

# **The impact of a reward sytem on employee motivation in Motonet-Espoo**

Carolina Mikander



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Author:	Carolina Mikander
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<p>Abstract:</p> <p>The purpose of the thesis was to investigate and analyze how well the current reward system of Motonet-Espoo helps generate employee work motivation. More specifically it aimed to find out which aspects of the reward system functions well, and which aspects could be further developed and improved in order to increase employee satisfaction. The theoretical part of the study introduces different theories of motivation and rewarding. Emphasis is put on Maslow's hierarchy of needs, the goal setting theory and the total reward system. The empirical part of the thesis was conducted by using a quantitative research method. The data was gathered with the help of a questionnaire and two interviews. The aim of the research was to compare the different reward systems used in Motonet-Espoo and find the pros and cons of them. The research results revealed how Motonet-Espoo can develop their reward system by including the employees in the decision making process. The research supports the assumption that a well developed and functional reward system can increase employee motivation and satisfaction.</p>	
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<p>Sammandrag:</p> <p>Slutarbetets syfte var att undersöka och analysera hur bra Motonet-Esbos aktuella belöningsystem framkallar motivation bland arbetstagarna. Målet var att hitta vilka områden som fungerar bra och vilka som kunde utvecklas och förbättras för att öka arbetstagarnas motivation och belåtenhet. Den teoretiska delen av arbetet presenterar olika teorier om motivation och belöning. Speciell betoning sätts på Maslows behovshierarki-modell, målsättningsteorin och totala belöningsystemet. Den empiriska delen gjordes med hjälp av kvantitativ forskning. Informationen samlades in med en frågeformulär och två intervjuer. Målet med undersökningen var att jämföra Motonet-Espoo's olika belöningsystem och hitta deras bra och dåliga sidor. Analyserna visade hur Motonet-Espoo kan utveckla sitt belöningsystem med hjälp av att inkludera arbetstagarna i besluttandet. Analyserna stöder antagandet att en väl utvecklad och funktionell belöningsystem kan öka arbetstagarnas motivation och belåtenhet i företaget.</p>	
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# **1. INTRODUCTION**

## **1.1 Research question and purpose of the study**

Today an organizations result is highly dependent on the employees work motivation. It is therefore important for a company to find out what motivates its employees so that it can plan a suitable reward system and gain better results. The right combination of immaterial and material rewards can boost up the employees' work motivation and enhance their commitment to the company.

The aim of this study is to investigate and analyze how well the current reward system of Motonet-Espoo helps generate employee motivation. More specifically it aims to find out which aspects of the reward system functions well, and which aspects could be further developed and improved in order to increase employee satisfaction. Motonet-Espoo has earlier conducted some smaller research on the overall job satisfaction of the company, however only little research has been made on employee work motivation and attitudes towards the reward systems in the company. The driving force behind this study is to enable the employees of Motonet-Espoo to give feedback on their work motivation and their attitudes towards the reward systems and hence perhaps increase their commitment to the company. Based on this information, the research question of this thesis work is:

1. What motivates the employees of Motonet-Espoo?
2. Which reward system does the employees perceive the most motivating?
3. How can the reward systems be further developed?

## **1.2 Description of Material and Method**

This paper is constructed in the following way. In the theory part, the author presents the different reward and incentive types and introduces what motivation is. The process

of motivation is introduced together with intrinsic and extrinsic motivation. However, the main emphasis is put on the different reward systems, especially the ones that are used in Motone-Espoo. Also different theories of motivation are presented; some of these are Maslow's hierarchy of Needs and the goal setting theory. The author used Maslow's hierarchy of needs and the goal setting theory in order to examine the effect of the reward systems on employee motivation in Motonet-Espoo. In order to determine what rewards the employees perceive the most motivating and to what extent the employees are ready to increase their work effort, the author used the total reward system.

The information to the study was gathered through a quantitative research questionnaire and two interviews. With the help of the information that was gathered, the author was able to compare the different reward systems and make a conclusion on what areas Motonet-Espoo could improve in order to increase the employees work motivation. The questionnaire also included some open questions where the respondents could give own suggestions on how to improve the reward system or recommend other rewards that would motivate them.

