

UNIVERSITY OF EASTERN FINLAND  
Faculty of Social Sciences and Business Studies  
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**DEVELOPING A DEEPER UNDERSTANDING OF HOW CUSTOMER  
FEEDBACK AFFECTS FRONTLINE EMPLOYEE WORK MOTIVATION**

Master's Thesis  
International Business and Sales Management  
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<b>Abstract</b>			
<p><b>Purpose:</b> The objective of this Master's Thesis is to find out how customer feedback affects the employees' work motivation. In addition, the goal is to gain a deeper understanding and knowledge of customer feedback's effects on employee work, extrinsic and intrinsic motivation. The role of customer satisfaction drives the companies' strategies even more than before. Rapidly changing and developing technology sets new challenges to businesses, and customers' needs are more difficult than before (Ordenes et al. 2014; Kaski et al 2016). One way of competing for customers is collecting customer feedback actively, as the feedback can be used as part of the companies' strategies in developing the services and for gaining competitive advantage. The most often customer feedback is given to the front-line employee (Wirtz et al., 2010) and studies have shown that feedback has effects on front-line employees' work motivation. Motivation is a significant factor in working life that makes employees strive towards their goals. The purpose of the study is to find out how customer feedback affects the employee I/E work motivation and how customer feedback is used for developing their work motivation. This thesis also investigates the employer's role in analyzing the customer feedback and using it to motivate their employees.</p>			
<p><b>Methodology:</b> The empirical part of this thesis was collected by a qualitative multiple case study. The empirical data was collected through semi-structured interviews targeted at people who are working in customer service and their employers, who receive customer feedback daily at their work. The interview structure was formed on a conceptual framework, which is based on the literature review. The empirical material is analyzed using cross-case analysis, which means that findings provide similarities and differences between employees' and employers' opinions which are also compared to each other.</p>			
<p><b>Findings:</b> Customer feedback is one of the most significant factors in maintaining and increasing the work motivation of the customer service representatives. Customer feedback was perceived as a part of the company's strategy and the role of management was perceived important when customer feedback was analyzed and provided to the employees. In general, all customer service feedback was perceived as important and motivating, if negative feedback was constructive. External motivational rewards and recognition strengthened the employee's motivation to work if the employee was internally motivated. If an employee was not internally motivated, external motivational factors did not play a major role in the employee's motivation at work, however, positive customer feedback strengthened the employee's intrinsic motivation. Active measurement and analysis of the customer feedback shared the opinions of the interviewed employees.</p>			
Key Words <b>customer service, feedback, employee motivation, communication, customer-oriented, front-line employees, service encounter</b>			

## ITÄ-SUOMEN YLIOPISTO

Tiedekunta <b>Yhteiskuntatieteiden ja kauppatieteiden tiedekunta</b>		Yksikkö <b>Kauppatieteiden laitos</b>	
Tekijä <b>Pihla Hokkanen</b>		Ohjaaja <b>Saara Julkunen</b>	
Työn nimi <b>Asiakaspalautteen vaikutus työntekijän sisäiseen ja ulkoiseen motivaatioon</b>			
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<b>Tiivistelmä</b>			
<p>Tämä Pro Gradu-tutkielma pyrkii saamaan syvempää ymmärrystä ja tietoa asiakaspalautteen vaikutuksesta työntekijän sisäiseen ja ulkoiseen työmotivaatioon. Asiakaspalautetta pyydetään nykypäivänä lähestulkoon jokaisella palvelualalla, koska sen merkitys yritysten strategiassa on noussut huomattavasti viime vuosina. Asiakkaiden odotukset ovat kasvaneet mm. nopean teknologian kehityksen myötä, mikä asettaa yrityksille uudenlaisia haasteita ja asiakkaiden tarpeet ovat haastavampia kuin ennen (Ordenes et al. 2014; Kaski et al 2016). Tiukassa kilpailutilanteessa yritykset hakevat kilpailuetua asiakaspalautteen avulla, koska kysymällä palautetta asiakkailta saadaan tärkeää tietoa palvelun laadusta ja siitä, kuinka palvelua tulisi kehittää. Tutkimukset osoittavat, että useimmiten asiakaspalvelijat saavat asiakaspalautteen suoraan asiakkailta ja se vaikuttaa työntekijän työmotivaatioon (Wirtz et al., 2010). Motivaatio on työelämässä merkittävä tekijä, joka saa ihmiset pyrkimään kohti päämääräänsä. Tutkimuksen tarkoituksena on selvittää miten asiakaspalaute vaikuttaa työntekijän sisäisen ja ulkoisen motivaation kehittymiseen ja miten asiakaspalautetta käytetään motivaation kehittämiseen. Tarkastelussa on myös se, mikä on esimiehen kautta kulkeneen asiakaspalautteen rooli.</p> <p>Tutkimuksen empiirinen osa on toteutettu laadullisena monitapaustutkimuksena. Empiiriset tulokset ovat kerätty puolistrukturoidun haastattelun avulla työntekijöiltä sekä työnantajilta, jotka työskentelevät asiakaspalvelussa ja jotka saavat työstään asiakaspalautetta päivittäin. Haastattelukysymykset muodostettiin kirjallisuuskatsauksen kautta muodostuneen konseptuaalisen viitekehyksen ohjaamana. Empiiriset tulokset on analysoitu ristikkäisanalyysillä, mikä tarkoittaa sitä, että tulokset tarjoavat yhtäläisyyksiä ja eroavaisuuksia työntekijöiden ja työnantajien näkökulmista, joita on verrattu toisiinsa.</p> <p>Tutkimuksen tulokset osoittavat, että asiakaspalaute on yksi merkittävimmistä tekijöistä asiakaspalvelijan työmotivaation ylläpitämisessä ja sen kasvattamisessa. Asiakaspalautteen koettiin olevan osa yrityksen strategiaa ja esimiehen rooli koettiin tärkeäksi asiakaspalautteen analysoinnissa ja sen läpikäynnissä yhdessä työntekijöiden kanssa. Yleisesti ottaen kaikki asiakaspalaute koettiin tärkeäksi ja motivoivaksi, mikäli myös negatiivinen palaute oli annettu rakentavassa muodossa. Ulkoiset motivaatiokannustimet ja -tunnustukset vahvistivat työntekijän motivaatiota työtä kohtaan, mikäli työntekijä oli sisäisesti motivoitunut. Mikäli työntekijällä ei ollut juurikaan sisäistä motivaatiota, ulkoisilla kannustimilla ei ollut suurta vaikutusta työntekijän työmotivaatioon, mutta positiivinen asiakaspalaute vahvisti työntekijän sisäistä motivaatiota. Asiakaspalautteen aktiivinen mittaaminen ja analysointi jakoi haastateltujen työntekijöiden mielipiteitä.</p>			
Avainsanat <b>asiakaspalvelu, asiakaspalaute, palaute, työmotivaatio, asiakaslähtöisyys</b>			

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## ABBREVIATIONS

NPS	Net Promoter Score
WOM	” Word-of-mouth”
CET	Customer Experience Tracker
CSAT	Customer Satisfaction Score
CES	Customer Effort Score
I/E motivation	Intrinsic / Extrinsic motivation
SDT	Self-Determination Theory
CET	Cognitive Evaluation Theory
OIT	Organismic Integration Theory
EEC	Employee Emotional Competence
FLE	Frontline Employee

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# 1. INTRODUCTION

This chapter provides an overall picture of this master's thesis. The introduction starts with background information, followed by the research gap and the research problem of this thesis. Then the chapter presents the research objectives and the research questions. The contexts of this research are also opened in this chapter, including the conceptual framework. Finally, the Self-Determination Theory is presented before moving to the literature review of this study.

## 1.1. Background

One of the ways for companies to compete with customers is asking for customer feedback. The relationship between competition and supply drives companies to look for “new tools” to maintain their competitiveness, and that is why customer feedback plays a significant role when designing companies' services in the future. According to Merlo et al. (2014), making good business sense is the listening of your customers. Clutch et al. (2015) argued that a market-oriented company listens to their customers and uses customer feedback in the right manner. In addition, they argued that research on customer engagement stated that using customer feedback has recently surged. Emphasizing customer participation may be relevant in developing valuable continuous customer relationships (Merlo et al., 2014). Thus, asking the feedback from the customers also helps salespeople in their future customer encounters because value is determined by a satisfied customer (Kaski et al., 2016, 47).

Emphasizing the customer satisfaction in companies' strategies is a widespread business practice (Otto, Szymanski & Varadrajana, 2019). Companies must develop their service quality all the time and therefore nowadays it is almost impossible to get service from companies without asking for feedback afterwards. For the corporate strategic objectives and long-term success, Caemmerer et al. (2009) showed that it is necessary to gather customer feedback both at corporate level and at the front-line employee level. Collecting customer feedback supports organizational strategic perspectives and improves organizational learning. Caemmerer et al. (2009) also recommended that it is crucial to understand how client's feedback can be executed to enhance organizational learning to improve service quality. In the business unit level, senior managers need to measure customer satisfaction when heading towards more productive and efficient procedures. According to Wirtz et al. (2010) customer feedback is most often given to front-line employees, which means that they have significant information from the customers. Caemmerer et al. (2009) proved that in order to develop



a customer feedback mechanism, it is critical to understand the role of middle management in the organization because they are interacting with both the front-line employees and the senior management. Therefore the middle management can be seen as a crucial link between the customer feedback and the corporate strategy always when customer feedback is concerned.

According to Lee et al. (2016) motivated employees guarantee a better chance for businesses to succeed. Motivating employees is one of the key challenges in contemporary organizations (Reizer et al., 2019) and it is significant that customer feedback data can be used correctly. Studies have shown that positive feedback is used to recognize employee's strengths while negative feedback is used for performance evaluation (Wirtz et al., 2010). When employee work motivation is high, employees are willing to work harder towards customer relationships (Nasr et al., 2017, 150). Nasr et al. (2017, 143) suggested that customer feedback is needed for gaining customer appreciation, which can have positive consequences on front-line employees. Nasr et al. (2017) also argued that a deeper understanding of positive customer feedback from the front-line employees' perspective is needed. Furthermore, Nasr et al. (2015) argue that positive customer feedback has a great importance for frontline employees, i.e., for their work motivation. In addition, asking customer feedback is "a phenomenon of the time" (Yle 17.12.2019) and there is still a gap in the sales research. Managers must deal with the challenge e.g., by interpreting customer satisfaction surveys when motivating their employees (Miao & Evans, 2014). They argue that a better understanding on how managerial activities could have positive effects on employee motivation is needed, and which activities are of highest importance. My empirical findings show that customer feedback influences salesperson motivation, so it is important to get the correct information not just from the company's strategic perspective but also from an individual employee's perspective. The aim of this research project is to examine how customer feedback affects frontline employee motivation and how it needs to be noticed when improving front-line employee work motivation.

## 1.2. Research gap and research problem

As mentioned earlier, the role of the customer satisfaction as a part of company's strategy is a widespread business practice (Otto et. al. 2019) and asking customer feedback is "a phenomenon" of this time (Yle 17.12.2019). Previous research about customer feedback and salespeople motivation have mainly focused on customer complaint behavior (Celuch et al., 2015). Studies have shown that customer satisfaction and employee work motivation have great implications for companies'

competitiveness, but there is extraordinarily little research into deeper understanding of how customer feedback affects employee motivation.

Nasr et al. (2017, 143) suggested that a deeper understanding of positive customer feedback from the perspective of front-line employees is needed. They argued that the previous research has focused primarily on negative customer feedback and therefore a deeper understanding of positive customer feedback is needed. Nasr et al. (2017) study is the first research which extends the understanding of personal positive customer feedback by comparing customers' and employees' perspectives. Their findings showed that companies should encourage their customers to express positive customer feedback which would lead to increasing customer purchase behavior in the future. Meanwhile managers can learn further details from customer relationships. In addition, they argue that asking specific questions and follow-up questions from the customers i.e., "what went well" can help companies to personalize their service stand out from competitors. Meanwhile Nasr et al. (2015) argue that positive customer feedback has a great importance for frontline employees, i.e., for job motivation and job satisfaction. However, they also argue that positive customer feedback can also have a negative or neutral impact on frontline employees. Nasr. et al. (2015) focused on fundamentally different attributes, meaning consequences and perceived values which were associated with the occurrences of personal positive customer feedback. This study contributes to comprehensive understanding of customer feedback while proposing a more specific look at the positive personal feedback, especially because this topic is emerging and relevant within service research.

Secondly, Ordenes et al. (2014) analyzed customer experience feedback using a linguistics-based approach. This study analyzed customer feedback experiences by three value creating elements: activities, resources, and contexts (ARC). Their results showed that rapidly changing technology sets a new challenge when collecting explicit customer feedback meanwhile organizations should be able to analyze customer feedback on specific service encounters. Ordenes et al. (2014) recognized that service literature has taken into account that customer evaluations of service experience are the outcome of interactions e.g., with employees. It has been recognized that customers play a huge role when providing valuable insight information to companies (Ordenes et al., 2015) and therefore collecting and analyzing customer feedback allows e.g., employees to learn and adapt to customer preferences. Thus, it is important to get a deeper understanding of how customer feedback affects front-line employees in order to build better customer encounters in the future.

Thirdly, Zablah et al. (2017) studied emotional convergence in service relationships: The Shared frontline experience of customers and employees. Their research suggested that frontline employees

emotion can be transferred through contagion to customers and consequences of this shared emotion can influence customer's evaluation of satisfaction with the encounter. They argue that managers must begin to acknowledge that the factors affecting employees are likely to influence customers as well. Hence, their study proposed that reward benefits may also have positive consequences for FLE's emotional states. Meanwhile, research suggested that situational factors may play a significant role in figuring out the extent to which emotional convergence improves FLE motivation. Thus, they argue that future research can improve the understanding of frontline employees' emotional connection to customers. Therefore these findings persuaded me that a deeper understanding of customer feedback is needed to be able to understand how much customer feedback affects employee work motivation.

In general, previous marketing and sales research have studied motivation implications in quantitative way as to "cause" and "effect" and there is not that much qualitative research available. I argue that there is a need for a qualitative study as to "how" and "what" things happened. More specifically, it is important to understand front line employees' everyday customer encounters and the related emotions, rather than only testing a hypothesis and analyzing statistics. Summarizing the previous research, customer feedback is linked to frontline employee motivation, but i.e. Nasr et al., (2015) argued that more deeper understanding of positive customer feedback is needed. Secondly, customer feedback is an important channel to gather information from the customers which allows employees to learn customer preferences and to build better customer encounters in the future (Ordenes et al., 2014). Lastly, Zablah et al. (2017) research suggested that situational factors may play an important role in figuring out the extent to which emotional convergence improves FLE motivation. Thus, they argue that future research can improve the understanding of frontline employee emotional relationship to customers much deeper. The main goal of this study is to understand the phenomenon in its context and find new insights into the field of employees' work motivation influenced by customer feedback. This study aims to fill that gap by doing research in a qualitative way into how customer feedback affects employee motivation and how customer feedback is used to develop their work motivation.

### 1.3. Research objectives and questions

The main objective of this research is to develop an understanding of how customer feedback affects front-line employees' intrinsic and extrinsic work motivation. In addition, same type of research has not been done before from the front-line employees' side of view, which is important because asking customer feedback is a new trend that has recently emerged in business. This study can add valuable

information and contribute to previous research because employers and employees can increase the understanding of how customer feedback motivates employees in the best way towards higher work motivation. Customer feedback is usually received shortly after a sale or a service encounter. It is interesting to understand how good and bad customer feedback influences employees' intrinsic and extrinsic motivation. Companies have noticed the importance of customer feedback and the feedback system may be tied to incentives, especially in the sales area. Meanwhile researchers have shown that external motivational factors are not enough when motivating employees (Nasr et al., 2017). I argue that managers need to find the right tools to increase employees' work motivation. Research suggested that an employee with a combination of internal and external motivation leads companies to long-term success (Nasr et al., 2017).

