | 90 | 1       | 5       | 3,38 | 1,040          |
| Working environment                    | 90 | 1       | 5       | 3,35 | 1,036          |
| Interpersonal relationship             | 90 | 1       | 5       | 3,32 | 1,087          |
| Company culture                        | 90 | 1       | 5       | 3,24 | 1,043          |
| Flexible working hours                 | 90 | 1       | 5       | 2,99 | 1,080          |
| Valid N (listwise)                     | 90 |         |         |      |                |

It can be seen from the first column that the total number (N) of Generation Y respondents is 90. The second column represents the minimum scales that the respondents chosen for the motivation factors. Similarly, the third column represents the maximum scales that the respondents chosen for the motivation factors. It can be seen that the minimum scale of “Opportunity for advance” is 3 (general), which means that no one thought this factor is very ineffective or ineffective.

In addition, according to statistics, the mean value in the third column shows the factor of “Opportunity for advance” is the highest, which is 4.12. This shows that the Generation Y respondents pay highly attention to the work prospects and development. Generally, they think that having promotion opportunities and clear career prospects are the most effective way to motivate them in the workplace. Then, following by the “Salary and welfare”, which mean value is 4.10. This shows that “Salary and welfare” could also motivate Generation Y respondents to a large extent. In addition, “Achievement” is also one of the important factors which mean value reached more than 4 (effective).

It can be found that the factor with lowest mean value is “Flexible working hours”, which is 2.99. In addition, “Interpersonal relationship” and “Company culture” also have low mean values, which is 3, 32 and 3.24 respectively. It means that these two factors have relatively less motivation effect for the Generation Y group.

On the other hand, it can be seen from Table 5 that all the motivation factors have the maximum scale of 5 (very effective). This means that all of those motivation factors could be very effective for certain people. Thus, next the attitudes toward “very effective” motivation factors were analyzed. The rank and the order differences compared to the mean value is as Table 6.

**Table 6.** Rank of “very effective motivation factors”

| Ranked | Motivators                             | Total amount | Number | Percent | Difference of order |
|--------|--|--------------|--------|---------|---------------------|
| 1      | Salary & welfare                       | 90           | 41     | 45.6 %  | 1                   |
| 2      | Recognition                            | 90           | 38     | 42.2 %  | 2                   |
| 3      | Opportunity for advance                | 90           | 35     | 38.9 %  | 2                   |
| 4      | Achievement                            | 90           | 33     | 36.7 %  | 1                   |
| 5      | Training and learning opportunities    | 90           | 27     | 30.0 %  | 0                   |
| 6      | Challenging and meaningful assignments | 90           | 18     | 20.0 %  | 1                   |
| 7      | Responsibility                         | 90           | 16     | 17.8 %  | 0                   |
| 8      | Interpersonal relationship             | 90           | 14     | 15.6 %  | 1                   |
| 8      | Working environment                    | 90           | 14     | 15.6 %  | 0                   |
| 9      | Company culture                        | 90           | 12     | 13.3 %  | 0                   |
| 10     | Flexible working hours                 | 90           | 11     | 12.2 %  | 0                   |

From both ranking methods, it can be seen that the order is very similar, so the result can be considered as reliable. It can be found that in company X, the Generation Y respondents attached great importance to Salary and Welfare (45.6%), Recognition (42.2%), Opportunity for advance (38.9%), Achievement (36.7%) and Training and learning opportunities (30%).

According to Herzberg's two-factor division, the factors of Recognition, Achievement, Opportunity for advance as well as Training and learning opportunity all belong to the motivators rather than the hygiene factors. This demonstrates that the motivators are also being effective to motivate the Generation Y cohort.

However, "Salary and welfare" was an exception here. As one of the hygiene factors, it was regarded as the most effective motivation factor by respondents in Company X. This contradicts to what Herzberg's theory claimed that hygiene factors can only release the employees' dissatisfaction but cannot motivate them and improve their performance.