### **1.3 Limitations of the study**

The research conducted focuses only on the employees of Motonet-Espoo, which means that the sample-size is limited. Furthermore, limitations were set on the theories used to analyze the level of motivation and satisfaction with the reward system. The author used Maslow's hierarchy of needs, the goal setting theory and the total reward system to analyze the results. The questionnaire was filled in anonymously and was therefore limited to be analyzed on general and not individual bases.

### **1.4 Background**

Employee motivation is one of the most essential parts in a company's development and success. In order to maximize the overall performance of the company it is vital for an

employer to understand what motivates the employees and how to increase their job satisfaction. It might however be challenging for a company to find out what motivates its employees, especially because different people are motivated by different things.

A well designed and functional reward system is an efficient way to increase employee work motivation. The appropriate type of reward is developed in accordance to the company's reward philosophy, strategies and policy. However, it might be challenging to find the right way to combine the company's integrated policies and practices together with the employee's contribution, skill and competence. (*Armstrong, 1999, p. 569-570*).

Motonet is a Finnish company that specializes in the automotive aftermarket. The company's product range stretches from car and motorbike spare parts and accessories to fishing and boat equipment, industrial tools and D.I.Y-products. The company belongs to BROMAN group Oy, which also owns AD VaraosaMaaailma. There are altogether 17 Motonet stores around Finland. The customers of Motonet are mostly private individuals, municipalities and car repair companies. The company is fairly new, it was established 1990 in Turku and employs currently over 420 individuals. The unit of Motonet-Espoo was founded 2004 and employs 21 full-time and 6 part-time employees. (*www.motonet.fi*)

Motonet has made some former research on employee work motivation on a general bases. The research has however been concentrated on the employee's satisfaction with the employer and the company, not the reward system. The unit of Motonet-Espoo has had some problems with finding the right way to motivate its employees and hence the store manager suggested if the author could conduct a survey that would especially concentrate on how to increase work motivation and develop the reward systems.

## 2 THEORY

### 2.1 Definition of Motivation

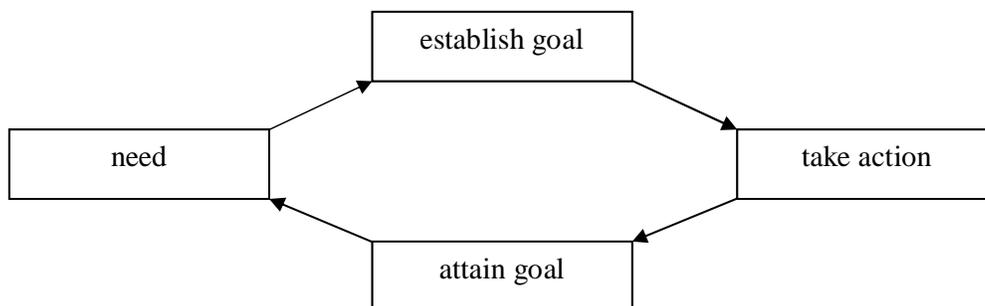
“Motivation is the desire to achieve beyond expectations, being driven by internal rather than external factors, and to be involved in a continuous striving for improvement”.  
(*Torrington, Hall, Taylor & Atkinson, 2009, p. 276*).

Motivation, in the context of work, is a psychological process that results from the interaction between an employee and the work environment and it is characterized by a certain level of willingness. The employees are willing to increase their work effort in order to obtain a specific need or desire that they hold (*Beardwell & Claydon, 2007, p. 491*).

According to Arnold (1991), motivation consists of three components:

- direction – what a person is trying to do
- effort – how hard a person is trying
- persistence – how long a person keeps on trying

Motivation theory tries to explain why people at work behave the way they do in terms of their efforts and strive for achievement. The process of motivation can be shown as following;



*Figure 1. The process of motivation (Michael Armstrong p.107).*

In this model motivation is initiated by the conscious or unconscious recognition of unsatisfied needs. These needs create wants, which in turn become desire to achieve or obtain something. In order to satisfy the needs and wants, goals are created and a behavior selected in order to achieve these goals. If the goal is achieved, the behavior is likely to be repeated when a similar need emerges. If the goal is not achieved, the same action is less likely to be repeated. (*Armstrong 1988, p. 106-107*).