My thesis is an intensive qualitative cross-case study because my aim is understanding the cases from "the inside" and getting in-depth knowledge of one or a few cases. My goal is to understand the similarities and differences between the cases and to compare them with each other. The purpose of this study is contributing to previous research done on employee motivation and customer satisfaction in the sales area and bringing new insights into the topic through empirical research.

**Research questions that this thesis aims to answer are:**

**RQ1. How do employees view and perceive that customer feedback affects their external work motivation?**

**RQ2. How do employees view and perceive that customer feedback affects their internal work motivation?**

## 1.4. Research Contexts

### 1.4.1. Thesis Structure

The introduction of this thesis is an overview of this study. My thesis starts with an introduction, which opens and explains the background of the study. It is followed by introducing the research gap and research questions and lastly the context of the research, where the structure of the thesis is explained. Understanding the research gap and the research problem leads to the research questions which this master thesis is looking to answer by interviewing front line employees and their managers receiving and handling customer feedback in their daily activities. Interviews are structured using "How?" and "What?" -questions, as the goal of the study is to understand the daily customer encounters and how those affect the interviewees' internal and external motivation. The introduction

creates an understanding of why this specific research is necessary and how it is linked to previous research. It also explains how the selected research approach brings a new perspective to the research area.

The second chapter presents a literature review which collects and explains the most recent and relevant research for this thesis. The literature review starts with an explanation of why asking customer feedback is important and how it can be collected. In addition, the chapter explains the importance and benefits of collecting and analyzing customer feedback. At the end of this chapter the new challenges and opportunities for customer feedback are introduced. In addition the effects of the COVID-19 pandemic in spring 2020 are analyzed. As there is no previous research around COVID-19 influence on customer feedback, this part focuses on general expectations and previous research based on existing information. Then, the second chapter continues with the company strategy and employee training. This chapter explains how customer feedback is related to company strategy and how customer feedback can be measured. In addition, the chapter explains the important role of middle management when analyzing and delivering customer feedback to their employees. Moreover, salesperson motivation and related motivation theories are explained, which is linked to salesperson intrinsic and extrinsic motivation. At the end of this chapter there is the theoretical framework of the study, which is a conclusion based on literature. The main task of the literature review was to create guidelines for analyzing the empirical results of my thesis.

In the third chapter, I explain the methodology of this study including the research design, data collection, data analysis and reliability assessment. Methodology presents and explains why qualitative methods are valid and why and how those have been selected for this thesis. The selected research agenda is gone through with justification for the chosen method. The aim of the methodology is to prepare the reader for the next chapter which presents the results of this study. The methodology chapter includes the research approach and research method, data collection, data analysis, reliability and validity assessments and lastly the limitations of this research.

Finally, after the methodology chapter this thesis covers the empirical results and findings, discussion, and conclusion. Empirical results are the most important part of this master's thesis for bringing a new empirical perspective based on literature review for this area. Interviews were conducted among front-line employees and sales managers in the sales industry. Empirical results will present an in-depth description of the findings of the interviews. Discussion and conclusion summarize the main observations of my thesis. The chapter summarizes and justifies the main findings and discusses different perspectives of the findings and how those are related to previous research.

### 1.4.2. Self-Determination Theory

Before moving into the literature review, I will explain the theoretical background of this research. Self-Determination Theory (SDT) and the theory of human motivation (Ryan and Deci 2000) are the main theories used in this thesis. Self-Determination Theory approaches and investigates human motivation by using empirical methods. SDT explains needs for *competence*, *relatedness*, and *autonomy* (Ryan and Deci, 2000). Ryan and Deci argued that motivation has been a central issue of psychology due to biological, cognitive, and social regulation. Self-Determination Theory identifies the importance of interconnection of intrinsic and extrinsic motivations through two sub-theories which are Cognitive Evaluation Theory (CET) and Organismic Integration Theory (OIT). The CET aims to specify the factors that explain diversity in intrinsic motivation. Ryan and Deci (2000) suggested that CET focuses on the needs for *competence* and *autonomy*. The theory argues that e.g., feedback can enhance intrinsic motivation. Meanwhile OIT explains different forms of extrinsic motivation which proposed that internalization is more likely to appear when there is a sense of *relatedness* (Ryan & Deci 2000). Intrinsic and extrinsic motivations are in the focus of this study and without knowing the linked motivational theories it is difficult to understand the theoretical background of this thesis.

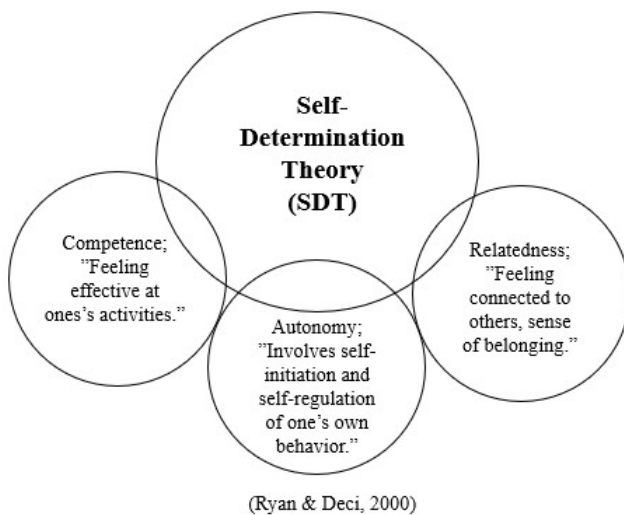


Figure 1. Self-Determination Theory is considering *autonomy*, *competence*, and *relatedness* (Ryan & Deci, 2000).

## 2. LITERATURE REVIEW

In this literature chapter, I will introduce the most relevant and recent academic literature related to my research. The literature review is divided into different sections and it eventually forms an overall picture of the whole study and presents the theoretical framework of the study. The most important theory used in the theoretical framework of my study is the Self-Determination Theory (SDT), which is a theory about the human motivation. Cognitive Evaluation Theory (CET) and Organismic Integration Theory (OTT) are sub-theories of SDT, and those have also been reviewed in the literature review. Most recent and relevant academic literature has been reviewed for this study and existing research results on each topic are introduced later in this chapter. Firstly, I will explain the customer feedback process, followed by the concept of company strategy. The link between these two is also reviewed in this chapter. This can be seen as the main guideline for this study, as customer feedback should be linked to the company strategy. This leads the literature review into the main interest of this thesis, salespeople motivation and more precisely, how customer feedback affects salespeople intrinsic and extrinsic motivation. In conclusion, I will summarize the theoretical background and conclude the main points of my findings.

### 2.1. Customer feedback

*“Customers who provide feedback to improve or create future value for organization which bolsters its competitive advantage may be the best.” (Robinson, 2011)*

Global markets have become more competitive (Gebauer et al., 2011) and it is important to delight customers meanwhile avoiding disappointing customers (Fundin & Bergman, 2003). Fundin and Bergman (2003) stated that the value of a systematic process for obtaining customer feedback is necessary for meeting our present and future customer expectations. It is important to collect and analyze customer feedback because it allows organization to learn (Ordenes et al., 2014) and adapt its decision to customer preferences (Baohong et al., 2018, 85). According to Ordenes et al. (2013) rapidly developed technological channels give companies the opportunity to collect data from the customers. They argue that customer feedback can provide valuable information of insight to companies e.g., recognizing real customer needs and expectations. Companies that can manage customer feedback data regularly, are more productive (5%) and more profitable (6%) than their competitors (Ordenes et al., 2014). Meanwhile, customer feedback offers individual knowledge to employees, who can adapt it and use it in their work. Customer feedback also affects behavior,

commitment, and motivation levels. Feedback tells individuals as well as companies how effective a job has been done (Zhao et al., 2016). In addition, feedback concerns the knowledge of the employee with relation to work outcome (Zhao et al., 2016). According to Zhao et al. (2016) when employees receive useful feedback, they tend to adjust their work actions and it increases their satisfaction at work and engenders happiness. As such, feedback has a huge effect on the company and its employees because without having customer feedback it is hard to extend or create future value for organizations and its customers (Celutch et al., 2015).

Customer feedback provides information about customer experiences and it can be collected either structured or unstructured (Wirtz et al., 2010; Nasr et al., 2018). Unstructured feedback like active feedback takes the form of qualitative methods, which can be collected through platforms e.g., satisfaction surveys or e-mails. Active feedback is seeking customer's opinion of customer service (Wirtz et al., 2010) by giving the customers more flexibility to describe their experiences (Nasr et al., 2018). Structured feedback like passive feedback takes the form of quantitative surveys which can be collected through websites or from social media e.g., reading time or number of clicking time in a website (Ordenes et al., 2013, Wirtz et al., 2010, Nasr et al. 2018). Many companies' favorite way is gathering the data by quantitative methods because structured questionnaires such as numerical data is easier to analyze than unstructured feedback which consists of words (Nasr et al., 2018). Witell et al. (2011) argue that qualitative approach e.g., open-ended question or "word-of mouth (WOM)" conversations give richer information than numerical data because these provide customer experiences by themselves. In addition, the central focus of organizations is the growing importance of data and social media (Ordenes et al., 2014).

The most often customer feedback is given to front-line employees (Wirtz et al., 2010) e.g., by phone or through customer satisfaction surveys. Nasr et al. (2018) suggested that customer feedback is necessary for delivering customer appreciation and sharing positive emotions, which can have a positive implication on customers, front-line employees, and companies. They argue that appreciation and gratitude help with coping with stressful situations, customer relationship building and increasing positive emotions. Further, studies have shown that providing the feedback to employees motivates them and feedback had a huge positive effect on job satisfaction (Zhao et al., 2015). Eisenberger et al. (1990) found that the importance of positive customer feedback for employees is significant because it satisfied the employees' social need for approval, affiliation, and esteem. Even though technological channels create an opportunity for customers to give unsolicited feedback to service, customers rather addressed feedback in person to front-line employees (Wirtz et al., 2010), which makes the front-line employees the key sources of receiving customer information into organizations



(Celuch et al., 2015). In addition, 65 per cent of all types of customer complaints have been given to frontline employees (Celuch et al., 2015). Thus, feedback management helps companies in decision-making processes and supports in service quality. Meanwhile it increases competitive advantage and customer relationship building (Nasr et al., 2018). In the sales industry, due to the benefits of customer feedback, it is most often tied with individual salesperson's incentives and it is one of the most important reasons that business has grown (Reichheld, 2003). In conclusion, the analysis of customer feedback improves customer experience (Nasr et al., 2018).

In the spring of 2020, the global COVID-19 pandemic dramatically changed the world situation. As a result of the pandemic, people across the world started to use digital platforms for their daily routines more than ever before. The general expectation is that teleworking will increase in the future (Talouselämä 25.8.2020), even though the consequences of the pandemic have not been studied yet. This means that more customers will be served online compared to face-to-face meetings that have traditionally been preferred in business. In addition, more customer feedback will be received on the phone and through digital platforms. Companies are facing situations that they have practically unlimited possibilities and ways to get customer's opinions (because of technological opportunities) and therefore customer satisfaction surveys need to be able to ask the right questions from customers to understand why the customer gives good or bad feedback. Nowadays, I argue that customer feedback has a significant effect on companies, employers, and employees. Thus, it should be combined with the company's strategy.

## 2.2. Company strategy

The company's management should start with the key actions which are required to create their strategy, and which suits best to their aims. The company's strategy should proceed to the metrics providing control over the accomplishment of specific achievements (Balashova et al., 2018). They argue that strategic decision-making and strategy management is a well-developed sphere e.g., using information resources like technological channels which are obtaining additional competitive advantages and creating key competences. Rapidly changing and developing technology set new challenges to business and customers are more difficult than before (Orderens et al., 2015; Kaski et al., 2016). They argue that it is difficult for salespeople to always meet the customer expectations and that the expectations are higher than ever before. Global markets have become more competitive (Gebauer et al., 2011) and it is important to delight customers meanwhile avoiding disappointing customers (Fundin & Bergman, 2003). Celuch et al. (2015) argued that customer feedback has been

highlighted for its critical role in companies' market orientation efforts. Market orientation requires that a firm needs to be aware of itself and its environment, receive new information and act on it (Celuch et al., 2015). They argued that only customer-orientated organizations can be called market-oriented. It requires awareness of customer needs and receiving information from the customers meanwhile spreading out the information internally in order to satisfy customer needs when building stronger relationships (Celuch et al., 2015). Further, customer feedback is part of customer orientation which is necessary to grow as a market-orientated organization in the future (Celuch et al., 2015). Thus, customer feedback helps companies to get more specific information for providing their customers with more personal service. In addition, every company wants to have customer feedback to support their decision-making; "it is a phenomenon of a time" says a doctoral thesis researcher from Aalto University (Yle 17.12.2019).

Fisher et al. (2018) proved that many companies invest lots of time and money measuring customer satisfaction even though most of the yardsticks the company uses are complex and do not directly correlate to their profit or growth. Thus, it is important to know what the company wants to measure. According to Schmitt (2013, 17-18) customer service experience is one of the company's strategical tools for management support. He argues that managing customer experience is not a marketing tool, but rather a truly customer-oriented way to manage a company's operations and processes. Thus, organizations need to measure customer satisfaction in the right way in order to get important information for the decision-making process. In addition, Fisher et al. (2018) stated that companies do not need to have expensive surveys because asking one simple question can help to collect simple data which correlates with growth. Especially in the sales, companies gather information about customer satisfaction with different customer satisfaction surveys e.g., Net Promoter Score (NPS), CET, CES and CSAT. For example, the NPS is used in business to measure customers' loyalty to recommend a product, service, or company (Laitinen, 2018). NPS measures customer experience with specific questions "*e.g., how likely are you to recommend to us a friend or colleague?*" on the scale of 0-10. In this NPS table when customers are rating 9-10 its classified as "promoters" and rating 6 or lower are classified as "detractors". NPS is calculated by the proportion of detractors from its proportion of promoters (Keiningham et al., 2007). Additionally, NPS can also be connected to employee motivation. For example, a simple message to the employees to "get more promoters and fewer detractors" becomes a motivating factor especially when it is tied to employee incentives (Fischer et al., 2018). This theme will be presented more deeply in the next chapter (2.3.).

Successful firms need to learn from their customers to maximize long-term profit (Boahong et al., 2018). Especially in the sales, many companies are rating customer feedback with NPS because it

strives to measure customer loyalty and thereby business growth. Keiningham et al. (2018) explored the relationship between customer satisfaction (by NPS) and company growth. The results of their research show that there is a link between company growth and the NPS earnings. Fry (2006) stated that the NPS leaders are said to “*outgrow their competitors in most industries by an average of 2.5 times*”. As well as Drosos & Tsotsolas (2011) confirmed this statement by their research results by providing strong indications that customer satisfaction level affects the market share. However, Reichheld (2003, 51-52) stated that NPS was not the best indicator for all industries because the “would recommend” question was not the best indicator of business growth in every case. This result could justify, e.g., cultural differences because customer satisfaction levels may be reported differently in different countries (Keiningham et al., 2007). However, customer feedback tools can be one part of the company’s strategy when measuring customer satisfaction. All in all, customer feedback gives significant information which can have either positive or negative consequences for businesses or their employees.