### 3.5.4 An Exception: Salary and Welfare

This section examined if the motivation effectiveness of "Salary and welfare" will have discrepancy between the different ages. (See Table 7)

**Table 7.** The correlations between salary and age

|                    |                     | <b>Correlations</b> |                    |
|--------------------|---------------------|---------------------|--------------------|
|                    |                     | 1.Year of birth     | Salary and welfare |
| 1.Year of birth    | Pearson Correlation | 1                   | ,203*              |
|                    | Sig. (2-tailed)     |                     | ,040               |
|                    | N                   | 103                 | 103                |
| Salary and welfare | Pearson Correlation | ,203*               | 1                  |
|                    | Sig. (2-tailed)     | ,040                |                    |
|                    | N                   | 103                 | 103                |

\*. Correlation is significant at the 0.05 level (2-tailed).

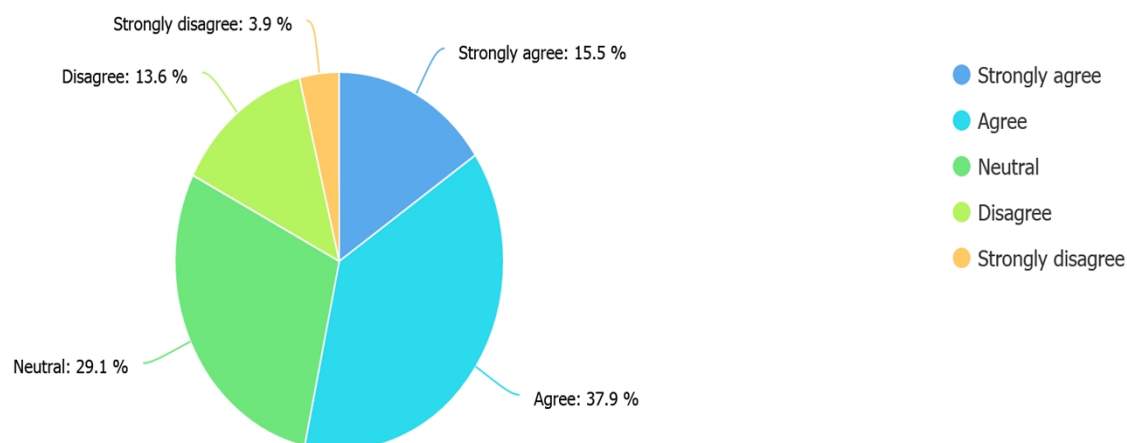
In table 7, it can be seen that the Pearson Correlation between “Salary and welfare” and “Year of birth” is 0.203, which means the factor of “salary and welfare” had a very weak relationship with the year of birth. This shows that motivational extent of “salary and welfare” is weakly influenced by different generation groups. There is no inevitable relationship between them.

However, the survey results show that the salary and welfare is very effective for the respondents in improving their performance. Therefore, any generation in company X have high demands for the salary and welfare. Generation Y also needs the salary and welfare to meet their material needs.

### **3.5.5 Intrinsic Motivation and Extrinsic Motivation**

From the nature of studied motivation factors, generally they can be divided into intrinsic factors and extrinsic factors. The table 6 and Table 7 shown there is an apparent division between them, which is the intrinsic factors ranked forward than extrinsic factors. Though in this survey, salary as an exception ranked as the most effective motivation factor for Generation Y respondents, it can be found that most of factors that the respondents believed as being “very effective” belong to the intrinsic factors, including the Recognition, Opportunity for advance, Achievement and responsibility. The extrinsic factors had a lower ranking, including Working environment, Company policy, Flexible working hours. (See table 7)

In addition, the survey also placed a question to ask to what extent the intrinsic factors can motivate more than the extrinsic factors. The result is shown in Figure 14.



**Figure 14.** The extent of the intrinsic factors motivates more than extrinsic factors

It can be seen from Figure 14 that 15.5% of the respondents from generation Y group strongly agreed, and 37.9% of them agreed. Therefore, in addition to the material incentives such as salary and welfare, the intrinsic motivation still is important for Generation Y.