Managers can motivate employees through methods such as pay, promotion and praise. Employees can also motivate themselves by seeking work where individual goals, needs and wants will be achieved. These two types of motivation are called intrinsic and extrinsic motivation and are more closely described as follows: (*Armstrong 1988, p. 109*).

Intrinsic motivation refers to the motivation that comes from inside an individual. The motivation is generated through satisfaction or pleasure that one gets in completing or even working on a task. Factors that influence on intrinsic motivation include responsibility, freedom to act, scope to use and develop skills and abilities, interesting work and opportunities for advancement. These motivators, which are concerned with the quality of work life, tend to have a long-term effect since they are inherent in individuals and not imposed from outside. (*Armstrong 1988, p. 109-110*).

Extrinsic motivation is something that is done to or for people to motivate them. It arises from factors outside an individual, such as money, grades, criticism or punishments. These rewards provide satisfaction and pleasure that the task itself might not provide. An extrinsically motivated person might work on a task even when they have little interest in it. This type of motivation usually has an immediate and powerful effect, however it does not tend to last for long. (*Armstrong 1988, p. 109-110*).

	Personal	Interpersonal
Intrinsic	Personal Satisfaction	Social Interaction
Extrinsic	Personal Rewards	Public Recognition

Figure 2. Extrinsic and intrinsic motivation (Michael Armstrong).

## 2.2 Theories of Motivation

Content Theories of Motivation are based on the needs of individuals. These theories try to explain why the needs of individuals keep changing overtime and therefore focus on the specific factors that motivate them. In general, these theories explain motivation as the product of internal drives that encourage an individual to move towards the satisfaction of individual needs. Major content theories of motivation are Maslow's hierarchy of needs, McClelland's learned needs theory, Alderfer's ERG theory and Herzberg's motivation-hygiene theory from which the firstly mentioned will be closer discussed. (Beardwell & Claydon, 2007, p. 492).

Maslow's hierarchy of Needs is a theory of personality that identifies five basic need categories:

- *Physiological needs* are basic human needs that are vital for survival. Examples of these needs are food, water, air and comfort. The organization provides a financial reward by paying a salary and this way helps to satisfy employees' physiological needs.

- *Safety needs* reflect a desire for security and stability. Examples of these needs include desire for steady employment, health insurance and safe neighborhoods.
- *Social needs* are the desire for affiliation. They reflect the person's desire for love, affection and belonging. These needs can be fulfilled by the organization through sport teams, parties and celebrations. The managers can help to satisfy employees' social needs by showing direct care and concern for employees.
- *Esteem needs* include the need for things that reflect on personal worth, self-respect and social recognition. Individuals need to attain a good reputation in a group or strive to increase their status in the eyes of others are driven by these needs. The organization can help to satisfy employees' esteem needs by showing workers that their work is appreciated and recognized.
- *Self-actualization needs* are the individuals desire for self-fulfillment and the realization of doing what he or she has the potential of doing. Assigning tasks that challenge employees' minds and encouraging their aptitude and training are examples on how the organization can help fulfill self-actualization needs. (Beardwell & Claydon, 2007, p. 493).