### 2.3. Employee training as a part of firm strategy

*“The role of coach, the sales manager provides each salesperson with specific feedback on strengths and weaknesses” (Hawes & Rich 1998,56).*

Despite of the many dramatic changes over the years, people working in sales management have not changed their belief that coaching is one of the most important management tools as a part of company strategy (Hawes & Rich, 1998). Sales coaching has been cited as critically important, consisting of supervisory feedback, role modeling and salesperson trust in their managers (Hawes & Rich, 1998). One of the thesis interests is supervisory feedback because it has its own role in motivating employees through customer feedback. In fact, understanding what motivates employees is one of the key challenges for companies (Milne, 2007). They argue that it is not possible to directly motivate others, but it is important to know *how* to influence what others are motivated by. At the same time, academic sales literature has studied feedback as a leader behavior which is an important variable that significantly influences salespeople (Hawes & Rich, 1998).

In the sales contexts, supervisory feedback is often defined as a sales manager’s praise or *recognition* when a salesperson has performed well at work (Hawes & Rich, 1998). Nasr et al. (2018) stated that managers should be aware of the importance of customer feedback because it could be used as a tool for management e.g., to evaluate how front-line employees are succeeding at work. Providing

constructive feedback is a critical skill for leaders to motivate employees (Smith et al., 2017), for example a simple “thank you” goes a long way (Milne, 2007). Studies have shown that positive feedback affects frontline employees’ enthusiasm, which is linked to higher job motivation, job satisfaction and a strong spillover effect. Positive feedback contributes to positive self-evaluation which can counterbalance feelings of depression that front-line employees may face at work (Worth, 2010). Nasr et al. (2016) also proved that front-line employees get frustrated for not being appreciated for good customer service in the eyes of their supervisors. Furthermore, positive feedback is associated with the front-line employees’ level of achievement. In contrast, there are some studies that have shown that positive feedback has no impact on some front-line employees. Thus, the goal for the leaders is to recognize and understand that the feedback that they provide obtains the right skills and knowledge to an individual employee which helps improving their work motivation (Smith et al., 2017).

As an individual customer service representative may not have enough time to go through customer feedback, managers play a significant role in their coaching. Studies have shown that positive feedback is used to recognize employees’ strengths (Wirtz et al., 2010) while managers can use negative feedback for employee training towards successful customer encounters. Usually, companies and employers trained frontline employees to identify and respond to any kind of customer complaints (Nasr et al., 2018). Thus, customer feedback gives significant information no matter in what form the customer feedback is given. Providing constructive feedback to employees requires critical skills from the team leaders (Smith et al., 2017). Delcourt et al. (2016) argued that managers can strengthen the employee emotional competence (EEC) on all levels. Emotional competence increases emotionally competent behavior and emotional intelligence. Thus, when leaders can take into account the employee emotional competence, it affects front-line employee happiness (Nasr et al., 2018). In addition, the front-line employees should be able to ascertain the customer’s perspective to sense and share the customer emotions. These employee training techniques are called the perspective-taking technique which increases employee ability to adopt a customer’s viewpoint (Nasr et al., 2018).

As a part of coaching, *rewards* have to be recognized in order for individuals to be directed towards the achievement of an organization’s strategic objectives (Milne, 2007). Milne (2007) argued that all businesses use rewards to encourage their employees. Incentives are most commonly used in the sales industry for reaching a positive outcome, i.e., in this thesis towards motivating employees, meanwhile some studies argued that incentives can undermine productivity and performance (Denning 2001). It means that when employers offer a reward, employees may be willing to work harder only because

of the external reward rather than for intrinsic reasons (Milne, 2007). As I have mentioned earlier (2.2), the NPS is widely used in the sales industry when measuring customer satisfaction. In some companies, NPS may be used as a metric when motivating employees by incentives. As Fischer et al. (2018) suggested, when the NPS is tied to employees' incentives it becomes a motivational factor. However, little research has been done about how NPS is connected to incentives, so the effects can also be negative. Overall, studies showed that tangible rewards, such as incentives, enhance employee motivation when they are offered to complete a work specified performance standard (Milne, 2007). Thus, whenever employees are receiving good customer feedback it can help them to get extra bonuses (incentives) from their employer.

One of the coaching methods could be team-based rewards. In addition, teams have become work units and many organizations use team-based rewards (Milne, 2007). Many reasons encourage to favoring team-based rewards. For example, they support a team-based structure, foster co-operation among the employees and promote team productivity. Further, team-based rewards have influenced the motivation of team members because it encourages, i.e., competition among employees. On the other hand, team-based rewards can affect employee motivation negatively if employees do not see the importance of their efforts for the team performance, which the rewards are based on. Or if employees see "free-riding" team members and that employees are not working equally hard towards the team-based rewards, in case the incentives are shared equally between all team members. I argue that if teams have a good level of customer satisfaction (can be measured by the NPS), it can have a positive influence on team-based rewards.

Overall, supervisory feedback is one part of sales coaching, which is an important variable that significantly influences salespeople (Hawes & Rich, 1998). The most important factor is that managers need to know *how* to influence what others are motivated by. Sales literature argues that external motivational factors such as recognition and rewards can have positive or negative impacts on employees. Especially studies have shown that the positive feedback affects front-line employee's enthusiasm, which is linked to higher job motivation (Nasr et al., 2018). Several types of rewards and recognition have different effects (Milne, 2007). They argue i.e. that verbal rewards involved positive feedback like a simple "thank you," which goes a long way. Meanwhile, tangible rewards involve incentives like money. I argue that both rewards are crucial factors when motivating employees through customer feedback.

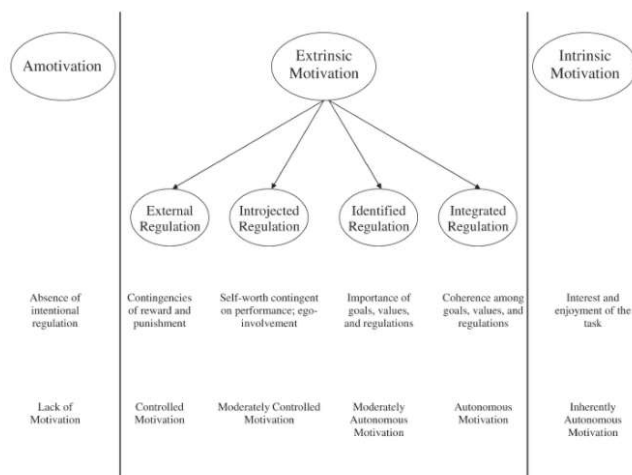
## 2.4. Salespeople motivation

In order to answer to my research questions, it is valuable to understand that motivation “*concerns energy, direction, persistence and equifinality- all aspects of activation and intention*” (Ryan & Deci, 2000). Motivation has been widely studied (Ryan and Deci, 2000) and it has been an important part in the study of salesperson performance (Churchill et al., 1985; Vroom, 1985). According to Jaramillo et al. (2013), it has been noted in academic literature that motivation plays a significant role in explaining *how* and *why* certain behavior happens. Thus, motivation is critical for organizational success due to its effect on salesperson’s attitudes, behavioral targets, and performance (Jaramillo et al., 2013). Motivating employees to increase their sales volumes while rewarding good performance has become one of the firms’ challenges in the sales industry (Mallin & Pullins 2009, 769). In addition, employee motivation is one of the key factors for company success and part of a strategic asset in the competition for market shares (Jaramillo et al., 2013). According to Miao et al. (2007), employee motivation is one of the key factors of effective sales performance, after role perceptions and skills. Motivation is a significant factor in working life, which makes employees strive towards their goals. Even though employee motivation is one of the key factors of effective sales performance, only little research has been done about how customer satisfaction is linked to salespeople motivation. Recently, researchers have been highly interested in incentive-related topics, as incentives can be seen as one of the main sources of salespeople motivation and therefore, incentives can improve sales productivity as well (Mallin & Pullins, 2009, 769; Mohd-Sanusi & Mohd- Iskandar, 2007). According to the most recent research, incentives are linked to increased motivation, but there is still a research gap in sales research on this topic (Mohd-Sanusi & Mohd- Iskandar, 2007).

Porter and Lawler (1968) proposed and recognized the model of intrinsic and extrinsic (I/E) motivation (Miao & Evans, 2014). An intrinsically motivated individual is driven by the task itself; meanwhile an extrinsically motivated individual is driven by some type of instrumental gain or loss e.g., incentives (Mallin et al., 2017, 357). At work, intrinsically motivated salespeople are more likely to care about their customers and find personalized solutions to customer problems (Jaramillo et al. 2013). Porter and Lawler (1968) argued that extrinsic and intrinsic rewards would help the procedure of total job satisfaction at work. Usually, individuals have a combination of both external and internal motivation factors.

In addition, according to Ryan and Deci (1985) self-determination theory (SDT) and cognitive evaluation theory (CET) are strongly connected to work motivation. SDT presents that people are

motivated to succeed and grow, when three universal and innate psychological needs are fulfilled. These are the needs of competence, autonomy, and relatedness. CET emerged on how external consequences affect internal motivation (Shi et al., 2017). In addition, studies have shown that challenging activities were highly intrinsically motivating and positive feedback enhanced intrinsic motivation. However, negative feedback decreased perceived competence and decreased both intrinsic and extrinsic motivation (Gagne & Deci, 2005). In addition, SDT includes autonomous and controlled motivation. Intrinsic motivation is an example of autonomy motivation which means that people are acting with a sense of volition and having the experience of choice. On the contrast, SDT theory says that extrinsic motivation is an example of controlled motivation which means that extrinsic rewards are used for controlling people motivation (Gagne & Deci, 2005). Autonomous motivation and controlled motivation are contrasts to amotivation, which is lacking out self-determination. According to Ryan and Deci (2000) the following figure illustrates different motivational types, and how the different motivational types emanate from the self (e.g., self-determination).



*Figure 2. SDT shows that amotivation is lacking in self-determination, and extrinsic motivation which has vary of self-determination, and intrinsic motivation is invariably self-determinate (Ryan and Deci 2000, 61).*

Ryan and Deci (2000) stated that amotivation means lacking the intention to act, which is the result of not valuing an activity. Figure 1 illustrates amotivation on the far left which is followed by (to the right) extrinsic motivation and intrinsic motivation. Intrinsic motivation creates satisfaction only by completing the activity. Finally, extrinsic motivation is the cover of amotivation and intrinsic motivation, which depends on whether their regulation is autonomous or not.

It has been empirically proved that compensation orientation (extrinsic motivation) and challenge orientation (intrinsic motivation) are *cognitive motivational needs*. Recognition orientation (extrinsic motivation) and task enjoyment (intrinsic motivation) are *affective motivational needs* (Miao & Evans 2007, 89). Research in social psychology has found that cognitive and affective dimensions are strongly related to a salesperson's internal and external motivation (Miao & Evans 2014, 89). Without considering the salesperson's cognitive and affective motivational needs, managers are far behind of effective sales strategies (Miao, & Evans 2013, 89).

#### 2.4.1. Intrinsic motivation

In the sales and marketing literature, the definition of intrinsic motivation is the feeling of pleasure and satisfaction by completing the activity itself (Miao & Evans, 2007; Jaramillo et. al., 2013). According to Jaramillo et. al. (2013) intrinsically motivated salespeople are more likely to find creative solutions actively and offer them to the customers based on diverse customer needs. Internal motivation is strongly connected to satisfaction, feeling accomplishment, receiving appreciation and positive recognition (Skydiene & Auruskeviciene, 2010, 50). According to Mallin and Pullins (2008) intrinsic motivation is positively related to behavior and positive relationship outcomes in sales, which means that behavior includes e.g., active listening, problem solving and identification of needs. Task enjoyment and challenge seeking are influenced by internal motivation. In addition, according to Pullins (2001) intrinsic motivation is the human need to be competent and self-determined and it is linked with building successful relationships in the context of sales.

As I mentioned earlier, according to Wirtz et al. (2010) the most often customer feedback is given to front-line employees, which means that they need to handle the feedback somehow. The impact of customer feedback, intrinsic motivation should explore with the *cognitive* and *affective* dimensions. For example, challenge orientation is the cognitive aspect of intrinsic motivation (Miao & Evans 2007, 89). Thus, if salespeople see getting a good customer feedback like “a challenge”, the consequence may well be serving the customer in the best possible way. Deci and Ryan (1985) suggested that individuals with higher psychological needs have strong internal dedication for their behaviors and outcome and they are more likely to perceive their competence (Ryan & Deci, 2000). Ryan and Deci (2000) also argue that challenge-oriented individuals are more able to cope with conflicting work life situations. Hence, intrinsically motivated salespeople can cope and succeed in customer encounters even though the situation would be challenging and difficult. The effective



dimension of intrinsic motivation includes task enjoyment. Task enjoyment refers doing a specific task independently without getting any rewards as an outcome (Miao & Evans 2007, 91). Thus, verbal customer feedback can be valuable (although it cannot be measured) towards increasing intrinsic employee work motivation.

In addition, it is difficult to always meet customer expectations because expectations are higher than ever before. In the sales and marketing literature, researchers have presented that salespeople with intrinsic interest in selling, are more likely to experiment with different selling strategies when they are lacking accurate instructions (Weitz, Sujan & Sujan, 1986). I argue that salespeople have to be quickly adaptive to customer expectations, and customer needs can be satisfied using different selling strategies, based on how the customer encounter and customer relationship is formed. According to Jaramillo et al. (2013) adaptive selling strategy is necessary whenever the goal is to strengthen buyer-seller relationships. Thus, adaptive selling behavior can be reflected in customer feedback which can affect salespeople motivation (Fatima, 2018).

#### 2.4.2. Extrinsic motivation

“Understanding what motivates employees is one of the key challenges for managers” (Milne 2007, 29). As I mentioned earlier, it is important for leaders to know *how* to influence what others are motivated by (Milne, 2007). Sales managers use sales control system and compensation plans in order to meet organizational goals (Mallin & Pullins 2008; Fatima 2018). Nasr et al. (2016, 155) argues that the organization management has a role in how they manage and handle customer feedback in such a way that employees understand the importance of the feedback. External motivation is a construct that pertains whenever an activity is done in order to attain some separate outcome such as money, recognition, and promotion (Ryan & Deci 2000, Fatima 2018). External factors, e.g., instrumental value, drive an extrinsic form of motivation. External motivation involves engaging to reach a certain desired end state (Ryan & Deci, 2000). Marketing literature provides evidence that incentives are effective when company wants to grow their sales while simultaneously motivating their employees (Mohd-Sanusi & Mohd- Iskandar, 2007). In the sales literature compensation orientation and recognition orientation are related to extrinsic motivation (Miao & Evans, 2007).

Extrinsic motivation as well as intrinsic motivation should be explored with *cognitive* and *affective* dimensions in the context of job performance. When a company uses compensation plans it can help to motivate employees and ensure the company's long-term profitability (Fatima, 2018). In the sales

and marketing literature financial compensation and incentives are one of the most important factors when motivating employees (Fatima, 2018). For example, salespeople who are compensation orientated (cognitive) are working harder towards higher sales outcomes because they get higher financial compensation (Miao & Evans, 2007, 92). Thus, when good customer feedback is related to salespeople incentives it can increase some employees' external motivation to work harder. As I mentioned earlier, self-determination theory includes autonomous and controlled motivation. Thus, salespeople receiving financial bonuses can fulfill competence and autonomy needs and thereby increase salesperson's self-awareness.

Recognition is an important management tool even though it does not include non-financial rewards (Milne, 2007). Recognition oriented (affective) salespeople are likely to reach the goals which are set by the supervisors (for example number of customer feedbacks or call rate) and sales manager control has a positive impact on recognition motivation (Fatima, 2017). Recognition involves e.g., verbal rewards like a basic "Thank you!" which can positively affect employee motivation (Milne, 2007). Nasr. et al. (2016) proves that the front-line employee gets frustrated for not being appreciated in the eyes of the supervisor for the good customer service. This makes it important to celebrate success when employees feel they have exceeded customer expectations (Milne, 2007). Therefore, supervisors' role and participation is crucial when discussing customer feedback with the employee. Usually, customer feedback provides valuable information to the company and their salespeople so they can improve their customer encounters and further develop the company's service to match customer needs in the future.