### 3.5.6 Others Motivation Methods for Generation Y Talent

In the last question, the respondents were asked to specify if there are any other motivation factors motivating them. According to their descriptions, the factors are as follows:

1. Salary is the most effective motivation factor. This was frequently mentioned by respondents in this question. The respondents expressed that salary is their work objective: only salary that conforms to their efforts can motivate them to work hard.
2. Taking more care of employees was also an important factor, not only meaning care about their physical health, but also their mental health.
3. Good supervisors are very important. They can give guidance in an employees' work, but also can be regarded as an example for employees to encourage them to advance.

4. Establishing impartial work environment and equal work relationships. Every employee in the company can enjoy the fair competition and promotion opportunity.
5. The company has to set clear and effective organizational objectives and strategies.
6. Building good work atmosphere and relationship. Encouragements from the leader and colleagues can also motivate them to work hard.
7. Paying attention to the team building. Organizing some team activities not only can enhance the colleague's relations, but also can enrich their personal lives.
8. The respondents also mentioned that holidays and travelling can also improve their enthusiasm and inspire them to work hard.

Thus, for Generation Y employees, in addition to some effective motivation factors that were mentioned in the questionnaire, there still are some other motivation factors which can motivate them in the work.



## 4 CONCLUSIONS

To conclude, under the interaction of various factors, different personalities changes Generation Yer's motivation requirements. In order to solve the management problems towards Generation Y, establishing a scientific and effective motivation mechanism is especially important. This section will summarize all the research findings. Moreover, it will provide the solutions to the problems regarding Generation Yer's motivation. Last, the recommendations for future study can be viewed at the end of this chapter.

### 4.1 Research Findings

According to the survey, the respondents in company X generally show a positive attitude towards current motivation methods. To some extent, they feel satisfied with the current motivation methods. However, still 13,6% of the respondents feel "Dissatisfied" and 42,7% of the respondents feel "Not satisfied nor dissatisfied" with the motivation mechanisms. Thus, the results demonstrate that the case company still has some problems which should be solved.

In the survey of motivation factors, all the factors listed in questionnaire were demonstrated by previous studies. The survey result shows that generally those motivation factors are effective for motivating the Generation Y cohort in Company X. However, those factors show different level of impact for Generation Y. According to the motivation effectiveness, the survey shows that the order is like this: (1)Opportunity for advance; (2)Salary and welfare; (3)Achievement; (4)Recognition; (5)Training and learning opportunity; (6)responsibility; (7)Challenging and meaningful assignments; (8)Working environment; (9)Interpersonal relationship; (10)Company culture; (11)Flexible working hours

Overall, for Generation Y, intrinsic motivation is especially important for them compared to the extrinsic factors. Generation Y cohort pays much attention to their inner needs. To gain the achievement and recognition in the work contributes to increasing their morale and making them feel they are valued. In addition, career development and prospects are also critical for Generation Y employees. A

clear career objective could motivate the employees to work with enthusiasm and passion.

However, there is an exception that salary and welfare became very effective motivation factors for Generation Y group in this study. This is a contradiction with Herzberg's two-factor theory. According to Herzberg, salary as a hygiene factor can only decrease the dissatisfaction within the work place, but it cannot motivate the employees to improve their performance. However, China is a developing country. For Generation Y, the material requirements even still are important for them. Therefore, generally, salary is regarded as the most effective motivation method for them. Reasonable salary and welfare system would greatly motivate the employees to improve their performance.

In addition, other motivation factors that were mentioned by the respondents should also be paid attention by the company X, such as a good supervisor for guiding, team building, and care about the employees and so on. For Generation Y, their personality and requirements are diversified. To identify their demands and meet their needs is the most effective way to motivate employees.

#### **4.2 The Problems of Motivation in Organization**

According to the survey, the respondents pointed out that there still are some problems regarding motivation mechanisms at Company X. For Generation Yers who have distinct working habits and behaviours in the working place, the incentive problems mainly indicated these aspects:

- *Lack of overall HR strategic planning.*

The respondents claimed that company X lacked consideration about the overall HRM strategy in the long-term. They believed that the company should establish an overall HRM strategy planning, and clearly expressed it to the employees. HRM plan is necessary for a company. On the one hand, it is a guideline for organizational development. On the other hand, it enables the employees to have clear working objectives. A clear organizational development orientation can motivate the employees to work hard in order to achieve the set goals. Meanwhile,

the HR planning should not only focus on the mission and vision of the company, but should also care about the employees' expectations and requirement.