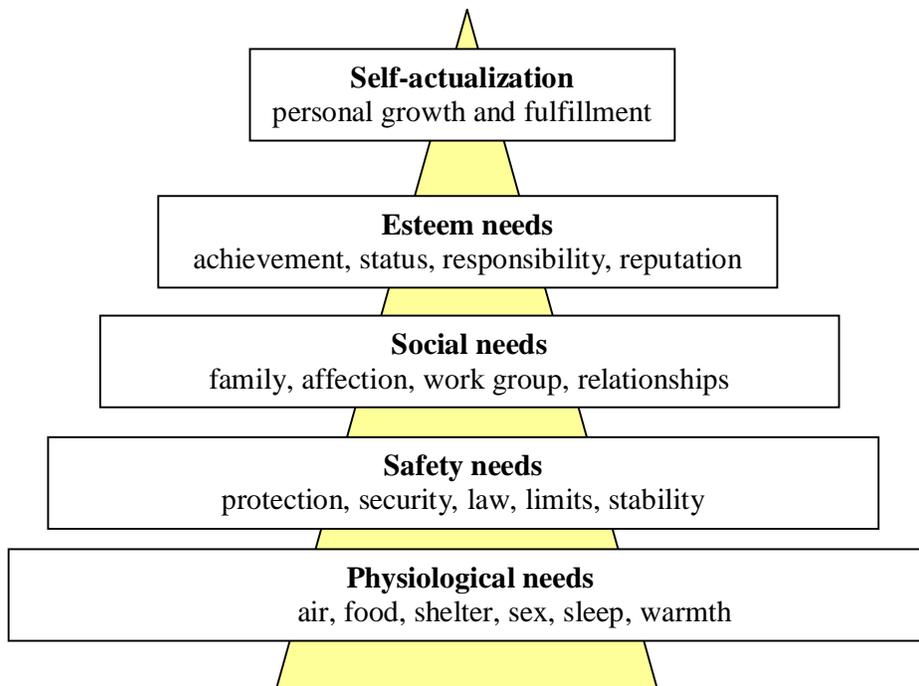


Figure 3. Maslow's hierarchy of needs (Beardwell and Claydon).

The basic needs are arranged in a hierarchy where the most basic need emerges first and the most sophisticated need last. In other words, the higher-order needs including belonging, esteem, and self-actualization are not seen important until the lower-order needs which are safety and physiological are satisfied. Managers should find out what motivates the employees at each of the levels and develop a reward strategy accordingly. (*Tosi, Rizzo & Carroll, 1994, p. 217 and Beardwell & Claydon, 2007, p. 493*).

Maslow's hierarchy of Needs has been criticized because there is little evidence that support its strict hierarchy and the fact that people satisfy only one motivating need at a time. The theory also fails to prove any clear relationship between needs and behavior, and is therefore unable to predict when a specific need will be manifested. (*Beardwell & Claydon, 2007, p. 493-494*).

Process Theories of Motivation tries to explain how behavior change occurs and why individuals act in different ways. In other words, they focus on how workers needs influence their own behavior. Process theories originate from early cognitive theories, which state that behavior is the result of conscious decision-making processes. Following are the most famous process theories: reinforcement theory, expectancy theory, equity theory, and goal setting theory, from which the goal setting theory will be closer discussed. (*Tosi, Rizzo & Carroll, 1994, p. 226*).

The goal setting theory of Locke and Latham assumes that human behavior is governed by goals and ambitions, which lead to the assumption that an employee with higher goals will do better than an employee with lower goals. This theory states that there is a positive relationship between goal precision, difficulty and performance. Hence, if an employee knows precisely what he or she is expected to do, that individual will do better than someone whose goals are vague. Adequate and timely feedback plays an essential role in the goal setting theory since it has the following effect on the employees: (*Beardwell & Claydon, 2007, p. 498*).

- increase feelings of achievement
- increase the sense of personal responsibility for the work
- reduce uncertainty
- refine performance

The goal setting theory has been criticized because it does not take into consideration two important factors, individual differences and goal complexity. Individual priorities and goals that differ in specificity and difficulty, as well as some personality differences, such as self-esteem, might affect goal acceptance and willingness to achieve goals. (Tosi, Rizzo & Carroll, 1994, p. 236-237).

## **2.3 Rewards and Incentives**

“Reward is the benefits that arise from performing a task, rendering a service or discharging a responsibility.” (Colin Pitts, 1995, p. 11.) Pay is the most significant and motivating benefit that is received in return for performing a task or service. It is pay that motivates individuals to go out and seek work. Pay is also one of the few ways to set a mutually acceptable common value to the individual’s work contribution. Pay can also be a powerful demotivator, if employees are not satisfied with the reward package, it will be hard for the company to recruit and retain good individuals. (Colin Pitts, 1995, p. 11).

Advocates of the expectancy theory believe that employees will change their behavior by working harder or prioritizing their actions if they know that by doing so they will be rewarded with something of value to them. Hence, incentives are a great way to reward effort and behaviors which the organization wishes to encourage. If the incentive is paid in return for behavior that contributes to the organizations goals, it will in the long run enhance organizational effectiveness and productivity and hence generates a positive outcome for both employer and employee. (Torrington, Hall, Taylor & Atkinson, 2009, p. 162).