In the sales contexts, extrinsic motivators are important, but researchers have shown that salesperson's intrinsic motivation had a greater impact on the sales results than extrinsic motivation (Mallin et al., 2017, 360). It has also been argued that highly intrinsically motivated salespeople are more relaxed and have a less negative emotional tone than only extrinsically motivated salespeople (Pullins, 2001, 405). I argue that both motivational factors are important, due to the fact salespeople often need to travel and work long hours. Building long-lasting customer relationships may mean extending the office hours into business dinners and evenings with the customers, and the need of being social and reflective is a key factor. Such events and the time that needs to be spent with the customers may not be directly compensated by the employer. Salespeople are facing different customer expectations and their needs and need to be able to find solutions proactively in order to match the customer needs with the product or service offering they are trying to sell. I mentioned earlier that challenge-oriented individuals are more able to cope with conflicting work life situations, so whenever customers are difficult, intrinsic motivation is crucial for a good outcome, as well as

perseverance and flexibility. At the same time extrinsic motivation has its own role, as salespeople who are highly compensation orientated, can be ready to do whatever it takes to reach the set sales targets and get the related financial compensation, regardless of how challenging the customer encounters are. Science also supports my argument because the most recent literature presented that it is an invincible combination to have salespeople who have exhibit intrinsic motivation of challenge orientation and extrinsic motivation of compensation orientation (Miao & Evans 2007, 98). On the result of understanding the salesperson intrinsic and extrinsic motivation, I believe that customer feedback needs to motivate the salesperson with cognitive and affective motivational needs so that the salesperson can reach an effective sales outcome and successfully build long-lasting customer relationships.

## 2.5. Conceptual framework as a conclusion of literature

*“Customer feedback can help identify problem areas and strengths and generate ideas for service improvements. The most customer feedback is given to frontline employees” (Wirtz et al., 2009).*

As I mentioned earlier, customer feedback provides valuable information for the company (Ordenes, 2014). It is important to collect and analyze customer feedback because it allows organizations to learn and develop their offering. Companies that can manage customer feedback regularly are more productive (5%) and more profitable (6%) compared to their competitors who do not have such processes. (Ordenes et al., 2014). In addition, feedback management helps companies in the decision-making process and improving in-service quality, meanwhile increasing competitive advantage and supporting the building of customer relationships (Nasr et al., 2018). It is good to remember that most often the customer feedback is given directly to the front-line employee (Wirtz et al., 2010). Therefore processing the received feedback in a structured manner is absolutely essential not only from the individual employee’s perspective but also from the company’s strategic perspective. Every company wants to have customer feedback to support their decision making, “it is a phenomenon of the time” says a doctoral thesis researcher from Aalto University (Yle 17.12.2019).

Jaramillo et al. (2013) argued that employee motivation is one of the key factors for company success and part of a strategic asset for competing. Porter and Lawler (1968) proposed a model of intrinsic and extrinsic (I/E) motivation (Miao & Evans, 2014). In addition, according to Ryan and Deci (1985) self-determination theory (SDT) and cognitive evaluation theory (CET) are strongly connected to work motivation. Cognitive evaluation theory explains how external consequences affect internal

motivation. In addition, self-determination theory includes autonomous and controlled motivations. Intrinsic motivation is an example of autonomy motivation which means that people are acting with a sense of volition and having the experience of choice. On the contrary, self-determination theory says that extrinsic motivation is an example of controlled motivation which means that extrinsic rewards are used for controlling employees' motivation (Gagne & Deci, 2005). Without considering the cognitive and affective motivational needs of the salesperson, managers are far behind of effective sales strategies (Miao, & Evans, 2013, 89).

Meanwhile, the role of customer satisfaction drives the company's strategies even more than before. Sales coaching, which consists e.g. of supervisory feedback, has been critically important. In addition, sales managers provide the salesperson specific feedback based on their personal strengths and weaknesses (Haws & Rich, 1998). Meanwhile, supervisory feedback has its own role when motivating employees at work because managers need to know how to influence how others are motivated. Thus, rewards and recognition are the ways to recognize their employees for a good customer encounter. Recognition can be just a basic "Thank you!" which often goes a long way (Milne, 2007), meanwhile tangible rewards can include incentives, like an additional monetary compensation for reaching the set sales targets. Thus, customer feedback and employee motivation should be attached to the company's strategy, as otherwise the company does not get the full benefit of them.

In the sales and marketing literature intrinsic motivation involves an individual employee doing an activity itself because it is interesting, while it gives satisfaction (Miao & Evans, 2007). According to Wirtz et al. (2010), the most often customer feedback is given to front-line employees and positive feedback enhances their intrinsic motivation. Thus, verbal positive customer feedback can be very valuable in increasing and improving intrinsic employee work motivation, even though such feedback may be challenging to record and measure in a structured way.

Based on my theoretical findings, I conclude that a competitive advantage exists when customer feedback is used in the right manner. In addition, extrinsic and intrinsic motivational factors are necessary in the sales context. As a result, I present the following theoretical framework. The conceptual framework tells that customer feedback, leadership management and company strategy have an impact to employee motivation, but my interest is finding out how employees view and perceive that customer feedback affects their external and internal work motivation. To sum up, customer feedback has a great effect on the company strategy as well as on individual employees.



*Figure 3. The framework is based on conceptual findings.*

### 3. METHODOLOGY

This chapter presents and explains the research methods of this thesis. This chapter will go through a selected research agenda with justification for the chosen method. The aim of this chapter is to prepare the reader for the next chapter which presents the results of this study. This methodology chapter explains the selected research approach and research method, opens up how the data has been collected and analyzed, evaluates the reliability and validity of this research and finally presents the limitations of the research.

#### 3.1. Research approach and research method

In social science research studies have managed two basic models: inductive or deductive. Deductive model is a linear process in which the hypothesis is tested empirically, which means that theory is the first source of knowledge. Deduction reasoning is not suitable for most qualitative research due to the linear process from theory to empirical research (Eriksson & Kovalainen, 2016). On the contrary, in the inductive model, the theoretical results are consequences of proceeding from empirical research. Inductive reasoning starts with empirical material which means that it is suitable for most qualitative research as it does not follow strict logical patterns. However, abduction is a combination of deduction and induction, and it is commonly used in business research studies. Philosopher Charles Sanders Peirce (1839-1941) defined abduction as a process of creating new ideas or hypotheses (Eriksson & Kovalainen, 2016). Deduction and induction rarely occur as an obvious alternative and that is why abduction approach is used when going back and forth with the theory and discovering new things for getting better understanding of meanings e.g., other variables and relationships. Additionally, abductive reasoning starts from the facts and then moves forward through several explanations to the most potential one (Eriksson & Kovalainen, 2016). Therefore, an abductive approach is chosen for this thesis for providing a holistic understanding of the end results based on existing theory and describing empirical data and creating new ideas.

Typically, any discussion of research methods is presented either as a qualitative or a quantitative category. Silverman (2011) pointed out some differences between quantitative and qualitative research. Quantitative research has its own variables (Silverman, 2011) and conducts hypothesis-testing which means following a common pattern of research and the results are findings from the original hypothesis (Newman & Benz, 1998). Quantitative research is explaining phenomena by collecting numerical data (Muijs 2010), which is the complete truth that is detached of human experiences or perception (Sale et al., 2002). In the contrast, qualitative research is chosen when the

goal is to get insights and deeper understanding of a phenomenon (Eriksson & Kovalainen, 2008). Research done by using qualitative methods is willing to answer the question “*how*” and “*what*” things happened in participants’ perspectives by looking at the meanings in their everyday life. Moreover, qualitative research approach is interested in contextual meanings of “*how something is said and done*” and “*why is this done in a particular way.*” To put it briefly, qualitative and quantitative research methods are not trying to answer the same questions. The aim of this thesis is getting insight understanding of experiences and feelings of the interviewees. This means that using the qualitative research method is the most appropriate way when increasing understanding of the phenomenon under the study (Eriksson & Kovalainen 2016, 119). In addition, my goal is not to provide statistically significant data but rather to understand the meanings of everyday life. For these differences between the quantitative and the qualitative approach, I have decided to use a qualitative research method because it helps answering my research questions in the best possible way. Qualitative research method which uses texts as empirical material instead of numbers (Flick, 2007) which make it suitable for this thesis. In addition, it means that the research questions of my thesis are appropriate for qualitative research because the purpose of my thesis is to provide in-depth findings from one or more cases. The empirical data of my thesis has been gathered to answer my research questions.

The goal of my thesis is to get a deeper understanding of how customer feedback affects salespeople intrinsic and extrinsic motivation, and I am looking forward to answering my research questions which are:

*RQ1. How do employees view and perceive that customer feedback affects their external work motivation?*

*RQ2. How do employees view and perceive that customer feedback affects their internal work motivation?*

My thesis qualitative research approach is using a case study. The case study approach has become more popular when wanting to understand the interaction between a phenomenon and its contexts (Dubois & Gadde, 2002). In business research case study provides a more personal format when presenting complicated business issues (Eriksson & Kovalainen, 2008). Case study is one of the most popular research strategies because it presents business problems in a practical way and for example, understanding the case from the inside becomes possible, when a holistic description is provided as a result of the study (Eriksson & Kovalainen, 2016). Case studies can be divided into either intensive or extensive ones. Stoecker (1991) suggested that the goal of an extensive case study is developing

or testing theoretical constructs while an intensive case study aims at understanding a unique case. Extensive case studies are more focused on mechanisms and properties or testing theories, which means that it is more used in quantitative studies (Eriksson & Kovalainen, 2008). In addition, intensive case study emphasizes cultural meanings in specific contexts and explores the case with the deeper understanding from the perspectives of the people involved in the case. The main interest of an intensive case study is the case itself (Eriksson & Kovalainen 2016).

My thesis uses an intensive case study because my aim is understanding the case from the inside and getting in-depth knowledge of one or a few cases where people are involved (Eriksson & Kovalainen, 2016). Intensive case study approach gives holistic and meaningful real-life knowledge of events researched (Yin, 2003) and more specifically, cultural meanings and sense-making process in particular circumstances (Eriksson & Kovalainen, 2016). According to Eriksson and Kovalainen (2016) intensive case study offers insights on the cases made by researchers when focusing on the interactions and experiences of the people involved in the study. The goal of my thesis is to understand the interviewees as individuals, and to find similarities and differences in their opinions. My purpose is to compare my empirical observations with existing research results and create a solid understanding on my research topic. Empirical case study gives advantages as a research method, as my findings and results can be used as a baseline for future research (Eriksson & Kovalainen, 2016).

The challenge of using intensive case studies is that research results should not proceed to generalizing conclusions too early (Eriksson & Kovalainen, 2016). Thus, the preferred process of presenting the results is using an interplay of the theory and the empirical data. Therefore, an abductive approach is useful when going back and forth with the data. I argue that real-life cases create business problems that need to be solved without following straightforward patterns. Intensive case study is a critical way of understanding specific unique case which gives meanings for the case itself (Eriksson & Kovalainen, 2016).

### 3.2. Data Collection

Qualitative interviews are the most common type when gathering empirical data in business research. The purpose of qualitative interviews is to collect research data by focusing on issues which are related to research topic and research questions. In addition, interviews are organized into a series of questions and answers (Eriksson & Kovalainen 2016). Qualitative interviews were also the most appropriate method for my thesis because it supports my research data in the best possible way, as



the number of interviewees was relatively limited. In addition, I asked open-ended questions and therefore I was able to capture flexible and responsive reactions, like in everyday conversations. My purpose was to conduct interviews by an open discussion between me and the interviewee, which meant that the conversation was not always following a straight pattern. According to business literature, interviews are most often implemented face to face, but they can take place over the telephone or online (Eriksson & Kovalainen, 2016) as it was in my thesis. I implemented my interviews online rather than seeing people face to face because of the consequences of the global COVID-19 pandemic. As I mentioned earlier, this thesis is using a case study approach as it allows exploring interviewees' perspectives and feelings on customer feedback in a deep manner (Guion et al. 2001). Personal in-depth interviews have usually been used as primary data (Erikson & Kovalainen, 2016, 138) because these can be used in several different ways and for many different purposes, based on the research goals (Guion et al., 2001).

In qualitative research method data is gathered by using textual, verbal, auditory, and visual techniques, which means that the focus is not on measurement. Usually, interviews are used in business research because they are gathering data through people's experiences and opinions which is not a published form (Eriksson & Kovalainen, 2016). I chose to use the semi-structured interview method which means that interview questions were flowing from previous to the next one, which gave me more flexibility than using structured interview questions (Guion et al., 2002). My interviews were constructed in such a way that they could provide in-depth answers for "how" and "what" questions which are a significant part of my research (Erikson & Kovalainen, 2016). In addition, the research questions were flowing from the previous to the next question, so that the previous one built a background to the following question. Moreover, the semi-structured method was chosen because it provides the discussion topic while still remaining responsive to the participants' reactions and answers (McIntosh & Morse, 2015) and it enabled using follow-up questions based on participants' responses (Kallio et al., 2016). In addition, it was possible to slightly modify the interview structure depending on the study aim (Kallio et al., 2016) which meant that the order of the interview questions could be changed during the interview if the interviewer had already answered my next question during the discussion.

Eriksson, Kovalainen (2016) and Silverman (2013) stated interview studies as positivist, emotionalist, and constructionist. Positivist interview studies are engaging with facts and accounts that reflect an independent reality. Emotionalist interview studies is one type of an interview study and it focuses more on people's perceptions, understanding, viewpoint and emotions. While constructionist interview focuses more on meanings, and it is more alike everyday conversation (Eriksson &

Kovalainen, 2016). I wanted to take constructionist and emotionalist approaches and be a good listener by paraphrasing what the interviewees were saying and then by confirming that we have the same understanding (Guion et al., 2001). An emotional approach gave me more deeper understanding on what the interviewees' deeper opinion was and how they have experienced customer feedback. Constructionist approach gave me more freedom because I had a changing and active role as an interviewer. Even though using constructionist and emotional approaches may sound easy, it required me to be awake and reactive during the conversation.

Semi-structured interview questions were chosen based on my literature review and theory under this thesis. The research questions were built around the intrinsic (challenge seeking and task enjoyment) and extrinsic (compensation orientation and recognition orientation) motivational factors. The goal of my thesis is to understand how customer feedback affects employee motivation through these motivational factors. In addition, semi-structured interview questions are flexible and versatile, and therefore I chose to collect my empirical data with the seven semi-structured interviews. Four of the six interviewees were employees and the other two were employers, and the interviewees presented three different companies from the banking and sales industry. Furthermore, I interviewed one of the employers twice. It felt important that my interviewees included employers as they are working closely with their employees in order to gain a deeper understanding and answer to my research questions. I chose to interview the Y-generation based on their young age because they have grown up with the rapidly changing technological environment and they are at the beginning of their careers. I chose to limit the interviews on Y-generation so that I could gain a deeper understanding and experience of a particular age group. To protect the interviewees' anonymity, this thesis is not using the interviewees' names, and the companies they present are not public information. The first interview took place at the beginning of September 2020 and the last one was held in November 2020.