- *No specific career mechanism or routine for new employees*

In addition to the overall organizational development goal, a specific career plan for employees themselves is also important. The lacking of individual development plan was demonstrated to be a problem in company X. Lacking of a clear professional objective for an individual will lead to the less enthusiasm and energy. If employees find it is difficult to identify the development orientation in a long-term, they will choose to lower performance or leave the company. This will have negative influences for the company. In addition, the sole career mechanism is also a hinder for the employees to develop within the organization. Diversified promotion mechanisms can attract the Generation Y group.

- *Take less care about employees.*

The respondents also stated that the company should take more care about the employees. Sometimes the workload and stress is too heavy for them in the company, so that they always have to work overtime. However, this will cause problems in physical health and some family issues. The health and the emotional condition of the employees will influence their work performance. Thus, the company should take more care about the individual physical and mental health.

- *Unreasonable Salary and welfare reward*

Some respondents expressed that they were dissatisfied with their salary and welfare. The primary problem is that the salary is not matching with the effort. They suggested that the salary should be adjusted to reflect the employees' ability and efforts. As it was demonstrated in the survey, the salary is still the critical factor to motivate the employees. Therefore, company X should pay more attention to the salary and welfare problem.

- *The less attractive for generation Yers within the company*

The new generation is personalization. They are easy to attract by original things. It was found that the lacking of attractiveness also could be a reason for the Generation Yers to give up their working opportunity, especially for the people who are personalized and creative. They usually prefer the work they are interested in.

### **4.3 The Suggestions for the Company**

By analyzing the survey results and the advices proposed by the respondents, the suggestions can be summarized as follows:

#### *1. Make a clear development plan for both organization and individuals*

Company X should establish a clear organizational mission, vision and strategy, and express them to the employees. A clear and well-designed vision and mission is the guideline for the company to develop its generations. It also tell the employees future prospect in the company, which can increase the employee's stability.

Company X could design a personal career development road for individual. Because of the increasing size of the company, my suggestion is that the HR department should plan a clear career development road for each function line. This can be shown to the employees as a guideline for designing their career plan. Then every employees could be asked to write down their professional objective when they enter the company. Their direct manager should track their objective and give feedback regularly. From this way, the employees can realize that they were valued by the leaders. As it shows in the result, the "sense of recognition" and "clear opportunity for advance" will motivate Generation Y to improve their performance.

#### *2. Equal HR strategy*

Talents are critical assets for an educational company to develop and succeed. For company X, an equal HR strategy concerning Generation Yers will help to establish good employer reputation by caring more about the employees' physical

health and mental health. For example, the company could provide free physical examination for the staffs to ensure their physical health. Also, regular communication between the employees and their supervisors can ensure their positive work attitudes and strengthen relationships between the employees and supervisors. The supervisors could ask if employees have any difficult at work or in their family. This way, the employees will feel appreciated and then produce an affective commitment to the organization. Thus, equal HR strategy is also an effective way for organizations to motivate the new generational employees.

### *3. Reasonable Salary and welfare reward*

As it was demonstrated in the empirical study, salary and welfare rewards still are the most effective motivation factors for Generation Y. Thus, company X needs to adjust its salary and welfare systems to meet the needs of its employees. The primary principle of designing the salary and welfare system should be fair. The Generation Y employees especially valued the fairness and equality in their work. The second principle is that the compensation should match the efforts and performances. In order to achieve this principle, company X needs a well-designed performance appraisals mechanism.

### *4. Look for attractiveness for generation Y employees*

For Generation Y group, some original motivation methods are effective to attract them. In the questionnaire, the respondents stated that they are interested in the leisure activities after the work. Therefore, the company could hold some team-building games or competition activities to enrich employees' spare time. This is a good opportunity to strengthen the employees' relationship and cooperation. In addition, flexible working time and travel opportunities can also be attractive factors for Generation Y.