The principle reward for performing work is pay, many employees however offer also reward packages of which wages and salaries are only a part of. The packages typically include; bonuses, pension schemes, health insurance, allocated cars, beneficial loans, subsidized meals, profit sharing, share options and much more. (Pitts, 1995, p. 13).

There are various things to think about before making decisions about what kind of payment system is most appropriate for an organization. Managers should start by asking what objectives they are seeking to achieve. These are likely to include the following: (*Torrington, Hall, Taylor & Atkinson, 2009, p. 154*).

1. To minimize expenditure on wages and salaries over the long term.
2. To attract and retain staff of the desired caliber, experience and qualifications.
3. To motivate the workforce so as to maximize organizational performance.
4. To direct effort and enthusiasm in specific directions and to encourage particular types of employee behavior.
5. To underpin and facilitate the management of organizational change.

There is no one payments system that can achieve all the above mentioned features for all employees in an organization. Managers are required to weigh up the advantages and disadvantages of each payment system and decide where to put the emphasis on. (*Torrington, Hall, Taylor & Atkinson, 2009, p. 154*).

### **2.3.1 The total reward system**

Total reward describes a reward strategy that brings components such as learning and development together with aspects of the work environment, into the benefits package. In the total reward system both tangible and intangible rewards are considered valuable. Tangible rewards arise from transactions between the employer and employee and include rewards such as pay, personal bonuses and other benefits. Intangible rewards have to do with learning, development and work experience. Examples of these types of rewards are opportunity to develop, recognition from the employer and colleagues, personal achievement and social life. The aim of total reward is to maximize the positive impact that a wide range of rewards can have on motivation, job engagement and organizational commitments. The components of the total rearward can be described as in the following figure. (*Armstrong & Brown, 2006, p.22*).

Transactional rewards	Base pay	Total remuneration	Total reward
	Contingent pay		
	Employee benefits		
Relational rewards	Learning and development	Non Financial/ Intrinsic rewards	
	The work experience		

*Figure 4. The components of total reward (Armstrong and Brown)*

The purpose of total reward is to create a cluster where all the different reward processes are connected, complementary and mutually reinforcing each other. In order to achieve internal consistency, the total reward strategies are horizontally integrated with human resource activities and vertically integrated with business strategies. (Armstrong & Brown, 2006, p. 23).

The benefits of a total reward system are described by Armstrong and Brown, 2006:

- Greater impact – when different types of rewards are combined, they will have a deep and long-lasting affect on the motivation, commitment and engagement of employees.
- Enhancing the employment relationship – total reward appeals more to employees due to the fact that it makes the maximum use of relational as well as transactional rewards.
- Enhancing cost-effectiveness – because total reward communicates effectively the value of the whole reward package, it minimizes the undervaluing of the true costs of the packages.

- Flexibility to meet individual needs – due to the variety of rewards, the total reward is able to answer the individual needs of the employees and hence bind them more strongly to the organization.
- Winning the war for talent – because relational reward processes are more difficult to replace than individual pay practices, total reward gives the organization the ability to attract and retain talented employees by differentiating their recruitment process and hence becoming “a great place to work.”

### **2.3.2 Types of incentives**

Payment by Result is historically the most widely used incentive scheme, it reward employees according to the number of items or units they produce or the time they take to produce them. This scheme has been criticized due to its tendency to reward quantity of output rather than quality which can lead to reduced quality of the product or service. There is a great need to modify and evaluate the effectiveness of this scheme if it is to retain the impact of productivity. (*Dessler, 2003, p. 335-336*).

Skills-based pay is an input-based payment system in which employees receive pay for the skills or competencies which they acquire. This system gives the employees an opportunity to influence their pay by acquiring more skills that lead to pay increases. Skills-based pay encourages multitasking and flexibility, which in turn enables the organization to respond faster and more effectively to the needs of customers. (*Torrington, Hall, Taylor & Atkinson 2009, p163-164*).