In more detail, I sent an e-mail to the participants in advance to prepare them for the interview. This e-mail can be found in the appendices. I implemented my interviews either by recorded phone calls or recorded Microsoft Teams video meetings. All the interviews except for one were conducted individually. In one of the interviews there were two employees in a longer interview session. In the beginning of the interviews, I asked for permission for the phone call to be recorded and all the participants were fine with the recording. The interview data was transcribed after each interview because interviews were held in Finnish in order to capture feelings and reactions from the interviewees in their native tongue. The Finnish language gave participants the opportunity to express their real feelings and opinions during the interviews and the quality of the answers was not affected by the possible lack of language skills. The interviews went well, lasting from 17 minutes to 50

minutes. In addition, I interviewed one supervisor twice in order to get more information and to find an even deeper understanding of the context.

Interviewee	Position	Gender	Age, years old	Working experience in current position	Time of interview
A	Customer Advisor	Man	20	2 months	50min.
B	Customer Advisor	Woman	27	2 years	35min.
C	Customer Advisor	Woman	24	2 years	37min.
D	Customer Advisor	Women	24	4 months	29min.
E	Supervisor	Woman	24	3 years	1) 50min. 2) 17min.
F	Customer Service Manager	Woman	37	3 years	45min.

*Table 1. Description table of interviewees.*

### 3.3. Data Analysis

The preparation of analyzing a case study starts already early during the research. Usually, data collection and data analysis are difficult to carry out in separate processes (Eriksson & Kovalainen, 2016, 140), and therefore the data collection and analysis are done parallel during the research process. Inductively orientated strategy of case material analysis is based on direct interpretation of the research material. This means that case study research has interesting themes, categories, and activities and patterns (Eriksson & Kovalainen, 2016). In my thesis empirical findings are described so that the tables include themes, categories, activities and patterns. Every data analysis starts with a within-case analysis by analyzing each individual case separately. Cross-case analysis, which is part of the multiple-case study analysis, investigates similarities and differences across the cases which are compared in contrast to each other and existing theory (Eriksson & Kovalainen, 2016).

Cross-case analysis was chosen to be used in my thesis because I analyzed every case separately and then compared their similarities and differences. First, my empirical findings focused on analyzing similarities and differences of the received answers, which are compared in contrast to each other based on existing theory. One of the perspectives of the thesis is to analyze, what kind of an effect the employer has on building their employees' external motivation. Therefore I am also trying to get an understanding of the managerial activities affecting the motivation. Secondly, my empirical findings focused on similarities and differences of the answers, which are compared in contrast to each other and existing theory. This paragraph is based on both employee intrinsic and extrinsic motivational factors. My empirical findings focused on extrinsic motivational factors such as compensation orientation, recognition orientation and intrinsic motivational factors such as task enjoyment and challenge seeking. Finally, I analyzed the similarities and differences of the interviews and tried to find repetitive patterns in experiences and opinions.

Yin (2014) stated that five different analysis techniques can be used in case studies. I chose to use the first technique which includes finding patterns from empirical data and comparing it based on earlier literature. Thus, my data analysis includes summary tables at the end of every paragraph. The tables contain themes and categories which are based on my literature review. Activities and patterns are common findings which were repeated during my interviews. In addition, Yin (2014) reported five different reporting options for case study. My thesis uses the second one, which is a comparative structure. The selected technique presents cases one after the other while comparing them and I can also explore theoretical perspectives on the findings and compare the findings with the theory.

### 3.4. Reliability and validity

The evaluation process of this thesis lasted through the entire research process because “evaluation of qualitative research should take place during the whole research project, not only at the end of it” (Eriksson & Kovalainen 2016, 309). In social science and in business research the basic framework for the evaluation includes three concepts and perspectives, which are reliability, validity, and generalizability. Reliability and validity are classic evaluation theories meanwhile generalizability deals with issues in a wider context (Eriksson & Kovalainen, 2016).

Reliability is most often used in evaluating quantitative research as it tells a measure, procedures or instrument yields the same result on repeated trials. Validity, another evaluation theory, refers to the extent to which conclusions drawn in research provide an accurate description or explanation of past

events. Qualitative data can be evaluated with classic reliability and validity theories. Using analytic induction and reflexivity in qualitative research helps that the presented descriptions and findings are understood correctly. (Kovalainen & Eriksson, 2016).

In case study thesis findings stand for the phenomenon referred to and they are backed by evidence. In qualitative research the term “validity” is often analyzed through analytic induction and reflexivity. My thesis interview questions were selected based on the themes and categories. The subject of the interview questions came from the literature of salespeople intrinsic and extrinsic motivation. For the validity of my thesis, I chose to implement my study by semi-structured method rather than just a structured method. Semi-structured interviews gave me as a researcher the possibility to be more flexible than I would have been by using structured methods whenever discussion arose. In addition, I also chose a semi-structured method because of the possibility of better reliability in the thematic interview, as the questions do not have the possibility of misunderstanding. Anyway, the selection of the themes, which I did based on the literature review, may have influenced the findings. I implemented my interviews by using recorded phone calls or recorded video meetings, which gave me the possibility to go back and forth when gathering and analyzing interviews. Thinking about the reliability and validity of my thesis, I chose to record interviews rather than just writing them down because writing would have been slow and important points or expressions could have been forgotten or misunderstood.

### 3.5. Limitations

As in most research, also this thesis has its limitations even though the thesis was implemented in the best conceivable way and efforts. To start with limitations, this thesis was conducted by interviewing representatives of only Finnish companies, which means that e.g., cultural aspects are not taken into consideration analyzing the results. All the interviewees were Finnish as well. Secondly, the data collection of the thesis is quite small, meaning that the data has been collected by interviewing employees and managers in three different companies and only seven interviews were done, which does not give an exceptionally large view of phenomenon. Therefore, broader generalizability of the research would most probably need confirming the findings on similar studies with larger datasets. In addition, the sampling method was non-probability, which means that this thesis could not create statistical conclusions about the study. Interviews were implemented through phone due to COVID-19 pandemic and seeing face to face would most probably have opened more discussion. Participants

in this study were quite young, which opened the possibility to provide a new perspective for future generations. Thirdly, as always, researcher's own experience was hard to "put off the mind" because own interests and experiences on the topic may already affect the research subject and of course the selection of research questions as well. Lastly, exactly similar studies have not been done before and therefore the results cannot be compared with other studies' findings.

As a part of research, it is important to acknowledge that the researcher always somewhat adds his or her own personality on the research process. I argue that I, as a researcher, always have my own perspective on research even though I tried to be as impartial as possible when implementing interviews and analyzing the results. I claim that my own experience and background affect how the results of study are analyzed. I had no previous experience implementing studies of this size, but the empirical knowledge and own experience on the subject helped me significantly when e.g., creating the interview questions. As a researcher, I was lacking experience on a solid implementation of a research process, but this also helped me to be more spontaneous more open-minded. On the other hand, it might be possible that someone could have processed the results from different perspectives than I did.

## 4. EMPIRICAL FINDINGS AND ANALYSIS

This chapter presents in-depth description of the findings of the interviews. Empirical findings present results, synthesis and provide answers to my research questions. As I am using cross-case analysis in this thesis, the following section will start by analyzing the similarities and differences of empirical findings about how employees view and perceive customer feedback's effects on their work motivation. The main themes of this thesis are the importance of customer feedback and the effects of positive and negative customer feedback. Findings are categorized to extrinsic motivational factors (*compensation seeking and recognition seeking*) and intrinsic (*challenge orientations and task enjoyment*) motivational factors. The findings will then go through similarities and differences about how employers view employees' external motivation (*compensation seeking and recognition seeking*). After every category I have collected my main findings on the table which includes theme, category, pattern, and actions. Finally, I conclude my findings by summarizing similarities and differences between employee and employer opinions and views. Lastly, in the summary section there are the main findings of this research and answers on my research questions:

*“RQ1. How do employees view and perceive that customer feedback affects their external work motivation?”*

*RQ2. How do employees view and perceive that customer feedback affects their internal work motivation?”*

Among all the employees everyone was motivated by their work. Only one of the four told that her work motivation was not incredibly good. However, everyone told that customer feedback influences their work motivation somehow. In the next chapter I will describe the importance of the customer feedback in more detail.

### 4.1. Importance of the feedback by employee side of view

I interviewed four employees, and three of the interviews were recorded by phone, and the last interview was done as a video meeting. Employees A and D have worked as customer service representatives for 2-4 months and employees B and C have worked in the same position for 2 years. A, B, and C are working in the banking sector and D is working in the sales industry. Customer

service representatives have contact with about 15-45 customers each day and the customer encounters took a place on the phone and online. None of the interviewed employees met customers face-to-face in their normal work. All the employees received oral feedback from customers through phone as a basic “thank you for you good customer service” and written feedback through email, chat, and customer satisfaction surveys e.g., through the NPS. In general, customer feedback was divided into two parts: oral and written. In addition, supervisory feedback is discussed later in this chapter. The employees were asked how much feedback they are receiving from customers each day, and the answers varied. Employee A estimated that every fifth encounter he received oral feedback and every seventh encounter he received written feedback. Employees B and C said that they get customer feedback daily. While employee D said that she received written feedback from 5 to 10 times every month and even more oral feedback at the end of discussions with customers on the phone. At the beginning, customer feedback was perceived as an important part of their work because it gave a meaning for their work. As employee B stated that:

*“I always like receiving customer feedback whether it is good or bad. It tells me that the customer has had a feeling about the encounter, and the meeting might have been meaningful, and the customer remembered it.” (B)*

To begin with, positive customer feedback increased work motivation at work for all the interviewed employees. The importance of feedback was felt to be great because customer service representatives meet many customers every day. In addition, the empirical findings suggest the same as in the literature where I mentioned (in chapter 2) that Nasr. et al (2018) stated that customer feedback is necessary for delivering customer appreciation and sharing positive emotions. Thus, through customer feedback customers can share positive emotions with employees. In addition, valuable feedback helps coping at work while it increases work motivation.

*“My work motivation is high, and it is nice to go to work and talk with the customers.” (A)*

*“Customer feedback influences my motivation a lot.” (B)*

*“Good feedback always helps, and it has also helped me cope with bad customer feedback.” (C)*

*“Sometimes when I get valuable feedback, it encourages me insanely.” (C)*



*“Customer feedback motivated my work when there were so many positive feedbacks.”*  
(D)

Moreover, every customer service representative faced negative customer feedback. Negative feedback aroused different emotions between the employees. The most important observation was how negative feedback was given and what was included in it. Moreover, employees most often received negative feedback through the NPS survey, which means that negative feedback was easier to give in the written channel than just orally and directly. Employees A and B experienced that negative feedback allows development in their future, while employee C experienced that negative feedback discouraged her work motivation. Whereas employee D experienced that if negative feedback was constructive, it was important.

*“Criticism is really useful because I can develop myself from it.”* (A)

*“It is good to get negative feedback so I can develop my own work with it.”* (B)

*“Negative feedback is important if it is constructive feedback.”* (D)

*“When I received negative customer feedback it was strongly associated with the feeling of shame.”* (C)

In addition, as I mentioned that customer feedback affects their work motivation in a positive or negative manner. By my general observation, customer feedback motivated all the employees when it was truly meant, e.g., just a basic “Thank you for the good service!” at the end of the phone conversation was seen motivating. Even though such feedback cannot be measured by the company, and often the employers did not thank the front-line employees for such feedbacks, they were still increasing the work motivation. On the other hand, measured customer feedback, e.g., NPS, could have a negative impact on employee motivation. This was especially when employees got negative feedback and low NPS points which had an impact on NPS average points and then incentives were lower. I will explain later in this chapter in depth- descriptions of my findings but before that I give an example of employee B’s opinion:

*“My overall work motivation was 9-10 if I would not think about the impact of NPS. But if it is taken into account, and it can be discouraging, then my work motivation would be 8 by school grades... ..customer feedback is important but scoring by NPS point is discouraging.”* (C)

#### 4.1.1. Challenge orientation & task enjoyment as an intrinsic motivation

In more detail, my empirical findings are categorized as an intrinsic motivation factor which includes challenge orientation as a cognitive dimension and task enjoyment as affective dimension. I quote from my literature review that an intrinsically motivated person is driven by the task itself (Miao & Evans, 2014). As I mentioned earlier, intrinsically motivated salespeople are more likely to care about their customers and find personalized solutions to customer problems (Jaramillo et al., 2013). An intrinsically motivated person is able to concentrate without getting any external rewards.

##### **Challenge orientation as a cognitive motivational need**

The first category, challenge orientation, is a cognitive motivation need that was strongly highlighted among the employees' interviews. In brief, challenge orientation means that all employees are facing challenging situations at work. As I mentioned earlier that Deci and Ryan (1985) suggested that individuals with higher psychological needs have strong internal dedication for their behaviors and they are more likely to perceive their competence (Ryan & Deci, 2000). Ryan and Deci (2000) also argue that challenge-oriented individuals are more able to cope with conflicting work life situations. Hence, intrinsically motivated salespeople can cope and succeed in customer encounters even though the situation would be challenging and difficult. My empirical findings support literature thus, sometimes customers are in a bad mood and as employees A and D stated that:

*“I immediately feel that the customer's issue is important and then I can affect the customer's (negative) emotional state.” (A)*

*“It is especially important how you (as a customer representative) approach the situation at the beginning of the encounter. It is critical only to listen to your customer and try not to talk at the same time.” (D)*

It helps a lot if an employee can be immediately affected by the customer's negative emotional feeling at the beginning of the encounter. The bad mood of the customer can be caused by many factors, for which the employee cannot know the reason and therefore it is important to listen to the customer. One of my empirical findings is that the individual employee's main objective is to turn customer into a positive mood and find a solution to their problem(s). According to respondent A, discussing in a relaxed atmosphere and listening to the customer are in the key position towards a successful

customer encounter. Secondly, as it can be deduced, challenge orientation is strongly connected to negative feedback, but it can also have a connection to positive feedback.

*“Sometimes I had been struggling with a customer’s problem for several hours and finally managed to solve it. After that, receiving positive feedback made me feel that I have done something meaningful.” (B)*

Moreover, as has already been mentioned, negative customer feedback is useful if it is constructive. In general, criticism is easier to give online than face to face, and every time customer problem cannot be resolved as the customer wishes. Therefore, it is not possible, that the customer is always satisfied with the final result. By my observation, all employees have understood that negative feedback was given because of the long waiting time on the phone etc. However, constructive feedback was important for the company to develop and improve their services. According to my interview observation, customers were satisfied with the quality of customer service but not always with the company’s services or goods. Employees said that:

*“The company has its own rules etc. so as I am an individual representative, I have to accept the fact that I cannot influence everything” and if so “If I got a bad customer feedback for an issue that I could not have influenced, then it did not feel nice. I just had to accept it.” (B)*

*“Many times, the customer gives bad feedback when he/she is dissatisfied with the company’s rules, even if the customer encounter would have gone well..” (D)*

Themes	Category	Activity and pattern
Negative customer feedback	Challenge orientation	Company’s rules i.e., waiting line
Positive customer feedback		Employees have solved complicated customer problems.

Table 2. Challenge orientation.

### **Task enjoyment as an affective motivational need**

The second category was task enjoyment. Task enjoyment was one of the most important motivational factors at work because feeling the joy of success was experienced as a crucial factor boosting motivation. My literature review presented (2.3.1. intrinsic motivation) that affective dimension of intrinsic motivation includes task enjoyment. Task enjoyment refers doing some specific tasks independently without getting any outcome in form of rewards (Miao & Evans, 2007, 91). Thus, verbal customer feedback can be valuable even if it could not be measured towards increasing intrinsic employee work motivation.