### *5. Pay attention to the variability of motivation factors*

Motivation factors vary between different countries, economic situations, organizations and even individuals. Companies should be able to recognize the motivations in their organizations, and managers should identify their

subordinates' individual needs. Only by flexible recognition and adjustment can a company motivate its employees successfully. Further, the two-factor theory stated that the hygiene factors could only eliminate the dissatisfaction and retain the employees rather than motivate them, while the motivators contributes to improving the performance. However, the hygiene factor and the motivators are different from country to country. They may even be differing between the organizations and individuals. Thus, distinguishing them and properly applying them in the human resource management is an important skill for a manager.

#### **4.4 Recommendation for Future Study**

In this research, in order to ensure respondents to complete the questionnaires with patience, motivation factors were briefly explained as in previous studies. For the future study, I would recommend that the specific descriptions could be used to explain each motivation method. This enables to get more concrete results about how motivation behaviors influence Generation Yer's performance.

In addition, some evidences still shown the differences between the people who born after the year of 1980 and 1990. These two age groups also have differences in terms of their personality and requirements. Therefore, the future study can further narrow down the age of research group to obtain more specific and accurate results.

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## APPENDIX 1. THESIS QUESTIONNAIRE

### Questionnaire

Dear all, I am doing a survey concerning about employee's motivation factor. I would really appreciate if you can take a few minutes to fill this questionnaire.

1. Year of birth
  - a) 1961-1970
  - b) 1971-1980
  - c) 1981-1990
  - d) 1991-2000
  
2. Gender
  - a) Male
  - b) Female
  
3. Education Background
  - a) Under the College
  - b) College
  - c) Bachelor's degree
  - d) Master's degree or above
  
4. Current Position
  - a) General employees
  - b) Primary manager (Director)
  - c) Senior manager (Manager)
  
5. What motivation methods exist in your current company
  - a) Monetary reward
  - b) Welfare
  - c) Grant honours
  - d) Promotion opportunity
  - e) Training opportunity
  - f) Others \_\_\_\_\_
  
6. To what extend are you satisfied with the current motivation mechanism
  - a) Very satisfied
  - b) Somewhat satisfied
  - c) Not satisfied nor dissatisfied
  - d) Somewhat dissatisfied
  - e) Very dissatisfied

7. Which following motivation factors make you feel unsatisfied in the company?
- Monetary reward
  - Welfare
  - Grant honours from leader
  - Promotion opportunity
  - Training opportunity
  - Others \_\_\_\_\_
8. When you feel demotivated, which following action would you most likely take?
- Lower productivity
  - Communicate with the leader
  - Leave the company
  - Won't take any action
9. Please scale the following motivation factors that will improve your performance in work place from 1 to 5 (1=very ineffective, 2=ineffective, 3=general, 4=effective, 5= very effective)

| <b>Motivation Method</b>                                    |          |          |          |          |
|---|----------|----------|----------|----------|
| <b>Recognition</b>  |          |          |          |          |
| <b>1</b>  | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
| <b>Achievement in the work</b>                              |          |          |          |          |
| <b>1</b>  | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
| <b>Work itself (Challenging and meaningful assignments)</b> |          |          |          |          |
| <b>1</b>  | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
| <b>Opportunity for advancement</b>                          |          |          |          |          |
| <b>1</b>  | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
| <b>Responsibility of your work</b>                          |          |          |          |          |
| <b>1</b>  | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
| <b>Monetary reward (Salary, bonus, benefit)</b>             |          |          |          |          |
| <b>1</b>  | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
| <b>Company culture</b>                                      |          |          |          |          |
| <b>1</b>  | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
| <b>Interpersonal relationship in the workplace</b>          |          |          |          |          |
| <b>1</b>  | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |

**Working environment****1****2****3****4****5**

10. Do you think salary is the most important motivation for you
- a) Yes
  - b) No
11. To what extent do you agree that the **immaterial motivation**(achievement, recognition) will motivate you more than **material reward**(salary, bonus, welfare, working conditions)
- a) Strongly agree
  - b) Agree
  - c) Neutral
  - d) Disagree
  - e) Strongly disagree

12. Are there have any other motivation methods would encourage you?

Thank you for your help!