Profit sharing is an incentive based compensation program where employees are rewarded with company shares or a percentage of the company's profit. This scheme is claimed to increase employee's commitment to his or her company by linking pay to profit, and hence deepening the level of mutual interest. Profit sharing also encourages the thought of everyone being on the same team; the employees have the same goals and are rewarded equivalently. The disadvantage of profit sharing in the employee's point of view is the fact that pay levels may decline if the company do not meet its profit expectations. Another weakness of profit sharing is that the employees cannot see and

know the impact of their work performance on the profitability of the company. Due to the fact that the employees receive the profit sharing money regardless of their own performance, the reward might become more of an entitlement than a motivating factor. (Torrington, Hall, Taylor & Atkinson 2009, p163-164).

Performance-related pay works on the assumption that if an employee is offered monetary bonuses for a job well done, they will perform better. There are two distinct varieties of this scheme. The merit-based system is based on the assessment of an employee's performance against previously set objectives. In the goal-based system the employer and the employee arrange a meeting and agree a list of objectives which are set to be met during the coming months. In order for performance related pay to work it should be based on clear and measurable targets that are agreed by both the employer and employee. (Torrington, Hall, Taylor & Atkinson 2009, p163-164).

## **2.4 Reward system in Motonet-Espoo**

In the past, Motonet-Espoo has had some problems in finding a suitable and functioning reward system that would motivate the employees in a proper way. One of the main problems has been the rapid change of the store manager's position. In six years Motonet-Espoo has had five different store managers. The reward types are decided by the upper management, the store manager however decides how to implement the rewards to each store unit. Hence some problems are created when the store manager changes constantly and each manager has its own way of implementing the rewards into the system. The constant change of the store manager also results in some problems with the development and learning of the employees. Development discussions between the store manager and the employees take place in the company each year. The process of learning and development is however slow due to the fact that the store manager is different almost each time a development discussion is held. The process needs to be started from zero each time the manager changes and this demotivates the employees and influences their motivation towards the reward system. (Interview with store Manager Sami Nordlund).

The reward system of Motonet-Espoo consists of three types of rewards; profit sharing, personal bonus and tangible recognition. All of these rewards have been in an out of use for the past two years, at some periods of time all three rewards have been in use at the same time.

Profit sharing is paid out once a month together with the monthly salary. A sales target is pre-determined for each month and if the store unit succeeds in reaching this target a bonus is paid out to all employees. This reward was first tried out in September 2009. The trial period for the reward was three months and it was taken in use permanently in December 2009. The reward is 0.0025% of the total sales, which is divided by the work hours. Each employee is paid out by their hours worked. An example follows. (*Interview with store Manager Sami Nordlund*).

*Table 1. Profit sharing in Motonet-Espoo.*

The whole company:

Sales target	Realized sales	Reward	Work hours	Reward/h
1) 600 000	610 000	1525 €	3300	0,46 €
2) 600 000	610 000	1525 €	2400	0,64 €

Individual reward:

	Work hours	Reward/h	Total reward
1) Full-time employee	160	0,46 €	73,94 €
1) Part-time employee	70	0,46 €	32,35 €
2) Full-time employee	167	0,64 €	106,11 €
2) Part-time employee	70	0,64 €	44,48 €

The personal bonus refers to a Christmas bonus that is paid out once a year some time before Christmas. The amount varies between 50-150 Euros, depending on the years

worked in the company and whether the employee is working full-time or part-time. This reward was first implemented in Motonet-Espoo in December 2005 and has been after that in use only twice. (*Interview with store Manager Sami Nordlund*).

The tangible recognition is given out in the form of movie-tickets. Depending on the store manager, each week one or more employees are rewarded with movie-tickets. The company believes this to be a great way to encourage employees to make an extra effort in their daily tasks and perform better in teams. This form of reward was implemented in Motonet-Espoo from the start. The reward has however been in and out of use many times during the past years. (*Interview with store Manager Sami Nordlund*).