*“If I received really good customer feedback it told me that I have done something really well. The positive feedback followed me as a good feeling even in my free time.” (A).*

*“It was really nice to hear feedback straight from the customer’s mouth and positive feedback will show up in the next customer encounter.” (A)*

*“It was nice to read customer feedback where customer was telling that customer service was friendly.” (D)*

*“It is enough for me, that I know by myself that everything has gone well, I do not need to go through positive customer feedback in front of my team etc.” (D)*

In addition, the feeling of the task enjoyment requires that the customer service representative gets the feeling that he/she can be good at their work. Analyzing customer feedback, it is always a good idea to consider why the feedback has been given and to whom it has been given. The most often customer feedback is given to the company or to customer service representatives. When the interviewees were asked whether the employees are able to influence which kind of feedback they receive, answers varied among the employees. Some employees experienced that they could affect what kind of customer feedback they received, which means that they succeeded whenever serving the customers. Some of the employees experienced that external factors influenced them too much and there is no chance to influence the feedback they received. For example queuing time and general terms and conditions were mentioned as factors that caused bad customer feedback and could not be influenced by the front-line employee. As always, customers contact customer service whenever they have a problem or any question. By my general observation from the interviews, the employees were able to affect the feedback they received either by affecting the emotions and feelings of the customer,

or by resolving the customer's problem. Thus, my findings confirm that emotional connection with customers is important because customers are not always satisfied with the end result.

*"I had a feeling that I was able to influence what kind of customer feedback I received. In general, it is critical what kind of feeling my customers have after the service and whether a solution has been found." (B)*

*"Sometimes, I felt that I could influence customer feedback whenever I was able to affect the customer's emotional state in positive way." (C)*

Themes	Category	Activity and pattern
<b>Importance of the feedback</b>	<b>Task enjoyment</b>	Whenever a customer advisor gets good feedback it increases positive emotions.
<b>Positive feedback</b>		Positive feedback left a positive feeling for employees for the rest of the day.
<b>Emotional affection</b>		Emotional touch with the customer during the encounter.

*Table 3. Task enjoyment.*

#### 4.1.2. Compensation seeking & recognition seeking as extrinsic motivation

In more detail, my empirical findings are categorized as an extrinsic motivation factor, which includes compensation orientation as a cognitive motivational need and recognition orientation as an affective motivational need. I quote my literature review that extrinsic motivation requires an instrumental activity and some separate consequences such as tangible or verbal rewards. This means that satisfaction does not come from the activity itself but rather from the extrinsic consequences to which the activity leads, such as money, recognition, and promotion (Gagne & Deci, 2005; Fatima, 2018). External factors, e.g., instrumental value, drive an extrinsic form of motivation. Marketing literature supplies evidence that incentives are effective when company wants to grow their sales while motivating employees (Mohd- Sanusi & Mohd- Iskandar, 2007).

### **Compensation orientation as a cognitive motivational need**

External motivation is a construct that pertains whenever an activity is done in order to attain some separate outcome such as money, recognition, and promotion (Ryan & Deci, 2000; Fatima, 2018). Compensation orientation evoked strong emotions when I was interviewing employees. As I already mentioned, customer feedback satisfaction tools have given us an opportunity to measure customer satisfaction. In the sales industry, customer satisfaction can be tied to salesperson's incentives. Thus, customer feedback must be measured by e.g., customer satisfaction tool (i.e., NPS) so that compensation plans can be used accurately. NPS is most often measured by sending a satisfaction survey to the customers after the service encounter by text message or email. NPS questions should be easy to answer by numbers and written feedback. All employees who I interviewed told that their companies are using NPS for rating customer satisfaction. In addition, employees told that NPS questions are sent to randomly selected customers, which means that all the customers must be served well.

One of my thesis interests is to understand how external motivational factors affect employee work motivation. Employees experienced the effectiveness of incentives in separate ways and some of them said that incentives have significant importance towards their work motivation while some of them said that they did not have any effect. Moreover, one of the employees was discouraged by the fact that NPS points were calculated on a daily basis and if she had a bad NPS average, she lost her opportunity to get any incentives. This had a very negative effect on her work motivation. In addition, she said that customer feedback is important, but she did not like how the NPS system measures customer satisfaction.

*“My work motivation is not incredibly good. Incentives do not have any effect to my work motivation.” (B)*

*“My work motivation is really good, and incentives boost my work motivation.” (A)*

*“Firstly, joy of success motivates me the most because it makes me happy if I succeed, but right after that are the incentives because achieving the targets encourages me to maintain an appropriate level at work.” (D)*

*“Negative feedback dropped my NPS average and then the system started to discourage me because it affected my incentives.” (C)*

In addition, the NPS system was seen as unfair in some of the employees' opinions while some of the employees experienced the NPS system as quite a fair system. As previously stated, NPS measures

the customer experience by using specific questions (“e.g., How likely are you to recommend us to a friend or colleague?”) on the scale of 0-10. In this NPS table ratings 9-10 are classified as “promoters” and ratings 6 or lower are classified as “detractors”. NPS is calculated by the proportion of detractors from its proportion of promoters (Keiningham et al., 2007). In addition, NPS questions are answered by numbers and finally there is an opportunity to give written feedback. Mostly the NPS average is measured for a certain period of time, i.e., once a month or once in three months. Employees who experienced the system unfair said:

*“Sometimes there were situations when I got negative customer feedback because of the long waiting time. This discouraged me because I lost my opportunity to get a good NPS and of course it also had an effect on my incentives.” (C)*

*“Sometimes customers could relieve their bad feelings to NPS. Fortunately, one bad feedback did not ruin my chance to get incentives because those bad feedbacks are given for every employee at some point of career.” (D)*

*“The NPS system is quite fair, but not then when there was a situation or conflict that I could not have affected, i.e., the company’s general terms and conditions that the customer did not like, and I got bad feedback because of those. Fortunately, the NPS used for the incentives is calculated as an average of three months’ scores, so one bad feedback did not affect my opportunity to get the incentives.” (D)*

In addition, the employees were asked how they would want the NPS system to be developed so that it would be more motivating for them. One of the presented ideas was to develop the NPS system so that the customers would clearly understand to whom the feedback is given; to the company, to the customer service employee, or both. Some of the employees also experienced that customers usually give only numbers instead of written feedback when rating customer satisfaction. The front-line employees felt that the written feedback was more important for them than only the numeric values, as the feedback in text format told them in more detail how the customer encounters were experienced, and for what reasons the good or bad feedback had been given.

*“I would rather like to get more customer feedback in text format than just numbers. Then it would be more constructive and would not always go by the same formula.” (D)*

*“Written feedback would be better in order to know whom the feedback is intended to.” (C)*

*“It would be fair that NPS questions would point out, which parts of the feedback are targeted to the customer service representative and other questions would be targeted separately to rate the company’s services in general the i.e., queuing time.” (C)*

Moreover, as I have earlier mentioned that the NPS as “one number you need to grow” is originally from the United States. Thus, when interpreting the results of NPS in Finland, cultural aspects should in my opinion be taken into account. By my observation, customers usually either gave a really good grade or a really bad one. As an example, in Finland the customers can give a grade of 8 for a really good customer service experience, as it is considered almost as a perfect grade. As previously stated, the NPS system does not count these customers and grades as “promoters”, even though the customers would have meant to give an excellent grade for the service. In addition, employees said that:

*“By my opinion, the NPS system is unfair because perfection is needed. NPS rating goes from 0 to 10, so if I did not get 9-10, my overall NPS was pulled down, even though a rate of 8 can be considered as a really good grade as well.” (C)*

Themes	Category	Activity and pattern
Positive and negative customer feedback	Compensation orientation	It has to be possible to measure customer satisfaction. I.e., by the NPS.
Feedback handling		Incentives help maintain an appropriate level in customer service.
		Incentives affect work motivation when an employee has intrinsic motivation.

*Table 4. Compensation orientation, employee side of view*

### **Recognition orientation as an affective motivational need**

Recognition seeking raised variable opinions among the employees. Recognition orientation means that employees are motivated to reach the goals which are set by the supervisors (for example number of customer feedbacks or call rate) and sales manager control has a positive impact when salespeople are motivated by recognition motivation (Fatima, 2017). Recognition orientation means non-financial rewards i.e., verbal rewards from the supervisor or colleagues, or team-based awards.

In the context of my research questions, recognition orientation is directly linked to company strategy and company management in this thesis. The company strategy leads to the decision-making process



and the company's strategy includes the company's targets. As a part of this strategy process, management should think what is necessary for achieving their goals and how the selected actions are visible in front-line employees' daily work. My observation from the interviews was that the link between the company strategy, metrics linked to it and all the related actions should be clear for the front-line employees. Special attention from the management for excellent customer service shared the opinions of the employees. Some of the employees experienced that is important to discuss customer feedbacks with supervisors, and one of them experienced that there is no need to get additional attention from the supervisors for good customer satisfaction because that is already recognized in their incentives. As a conclusion, even though customer satisfaction seemed to be measured in all of the interviewees' organizations, the role of middle-management was not clear for all the employees, as they did not fully understand why the customer feedback was analyzed with the entire team.

*“The customer feedback was always processed with the supervisors, and even more time could have been spent for the analysis. Really good feedback has raised attention, and it also boosts my own feelings at work. Good customer feedback was also reviewed in front of the team.” (B)*

*“Customer feedback motivates me the most when I get to know about it from my supervisors.” (A)*

*“It is enough for me to talk with the supervisor that everything is going well. It is enough for me that I know for myself that everything has gone well, and I can see that in my bonuses.” (D)*

In addition, asking how receiving good customer feedback created pressure shared opinions between the employees. It was said that sometimes a negative customer feedback could attract the employer's attention, which created some pressure from the employees' perspective whether the pressure came from themselves or from the outside, i.e., from their supervisor.

*“I try to be genuine. I do not feel any pressure that I would need to get good feedback from customers.” (A)*

*“I do not have any pressure receiving a good customer feedback. I just focus on doing my own work and serving my customers in the best possible way.” (B)*

*“My supervisor told that receiving customer feedback every day is important. It annoys me because we always talk about the goals and the NPS scoring.” (C)*

All the interviewed employees went through customer feedback with their supervisors or with their colleagues at least at some level. Going through customer feedback with the supervisor or with the team can mean sharing positive emotions, and there is a possibility to learn from another colleagues. The employer sharing positive customer feedback was experienced especially important and more positive feedback was hoped to be shared. In addition, some of the employees experienced that sharing positive customer feedback could give advice to other team members on how to serve customers in the best possible way.

*“Positive customer feedback is gone through with my supervisor too rarely. It could be done more often.” (D)*

*“I would like more positive customer feedbacks to be shared in order to get good advice from colleagues.” (B)*

Some of the employees said that customer feedback was randomly shared with colleagues and teams. Especially positive feedbacks were gone through with the bigger groups, but negative feedbacks were checked and analyzed one by one between the employee and his or her supervisor.

*“We have always reviewed good customer feedback with the team. On the contrast, bad customer feedbacks are reviewed only with my supervisor, discussing what could have been done differently.” (C).*

*” Sometimes, I shared my feedback with my colleagues but there could have been more time to go them through.” (B)*

*“I do not need to go through positive customer feedback in front of the team. It is enough for me to know that I have received positive feedback.” (D)*

*“Sometimes I got bad feedback and I asked from my supervisor what went wrong. I thought it was good to go through it although it was not my fault at that time.” (C)*

Themes	Category	Activity and pattern
<b>Importance of feedback</b>	<b>Recognition orientation</b>	Customer feedback motivated the most when it was received from the supervisor.
		Sharing positive customer feedback with colleagues and in front of the team.
		Negative feedback was reviewed by the supervisor.
		The employers should spend more time on customer feedback with the employees.

Table 5. Recognition orientation, employee side of view

#### 4.2. Importance of the feedback by employer side of view

In this chapter, I am interested in supervisory feedback. In addition, I am trying to give a deeper understanding on how external motivational factors affect employee work motivation. The external motivational factors are categorized into compensation orientation and recognition orientation. In this chapter, I will go through the employer's views on the importance of giving feedback, and on the effects of positive and negative feedback. I interviewed two employers who had been working as a supervisor and as a customer service coordinator for 3 years and both of them had worked as a sales advisor earlier in their careers. Both interviewees are working in the sales industry and they said that their individual employee meets about 20-100 customers every day. In this thesis I will use the term *employer* for both of them. I interviewed employer E twice, and the interviews lasted 17 minutes and 50 minutes (latter interview was done together with her employee) and employer F's interview lasted for 45 minutes. Employer E told that she is coaching 20 employees monthly and employer F told me that she has six full time employees and a couple of part time workers in her team. In general, the customer feedback was divided into two parts: oral and written feedback. All their employees received oral feedback from customers through phone and written feedback through email, chat, and customer satisfaction surveys e.g., through NPS. Employer E told that an individual employee gets around 20 written feedbacks monthly and employer F told that every fifth customer gives written feedback and around 70% of customers give feedback when asking i.e., yes/no questions. In addition, the employers said that customer feedback is an important part of their company strategy. Moreover,

the employers said that they follow their customer satisfaction level in order to get knowledge from the customers. Employers stated that:

*“The customer is the most important and everything is done for customer’s best. So then, of course, customer feedback is one part of the company’s strategy.” (E)*

*“Customer feedback is tied to the company strategy because we measure how satisfied the customers are with us. Also, within the company we discuss how satisfied customers are with us.” (F)*

*“I follow what kind of feedback comes to our company at the individual employee level and at the team level.” (E)*

As both employers told, customer feedback is important for the company’s side of view as well as customer feedback was experienced important for individual employees. Both employers also experienced that positive customer feedback increased their employees’ work motivation. The importance of feedback was felt significant because customer service representatives meet many customers every day. In addition, the empirical findings suggest the same as in the literature where I mentioned (in chapter 2) that Nasr et al., (2018) stated that customer feedback is necessary for delivering customer appreciation and sharing positive emotions. Thus, through customer feedback customers can share positive emotions with employees. In addition, good feedback helps coping at work while it increases work motivation. The importance of feedback was highlighted, because during the COVID-19 pandemic, people had mainly worked from their home offices. Employer E & F stated that customer feedback is important:

*“Customer feedback affects a lot, especially in tough days when employees have been working alone from their home offices and then customer gives feedback. It helps to cope at work and I am sure that everyone in my team has the same opinion about this. (F)*

*“All the customer feedback is welcome. Without any feedback it is difficult to develop our knowledge and skills. Our development happens strongly through all the feedback.” (E)*

*“I feel that good feedback means something to everyone. The quality of the feedback plays a significant role in what kind of reaction it evokes in the employees.” (E)*

### 4.3. How customer feedback is used as a part of the company strategy

The goal of this chapter is to present observations on how compensation orientation and recognition orientation affect employee motivation, and how this is linked to company strategy. As it has been mentioned, customer feedback is a crucial factor when thinking about employee motivation. The benefits of customer feedback are realized when the feedback is used in the right manner. Thus, when the company is able to use the customer feedback on motivating the employees in a correct way, this has positive effects on their employees' motivation. External motivational factors are categorized into compensation orientation and recognition orientation. As compensation orientation has usually been attached to some separate outcomes such as money i.e., incentives in the sales industry, compensation orientation includes non-financial rewards such as a basic "Thank you!". Employers experienced that going through customer feedback is important for their employees. It was also mentioned that customer satisfaction was mostly connected to employee incentives. There were a few differences and similarities between how the interviewed employers handled customer feedback with an employee and with their team.

#### **Compensation orientation as a cognitive motivational need**

External motivation is a construct that pertains whenever an activity is done in order to attain some separate outcome such as money, recognition, and promotion (Ryan & Deci, 2000; Fatima 2018). Customer satisfaction must be measurable in order to connect it to the compensation plan. Out of the two interviewed companies, customer satisfaction was linked to the incentives in only the other one. Usually, as in this case, customer satisfaction has been measured by the NPS. The NPS questions are randomly sent to customers after the service encounter by text message or email. The employer who said that customer satisfaction was not related to their employees' incentives said that having a link between these two could motivate the employees. The other employer who told that the NPS was related to their employees' incentives stated that incentives strongly drive their employees' motivation. Employers stated that:

*"Incentives drive employee motivation strongly because most of the people who come to work in sales organizations are goal oriented by themselves." (E)*

*"Customer feedback is not related to our compensation plans, but it would be good to have them related to each other". (F)*

The NPS rating and its links to the employee motivation had created discussion in both employers' teams. When the employers were asked whether they think their employees can affect the customer feedback they receive, both employers said that the front-line employees' role is important for the feedback. My observations from the employees' interviews (chapter 4.1.) were, that external factors sometimes affected their customer feedback more than their work, and everyone didn't see the NPS-system as fully fair. Therefore, I decided to ask on the employer's side of view on these topics. The following comments from the interviews summarize, that both employers agreed that their employees can affect the customer feedback and moreover NPS was seen as a fair system in the company where it was used.

*“NPS system is built in the way that everyone can succeed, and it is possible. Criticizing the system is unnecessary because the NPS system distinguishes the best customer representatives from the good customer representatives. It is completely fair. I would develop the NPS system in a way that more feedback would be asked”. (E)*

*“The customer service representative can influence the outcome even though he/she could not fully resolve the customer problem. It matters i.e., how the customer service representative talks with the customers.” (F)*

Themes	Category	Activity and pattern
<b>Importance of feedback</b>	<b>Compensation orientation</b>	Incentives drive employee motivation strongly because most of the people in sales organizations are goal oriented.
		Employers saw the NPS as a fair system and thought that the FLE's role is crucial for the feedback.

*Table 6. Compensation orientation.*

### **Recognition orientation as an affective motivational need**

Recognition seeking is one of the categories which is important when motivating employees. Recognition orientation means being motivated by non-financial rewards i.e., verbal rewards from the supervisor or colleague, or by team-based awards. This raised variable opinions among the employers because their coaching time was limited. Recognition orientation includes analyzing positive feedback in a right manner. Employer E stated that positive feedback has been gone through both on the team level and on individual level. Employer F stated as well that positive customer feedback is one of the most crucial factors during the workdays.

*“Every single day I go through customer feedback with the employees. Special training and coaching time is also scheduled for individual employees”. (E)*

*“Once a week there is a moment when feedback is gathered together, and then positive feedbacks are shared with the team”. (E)*

*“I emphasize the importance of customer feedback because it motivates me as well. The most important task for our team is to leave the customer satisfied.” (F)*

In addition, I asked how the employer uses positive customer feedback when motivating employees. Positive feedback has been given to employees in separate ways every day. Customer feedback has been reviewed with an individual employee, in front of the team and shared online.

*“I try to share positive customer feedbacks with my employees also during the days, as I see that it helps keeping them motivated.” (E)*

*“The most motivating factor at work is when the customer gives us positive feedback. Now because of COVID-19, we share positive customer feedback mainly online. It is important that everyone gets a part of the positive customer feedback.” (F)*

As I mentioned, recognition orientation includes going through both positive and negative feedback. Negative feedback is given to every employee at some point in their career. By my observation, there can be many reasons why customers are giving poor customer feedback. Whenever a customer is not happy about the customer service, negative feedback can be obtained. From the employer E side of view negative feedback was seen as a target of development and therefore she spent time analyzing

the negative feedback with her employees. Meanwhile, employer F stated that there is usually no need to think about the negative feedback more precisely because the most common reason for negative customer feedback was the company's general terms and conditions. Poor customer service experience had hardly ever caused bad feedback. In addition, she also mentioned that if an employee really wanted, they spent time analyzing the customer feedback. The employers stated that:

*“It is usually not necessary to go through negative customer feedback with the employees because customer service is normally not the reason why the customer gives us negative feedback. It is more often because the customer is not satisfied with the final outcome for reasons we cannot affect.” (F)*

*“Negative feedback has been gone through with an employee if the employee wants.” (F)*

*“Negative feedback is always analyzed because they are the object for our development. I usually let an employee to realize himself or herself, which moment left customer a negative emotional touch that customer gave a bad feedback.” (E)*

Asking how employers see their own role in analyzing the customer feedback and delivering it to their employees opened up many interesting perspectives. Employer E experienced that her professionalism and leadership skills are measured when she needs to go through negative customer feedback with her employees. She also regularly asks feedback from her team on how she has succeeded on providing the feedback. Meanwhile employer F sees herself as a very genuine team leader, and she has learned what not to say to her employees.

*“Negative customer feedback measures my professionalism. There is a real risk that an employee loses confidence in himself or herself because of bad feedback. It matters what kind of feeling I (as an employer) leave for the employee.” (E)*

*“I ask feedback from a customer advisor how I have shared the customer feedback with them.” (E)*

*“I think I can be inspiring and genuine. I really mean what I say, and I can give constructive feedback. At least I have learned how not to bring things up.” (F)*



Themes	Category	Activity and pattern
<b>Positive and negative feedback</b>	<b>Recognition orientation</b>	Regular sharing of positive feedback is important and motivates the team.  Analyzing negative feedback correctly measures the leadership skills of the team leader.
<b>Sharing positive emotions</b>		Positive customer feedback is shared in front of the team.

*Table 7. Recognition orientation, employer side of view*

#### 4.4. Synthesis of the results

This thesis is using cross-case analysis which means that this chapter collects and analyses the observed similarities and differences across the interview cases between the employees and employers. The findings are based on the interview findings which were presented in previous chapters. Thus, this chapter analyses employer and employee opinions on how customer feedback affects employee motivation. Especially importance of feedback and external motivational factors have been analyzed from the employees' and employers' side of view in more detail. It was observed in the interviews that all the front-line employees are not motivated by same techniques and same factors. Cross-case analysis helps to analyze the cases in order to answer my research questions.

##### **Importance of feedback**

Employees and employers had similar kind of opinions when they were asked about the importance of feedback. All the employees as well as both employers experienced that giving and receiving feedback is important because the individuals and organizations cannot develop without continuous feedback. All the employees said that positive customer feedback affects positively to their work motivation. In addition, positive customer feedback is necessary for delivering customer appreciation

and sharing positive emotions. Thus, through customer feedback customers can share positive emotions with employees. In addition, good feedback helps coping at work while it increases work motivation. Employee C and Employer F reinforce this statement:

*“When I receive positive customer feedback, it encourages me quite insanely.” (C)*

*“I emphasize the importance of customer feedback because it motivates me as well. Feedback is important and one of the most motivating factors for our team at work.” (F)*

Moreover, negative customer feedback is given to everyone at some point in their career. Negative feedback raised different kind of opinions among the employees and employers. The most important observation was that it is very crucial how negative customer feedback was shared with the employees, what was included in it and how it was analyzed. Both the employers and employees shared the opinion that it was good that negative customer feedback was analyzed face-to-face between the team leader and the employee. Negative customer feedback was experienced as a very important factor among the employees A, B, and D. They all agreed that negative customer feedback is important if it is constructive and gives them the opportunity to develop themselves in the future. Moreover, from the employer’s (especially E) side of view, negative customer feedback was seen as important from the perspective that it measures their leadership skills as well. Also employer F stated that going through negative customer feedback is important and she had learned how not to bring things up with her employees. In addition, employee C stated that negative customer feedback was strongly related to the feeling of shame. Employee A and Employer E stated:

*“Criticism is really useful because I can develop myself from it.” (A)*

*“Negative customer feedback measures my professionalism. There is a real risk that my employees can lose their confidence if the negative feedback is not given in a correct and constructive way. It matters what kind of feeling I (as an employer) leave for the employee.” (E)*

### **Compensation orientation and recognition orientation**

Compensation orientation was experienced as an important part of employee motivation in both the employees’ and employers’ opinions. In this thesis compensation orientation means being motivated by a monetary reward that is related to customer satisfaction. For compensation plans to be used, customer satisfaction must be measured i.e., by NPS as mentioned in previous chapters. All the

employees and employers said that customer satisfaction is related to employees' incentives, except one of the employers said that customer satisfaction is not related to monetary rewards in their company. Employees A and D told that incentives greatly affect their work motivation. Employer E also experienced that incentives had a great importance to the employees' work motivation, while employer F stated that it would be nice to have monetary rewards in their team because in her opinion money motivates them at some level at work. On the other hand, employees B and C told that incentives had no effect to their motivation and in some cases it even had a negative effect. Employee C told that she had lost her incentives because of negative customer feedback.

*“Incentives strongly drive the employee motivation because most of the people working in sales organizations are goal-oriented personalities.” (E)*

*“Negative feedback dropped my NPS average and then the NPS system started to discourage me because it affects to my incentives.” (C)*

Recognition orientation gathered many opinions about its importance. Both employees and employers said that giving and receiving customer feedback is important because sharing positive emotions through feedback is meaningful for them. All the employees told that positive feedback was gone through with their employer or together with their team. Employee A told that customer feedback motivates him the most when he receives it through his employer who has first read and acknowledged it. In addition, some of the employees and employers experienced that particularly positive feedback should be given even more than at present. Employer F mentioned that especially giving positive feedback is more important than before because as the consequences of the global COVID-19 pandemic people have mainly been working from their home offices. Sharing positive feedback in front of the team was experienced as an important thing because together it created a feeling of success.

*“Customer feedback motivates me the most when I get it from my supervisors.” (A)*

*“The most motivating factor is when a customer gives me positive feedback. Now, because of this time of the year, we go them through only online. It is important that everyone gets part of the positive feedback.” (F)*

#### 4.5. Summary of the results

The main purpose of this research was to get in-depth understanding of employee motivation through semi-structured interviews. I had two research questions and next I will explain my empirical findings.

*“RQ1. How do employees view and perceive that customer feedback affects their external work motivation?”*

Both employees and employers perceived that customer feedback affects employee external motivation in different ways. Based on the interviews, recognition and compensation orientation aroused similarities and differences between employees’ and employers’ opinions. Company strategy and management navigate the way what kind of customer feedback affects employee motivation and why. But the truth is real, I was not able to name and find a unifying external factor that would have a positive impact on every employee’s work motivation.

However, the existence of external motivational factors had a positive effect on all employees on some levels. Especially positive customer feedback had a significant impact on employee external motivation. Receiving positive customer feedback followed by monetary rewards or recognition from the employer motivated some of the employees. Thus, some of the employees experienced that incentives had a significant impact on their work motivation while some of the employees experienced handling feedback with the team was motivating.

Furthermore, the existence of external motivational factors had no effects or even a negative effect on some of the employees. Measuring and monitoring customer feedback generated negative emotions on the employee side of view because negative customer feedback affected their monetary rewards and caused a sense of shame in front of the employer. One of the employees said that incentives do not have any effect on her work motivation.

*RQ2. How do employees view and perceive that customer feedback affects their internal work motivation?”*

All employees perceived that customer feedback affects employee internal motivation in different ways. Based on the interviews, both challenge orientation and task enjoyment aroused similarities and differences between employees’ opinions. Employees’ internal work motivation was at a different level at work but they all experienced that positive customer feedback motivated them internally.

In addition, the existence of internal motivational factors had a positive effect on all employees on some levels. Receiving positive customer feedback followed by task enjoyment or a sense of success in a challenging situation motivated all the employees. Thus, some of the employees told that positive customer feedback left a positive feeling for the rest of the day. For the internally motivated employees, challenging situations i.e., resolving a complicated customer problem and receiving positive or constructive customer feedback for that strengthened their intrinsic motivation even more. In fact, three out of the four employees experienced that feeling a sense of success due to positive customer feedback was the most important motivating factor. In addition, one of the employees said that she does not have high work motivation, but customer feedback increased her intrinsic motivation because of the feeling of success and by developing herself through customer feedback.

Overall, customer feedback has a significant impact on employee extrinsic and intrinsic work motivation. Positive customer feedback was perceived as a good thing and it could have been highlighted even more by the employee and employer side of view. Meanwhile negative feedback raised different opinions and to summarize the findings, it was experienced a pretty good thing if the feedback was constructive and it was not received too often.

## 5. DISCUSSION AND CONCLUSION

Finally, this chapter will go through the main findings of this research based on previous literature and motivation theories. In addition, this chapter summarizes my findings in a conceptual framework which includes the key results of this research. At the end of this chapter, it suggests some possibilities for future research.

### 5.1. Summary of the research

This chapter presents how my empirical findings are compared to previous literature. The main points are addressed, and many similarities and some differences are presented based on previous literature. This thesis focused on how customer feedback affects employee motivation, and this summary is related to my research questions which includes discussion around the topic.

Previous literature has stated that the company's management should start with the key actions which are needed to create their strategy, and which best suits their aims (Balashova et al., 2018). Caemmerer et al. (2009) showed that to gather customer feedback both at a corporate level and at a front-line employee level is necessary to have an organizational strategic perspective because of the organizational learning improvement. In addition, customer satisfaction should be part of the company's strategy because employers and employees are spending a lot of time analyzing customer feedback. Thus, customer feedback must be measured and usually companies use customer satisfaction surveys, i.e., the NPS. My empirical findings proved that employers and employees experienced customer feedback was part of their companies' strategies and they collected it through oral and written channels, and it was actively analyzed. I argue that if customer feedback was not related to company strategy, the company would not have to spend time with the advantages that the customer feedback provides. In addition, findings proved that companies and their management use customer feedback daily in order to develop their services and for motivating their employees.

Furthermore, Jaramillo et al. (2013) stated that employee motivation is one of the key factors for company success and part of a strategic asset for competing. In fact, understanding what motivates employees is one of the key challenges for the companies (Milne, 2007). They argue that it is not possible to directly motivate others, but it is important to know *how* to influence what others are motivated by. Customer feedback can be used towards employee motivation and Nasr et al., (2015) argue that positive customer feedback has a great importance for frontline employees, i.e., job

motivation and job satisfaction. In addition, the human motivation theory SDT (Ryan & Deci, 2000) stated that the human basic needs are competence, autonomy, and relatedness. SDT includes autonomous and controlled motivation. Intrinsic motivation is an example of autonomous motivation which means that people are acting with a sense of volition and by having the experience of choice. On the contrast, SDT theory says that extrinsic motivation is an example of controlled motivation which means that extrinsic rewards are used for controlling employee motivation (Gagne & Deci, 2005). My empirical findings showed that customer feedback is related to an employee's intrinsic and extrinsic motivation. In addition, previous literature stated that positive feedback increases intrinsic motivation, while negative feedback which decreased perceived competence and decreased intrinsic and extrinsic motivation (Gagne & Deci, 2005). One of the main findings proved that positive customer feedback motivates employees at work while negative feedback aroused different emotions and in the worst case it even decreased employee work motivation.

### **Intrinsic motivation such as challenge orientation and task enjoyment**

According to sales and marketing literature, the definition for intrinsic motivation is the pleasure and satisfaction of the activity itself (Miao & Evans, 2007; Jaramillo et al., 2013). Mallin and Pullins (2008) stated that intrinsic motivation is positively related to behavior and positive relationship outcomes which means i.e., active listening, problem solving and identification of needs. By my observation, my empirical findings strengthened this statement because internally motivated employees experienced that active listening affected how the customer experiences the customer encounter and usually active listening can show up as a "Thank you!" in customer feedback.

According to sales literature, intrinsic motivation includes challenge orientation and task enjoyment (Mallin and Pullins, 2008). First, challenge orientation means that challenge-oriented individuals are more able to cope with conflicting work life situations (Ryan & Deci, 2000). Some of the employees experienced that after solving challenging and difficult customer service situations, positive customer feedback affected positively to their work motivation. In addition, human motivation theory CET, strengthens this finding because competence means "feeling effective at one's activities" (Ryan & Deci, 2000). The reward for efficient work was positive customer feedback.