## **2.5 Recognition and celebration**

*“Recognition is the demonstration of appreciation for a level of performance, an achievement or a contribution to an objective. It can be confidential or public, causal or formal. It is always in addition to pay.” (Colin Pitts 1995, p 14.)* In addition to reward, employees also need recognition. Individuals like to share their achievements with others and have it recognized and celebrated. When this need is satisfied, it works as an excellent motivator. If employers rely on reward alone to recognize contribution and achievement it is most possible that the employee’s objective will become modified to secure the pay and nothing more and this in turn will lead to a degraded culture of the organization. When used correctly recognition is a cost-effective way of enhancing achievements and enable people to feel involved in the company culture. (*Pitts 1995, p. 14*).

Recognition and celebration does not work as an alternative to a base pay, they are only adders, not replacements for pay. However, together with a solid pay approach, recognition and celebration is an effective way to make rewards communicate effectively. Used properly, these two factors gives the company an opportunity to communicate the role that employees should play in making the organization a success. When traditional pay solutions fail to acknowledge issues such as business opportunities, organization design

and competency, recognition can be a great tool to address them. (*Zingheim & Schuster, 2000, p. 188-191*).

There are six types of recognition.

1. Verbal and Written Recognition is for examples expressions of praise or a personal thank-you note. This type of recognition costs nothing and it makes people feel good.
2. Work-Related Recognition can be educational and training opportunities, a special project assignment, lateral or vertical career opportunities or special office and work equipment.
3. Social Recognition. Examples of this are pizza parties, dinners and articles in newsletters.
4. Financial Recognition such as; cash, stock options and stock grants.
5. Symbolic Recognition include T-shirts, coffee mugs, sculptures, jackets and plaques. The importance does not lie on the monetary worth but on what the recognition symbolizes.
6. Tangible Recognition consist of gift certificates, trips, meal tickets, merchandise and tickets to entertainment events.

Recognition, whether it is cash or non-cash has an advantage over base pay and variable pay because it can be used at any time. The company can immediately reward and acknowledge something of importance that was not necessarily planned, such as unexpected and outstanding achievements of individuals and teams. Non-cash recognition can be especially meaningful to the recipient since it can be customized or personalized. Non-cash recognition also gives the company a possibility to distinguish themselves from other employers due to the fact that this type of recognition cannot be imitated by other companies. (*Zingheim & Schuster, 2000, p. 193-194*).

## 3 RESEARCH METHODOLOGY

### 3.1 Research method

The purpose of this research is to explore the most important motivating factors and analyze the effects of different reward systems in Motonet-Espoo. More specifically it aims to find out which aspects of the reward system functions well, and which aspects could be further developed and improved in order to increase employee satisfaction. The chosen method for collecting data in this study was a quantitative research questionnaire (*Appendix 1*) and two qualitative research interviews (*Appendix 2*). Both were adopted from several Internet sources and the literature discussed in the earlier chapters.

There are two types of research, quantitative and qualitative. Quantitative research is used to gather data that is absolute, such as numerical data, so that it can be examined in an unbiased manner. The aim of this type of research is to classify features and count them and after this construct a statistical model in an attempt to explain what has been observed. Quantitative research is a relatively easy way to gather data from a large number of respondents; it can however be time consuming due to the large quantity of information. The research can be either descriptive, this means that the subject is measured only once, or experimental which means that the subject is measured before and after. This research was designed to be descriptive. (*Daniel Muijs, 2004 p. 1-3*)

Qualitative research answers to the question “why” instead of “how” through the analysis of unstructured information. This type of research includes many different methods of collecting information, some of these are interviews, case studies, ethnographic research, emails, feedback forms and discourse analysis. The author has used interviews in order to conduct the qualitative part of this study. Collecting and analyzing the data for a qualitative research can be messy and time consuming. Extracting meaning and finding the relative information from large volumes of materials is challenging. (*Daniel Muisj, 2004 p. 1-3*)

The written questionnaire was hand-delivered to the participants in order to gain the highest possible response rate. In order to minimize the frustration of the respondents and hence the amount of uncompleted questionnaires, the number of questions was limited to a minimum. The questions were written as short as possible and the respondents did not need to write down any answers, only mark with an X whether they *strongly agree, agree, disagree or strongly disagree*.

The questionnaire was divided into five parts. In the first part, the respondents were asked questions about their age, gender the number of years working for Motonet-Espoo, the number of years working with the same work tasks and whether they are full-time or part-time employees. The second part measured the respondent's attitudes towards the three reward systems that are currently used in the company and the third part measured what type of reward the employees consider to be most motivating. The fourth part included a list of statements where the respondents were required to choose in a scale from one to five, which reward motivated them the most. The last part of the questionnaire contained four open questions.