Secondly, intrinsic motivation includes task enjoyment. Task enjoyment refers to doing some specific tasks independently without getting any rewards as outcome (Miao & Evans 2007, 91). Three out of the four employees stated that the greatest impact of customer feedback was a feeling of joy without

getting any external rewards as outcome. In addition, human motivation theory CET, strengthens this finding because autonomy involves self-initiation and self-regulation of one's own behavior. The customer service representatives truly desire to serve their customers in the best possible way. Furthermore, one of the employees experienced that she does not have high work motivation. However, she stated that the positive customer feedback created positive effects on her work motivation because of her feeling of joy and better mood at work.

### **Extrinsic motivation such as competence orientation and recognition orientation**

External motivation is a construct that pertains whenever an activity is done in order to attain some separate outcome such as money, recognition, and promotion (Ryan & Deci, 2000; Fatima, 2018). Marketing literature provides evidence that incentives are effective when company wants to grow their sales while motivating employees (Mohd- Sanusi & Mohd- Iskandar, 2007). Employees and employers perceived that external factors have either positive or negative effects on employee motivation. One of the employees experienced that receiving customer feedback through his supervisor had the greatest impact on his work motivation, while incentives strengthened his work motivation. Meanwhile, one of the employees perceived that employer attention distressed her work motivation if she got negative customer feedback and therefore also the incentives created challenges for her motivation. In fact, "Understanding what motivates employees is one of the key challenges for managers" (Milne, 2007, 29). According to my results, a single unifying external factor that would have a positive impact on every employee's work motivation, cannot be named.

In the sales literature compensation orientation and recognition orientation are related to extrinsic motivation (Miao & Evans, 2007). Literature proved that salespeople who are compensation orientated are working harder towards higher sales outcomes because they get higher financial compensation (Miao & Evans 2007, 92). Incentives can be connected to customer satisfaction in the sales industry. Companies use customer satisfaction tools (i.e., the NPS) for measuring customer satisfaction. All employees said that customer satisfaction is connected to their incentives. Incentives had a positive or negative impact on employee work motivation. By my observation, incentives strengthened the work motivation through good customer feedback for those employees who were intrinsically motivated. Moreover, if an employee intrinsic motivation was perceived to be high, external incentives were considered necessary for maintaining a good motivation level at work. At the same time, some of the employees perceived that customer feedback should exist but it should



not be connected to external incentives. One of the employees experienced that incentives do not have any effect on her work motivation.

Secondly, recognition is an important management tool even though it does not include non-financial rewards (Milne, 2007). People motivated by recognition orientation are likely to reach the goals which are set by the supervisors (for example number of customer feedbacks or call rate) and sales manager control has a positive impact on recognition motivation (Fatima, 2017). Despite many dramatic changes over the years, sales management have not changed their belief that coaching is one of the most important management tools (Hawes & Rich, 1998). In addition, Nasr et al. (2016) proves that the front-line employee gets frustrated for not being appreciated in the eyes of their supervisors about the good customer service. Employees experienced recognition orientation in different ways. One of the employees said that customer feedback motivates him more if he gets it through his employer. On the contrast, one of the employees told it is enough that she gets incentives from the good customer service without any recognition from her employer. Moreover, OIT explains different forms of extrinsic motivation and the theory proposed that internalization is more likely to appear when there is a sense of *relatedness* (Ryan & Deci, 2000). Relatedness is explained as the feeling of being connected to others, and as the sense of belongingness. In addition, almost all employees and employers experienced that going through positive feedback in front of the team was a very positive thing. Sharing a positive emotion in front of the team is important because it raises positive work motivation. In addition, one of the employees perceived that the positive customer feedback should be used even more because if more feedback was shared then the others could get tips on what to do differently. Meanwhile, negative customer feedback was mainly analyzed between an individual employee and the employer. Negative feedback was heavily related to strong emotions among the employees. Employers felt it important to be able to express themselves subtly when they were handling negative feedback with an employee in order to keep it constructive.

Finally, technological development has given us opportunities to meet with customers on online platforms or by phone without seeing customers face-to-face. Especially global pandemic COVID-19 in 2020 has forced people to use online platforms more than before which also means that employees' tone of the voice and written communication skills are highlighted when meeting customers at phone or online platforms. Although customer service has already been done in the past by phone and through chat and email, rapidly changing technology forces companies to develop their services. Thus, it also means that the importance of customer feedback is significant for sharing positive emotions and serving customers in the best possible way.

## 5.2. Key results of the research

Finally, this chapter discusses the main findings of this thesis. In addition, this chapter provides a new understanding of previous research. The purpose of this thesis was to gain a deeper understanding of how customer feedback affects frontline employees.

Firstly, it was found that external rewards had a strengthened effect on employee intrinsic motivation if an employee had an intrinsic motivation towards his/her work. In fact, if an employee's intrinsic motivation was perceived high, external incentives were considered necessary for maintaining a good motivation level at work. Previous research supports my findings because it is an invincible combination to have salespeople who have exhibited intrinsic motivation of challenge orientation and extrinsic motivation of compensation orientation (Miao & Evans 2007, 98). Meanwhile, if an employee did not have intrinsic motivation towards their work, external rewards were neutral or did not have any effects. However, positive customer feedback motivated employees internally even though employees did not have high work motivation.

Secondly, employees received customer feedback through different channels and direct oral or written feedback from the customers was perceived as one of the most important channels. Oral customer feedback was most often positive as a basic "Thank you!" and written customer feedback was either positive or negative. Studies have shown that positive feedback affects frontline employees' enthusiasm, which is linked to higher job motivation, job satisfaction and a strong spillover effect. As Milne (2007) stated just a basic "Thank you!" goes a long way. In addition, employees and employers experienced that more positive feedback should be given and shared because the consequences are crucial. This research shows that positive feedback has a great impact on employee external and internal work motivation.

Moreover, the NPS system was experienced fairer by the employees who received mostly positive customer feedback. On the contrary, employees who also got negative feedback felt the NPS system was unfair. The NPS system was perceived as unfair if the negative customer feedback concerned the company's operations, i.e., long waiting line, or the company's general terms and conditions, which the customer service could not affect. In addition, they experienced that the NPS average should not directly affect employee incentives because the customer feedback was not related to employee behavior in such cases. Better separation of customer feedback was presented as a clear development idea, meaning that some of the feedback questions would be targeted to the company in general and other questions for the customer service experience or the employee. All the employees perceived that the written customer feedback was important in order to truly understand what the customers had

intended. According to literature, Fischer et al. (2018) suggested that when the NPS is tied to employees' incentives it becomes a motivating factor. However, little research has been done about the NPS connection to incentives so the effects can also be negative. Overall, studies showed that tangible rewards, such as incentives enhance employee motivation when they are offered to complete a work specified performance standard (Milne, 2007). My result provides that the NPS created positive and negative effects on employees' work motivation.

Emotional affection was experienced one of the most important factors at work. The employer's role was critical when delivering customer feedback to employees. In addition, literature proved that that the front-line employees get frustrated for not being appreciated in the eyes of the supervisor for good customer service (Nasr et al., (2016). My empirical results showed that for some of the employees the employer's attention was important while for some of the employees the employer attention was not that much important. Moreover, the employer's role was perceived important because an individual employee might not have enough time to review their customer feedback. The employees presented that there should be more time for sharing more positive feedback and negative feedback should be handled in a constructive manner. Delcourt et al. (2016) argued that managers can strengthen the employee emotional competence (EEC) on all levels. Emotional competence increases emotionally competent behavior and emotional intelligence. Thus, when leaders can take into account the employee emotional competence, it affects front-line employee happiness (Nasr et al., 2018).

Based on this thesis customer feedback has a clear impact on employee extrinsic and intrinsic motivation. Extrinsic motivation includes recognition and compensation orientation which are connected to company strategy and leadership management. Meanwhile, intrinsic motivation includes task enjoyment and challenge orientation which will come from the work itself. I argue that if customer feedback is used in the right manner, it motivates the front-line employees, which creates competitive advantage for companies.



*Figure 4. Conceptual framework based on empirical findings.*

### 5.3. Suggestions for future research

Finally, as a conclusion this chapter provides recommendations for future research. As it was mentioned earlier that I, as the author, had no previous experience of implementing this size of a research before and someone else could have approached the topic differently or from a different perspective. However, my personal interest in this topic created a good background when I started implementing this study. The most important focus was to gain a deeper understanding of how customer feedback affects employees' work motivation. I feel the empirical findings on this topic were good, interesting, and variable, even though someone else could have interpreted the subject very differently.

One aspect that should be considered in the future research is the wider distribution of interviewees' ages. As my study concentrated only on the younger generation, the result cannot be generalized when thinking about employee work motivation. Customer service representatives and employers who have been working in this industry for a long time could have experienced the effects of customer feedback in a quite different way, even though I was pleased with the different and diverse empirical findings as the author.

Secondly, this research was implemented by interviewing people and there were more women than men among the interviewees. It is good to note that women's opinions could differ in some ways from men's opinions. Thus, it could have had an impact on the empirical results even though this research found similarities between men's and women's opinions. Future research could focus more on men's perspectives and see whether the gender causes any differences.

Thirdly, there are many different possibilities for implementing this kind of study in the future. Firstly, future research could focus on a specific industry and focus more on one company's employees and the management. Then the results would be more accurate and useful for the particular company. Secondly, interviewing people from diverse backgrounds (i.e., internationally) would give a richer view of this kind of study. Also due to the selected research method of this study, the group of interviewees was kept relatively limited. Repeating a similar study with a quantitative research method on a larger group of participants could provide more insight and understanding on the topic.

Finally, the global pandemic COVID-19 has caused many changes in working life. As we can see that many people are working or forced to work from the home offices, and it has brought new challenges and opportunities. According to SDT human motivation consists and is supported by the needs of *competence*, *relatedness*, and *autonomy* (Ryan and Deci, 2000). Ryan and Deci argued that motivation has been a central issue of psychology due to biological, cognitive, and social regulation. Thus, future research could gain deeper information on how employees experience the importance of customer feedback when they are working from the home by themselves without colleagues' presence, if remote work and its consequences and effects would specifically be highlighted.

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## APPENDICES

### Appendix I – Advance letter for participants (in Finnish):

Hyvä tutkimukseen osallistuja!

Tervetuloa mukaan tutkimukseeni! Kyseessä on Itä-Suomen yliopiston opiskelijan Pihla Hokkasen Pro gradu -tutkielma asiakaspalautteen vaikutuksesta työntekijän työmotivaatioon.

Tutkimuksen aiheena on saada syvällisempää ymmärrystä asiakaspalautteen vaikutuksesta työmotivaatioon niin sellaisten työntekijöiden kuin työnantajienkin näkökulmasta, jotka työskentelevät päivittäin asiakkaiden parissa ja saavat asiakaspalautetta työstään. Tutkimus toteutetaan haastatteluna ja raportoin tutkimuksen tuloksista siten, että ketään haastateltavaa tai haastateltavan organisaatiota ei voida tunnistaa. Haastattelu vie aikaa noin 30-45min. riippuen siitä, kuinka keskustelua syntyy.

Pyydän, että ennen haastattelua pohtisit etukäteen yhden tai useamman esimerkkitapahtuman, jonka olet työntekijänä tai työnantajana kohdannut liittyen siihen, kuinka asiakaspalaute on vaikuttanut omaan tai jonkun muun työmotivaatioon. Tarkoituksena on, että keskustelemme haastattelussa mahdollisimman konkreettisesti, kuten miten ja kuinka usein asiakaspalaute vaikuttaa työmotivaatioosi (työntekijänä) ja kuinka asiakaspalautetta käytetään työntekijän motivoimiseen (työnantajana).

Kiitos, että suostut antamamaan kokemuksesi ja osaamisesi tutkimukseni tueksi.

Ystävällisin terveisin,

Pihla Hokkanen

### Appendix II - interview structure (employees)

#### BASIC INFORMATION

- Age, year of birth
- Gender
- Current work status and position (full-time, part-time, permanent, laid off, unemployed)

#### CONTACTING CUSTOMERS AND BACKGROUND QUESTIONS

- How many customers do you meet at work each day?
- What are the channels you use to communicate with the customers?
- How do you get the feedback (phone, email, chat etc.)?
- What is the ratio between those channels? (Which channels are most common to get feedback?)
- How many times do you get feedback from the customers each day?

#### WORK MOTIVATION

- Would you like to describe your current motivation toward to your work?
- How do you feel customer feedback affects your work motivation? Why/ why not?

- How much does customer feedback affect work motivation in your overall work motivation scale (0-10, 0: not much, 10: very much)?

### **QUESTIONS RELATED TO CUSTOMER FEEDBACK AND WORK MOTIVATION**

- How do you feel when getting customer feedback at your work?
- What kind of customer feedback motivates you to serve customers by your fullest potential?
- What kind of feedback motivates the most in negative way?
- How does customer feedback influence coping at work?
- How much have the employers emphasized the importance of customer feedback?
  - a. How much do you feel pressure that your employer puts on you to get good customer feedback?
- Do you feel any pressure that comes from yourself that you need to get good feedback?
- Have there been any misunderstandings between your understanding and customer feedback?
- How does the positive feedback affect work motivation in positive/ negative way? Why/ why not?
- How does the negative feedback affect work motivation in positive way/ negative way? Why/ why not?
- Do you feel that you would like to get feedback in some specific channels or not?

### **OVERVIEW OF THE CUSTOMER FEEDBACK EFFECTS TO WORK MOTIVATION**

- Do you think that you would like to work harder without customer feedback or not? Why?
- How do you feel that you can affect the customer feedback you receive?
- Can you put the following motivational aspects in to order in regard of the importance how customer feedback affects to your motivation: a) incentives b) being able to challenge myself and feeling pleasure by myself c) feeling appreciated in front of my supervisor d) job security and similar set of goals and values with organization & work?
- Would you see that one of those mentioned aspects have stronger effect to your work motivation?

### **Appendix III – interview structure (employers)**

#### **BASIC INFORMATION**

- Age, year of birth
- Gender
- Current work status and position (full-time, part-time, permanent, laid off, unemployed)

#### **CONTACTING CUSTOMERS AND BACKGROUD QUESTIONS**

- How many customers do the employees meet every day?
- Which channels do you use when contacting customers?
- Where do employees get the feedback (phone, email, chat)?
- How many times do the employees get feedback from customers each day?

## **WORK MOTIVATION**

- Describe the employees' motivation towards to their work?
- Do you feel that customer feedback affects employee work motivation?
- How much does customer feedback affect employee work motivation in your overall work motivation scale (0-10, 0: not much, 10: very much)?

## **QUESTIONS RELATED TO CUSTOMER FEEDBACK AND WORK MOTIVATION**

- How do you see customer feedback in supervisor's view?
- How do you feel that customer feedback increases employee motivation towards work or not and why?
- How much do you emphasize the importance of customer feedback as an employer?
- How do you see your role for motivating employees by customer feedback?
- How do you see the difference (as employer reaction) of good and bad customer feedback and what are the consequences of them?
- How do you feel as an employer about putting pressure to employees for getting good customer feedback?
- How about handling bad feedback?
- How do you go through good or bad feedbacks with the employees?
- How does the positive feedback affect employee work motivation in positive/ negative way? Why/ why not?
- How does the negative feedback affect employee work motivation in positive way/ negative way? Why/ why not?

## **OVERVIEW OF THE CUSTOMER FEEDBACK EFFECTS TO WORK MOTIVATION**

- What kind of extrinsic motivation tools do you have?
- How is customer feedback related to extrinsic motivation?
- How do you use customer feedback as a part of company strategy?
- Do you think employees would work harder without customer feedback or not? Why?
- Do you feel that employees can affect what kind of customer feedback they receive?
- What is the best way for motivating employees through customer feedback?