Some questions were reversed and asked repeatedly in order to make sure the respondents understand and read the questions carefully. In total 23 employees participated in the survey which is 85 % of the total workforce of Motonet-Espoo. The author strongly feels that the research and the questionnaire were conducted in a carefully and proper manner and due to the high respondent rate it is possible to draw the conclusion that the results speak generally for the whole Motonet-Espoo work force.

In addition to the questionnaire, some qualitative information was gathered throughout two personal interviews with the store manager and assistant manager. The author chose to interview these two individuals due to the fact that they were able to give some insight information on the specific opportunities and threats that Motonet-Espoo has been experiencing concerning the company's reward systems and the employees work motivation. The interviews were carried out as semi-structured. The questions were sent out to the interviewees in beforehand, hence giving them the opportunity to prepare. The interviews lasted approximately one hour and contained 9-10 questions. The questionnaire and the interview questions can be found in the appendix.

### **3.2 Validity and Reliability**

The reliability of a study is measured by how similar the results would be if another researcher conducted the same study. (*Kirk & Miller, 1986, p. 13-14*). The result of this questionnaire might vary slightly depending on the responders. Factors such as time pressure, the respondent's interest in the study, their willingness to give insight information, honesty and the relationship to the author might affect the respondent's answers. Due to the fact that the middle-age of Motonet-Espoo is approximately 26 years, it should be considered whether the results and suggestions of this study would be of any use in a work-environment with a higher middle-age. Young employees are motivated by different factors than more mature employees. Also the fact that the respondents are the author's co-workers might have affected some of the answers concerning questions about job-satisfaction. Respondents might have been unwilling to answer truthfully fearing that it could affect their relationship to the employer.

## **4 RESEARCH FINDINGS AND ANALYSIS**

This research studies whether or not a reward system helps generate employee motivation in Motonet-Espoo. More specifically it aims to reveal what reward system would be best suited for the company in question and how to increase employee motivation and satisfaction. The population size of this study was limited to 27 due to the fact that the author wanted to concentrate only on the unit of Motonet-Espoo. 23 individuals answered the questionnaire which gives a response rate of 85.0 %. The main findings of the questionnaire and interviews conducted for this study will be discussed in this chapter.

### **4.1 Results on age, gender and occupation**

Of the respondents 78.3% were under the age of 27, 17.4% were between 27-37, and 4.3% were between 38-48. Only 21.7% of the respondents were women and 78.3% were men. 39.1% worked as part-time employees and 60.9% as full-time employees. 60.8% of the employees had worked at Motonet-Espoo for 1-2 years, 13.4% had worked for less than 1 year and 25.8% had worked for more than 2 years. A minority of 13.4% had worked less than 1 year, 64.9% had worked 1-2 years and 21.7% had worked for more than 2 years with the same tasks.

### **4.2 Employee satisfaction with Motonet-Espoo's reward systems**

The second part of the questionnaire was designed to show which of Motonet-Espoo's three reward systems the employees have been most satisfied with. The questions were designed to measure fairness, work climate, work attitude, the effect the reward system has on work effort and the overall satisfaction with the reward system.

The results of the study show that the majority of the respondents were satisfied with the profit sharing (63.4%). The respondents were of the opinion that the profit sharing is

the most motivating reward (82.6%). They felt that they were ready to increase their work effort in order to gain the reward (77.2%) and considered it to be the fairest of the three rewards (81.8%). The profit sharing was also seen as the best reward to match the respondents work effort (65.2%). The only criticism about the reward was that it did not have a positive effect on work atmosphere (71.4%).

The tangible recognition that is paid out as movie-tickets was the second choice of the respondents (45.1%). The respondents were especially happy with the quality and quantity of the movie-tickets (82.6%) and felt that the reward increased team-work amongst the employees. (39.1%). The majority of the respondents felt that the movie-tickets were not distributed fairly (60.8%) and that it did not match the work effort (57.1%).

The respondents were the least satisfied with the Christmas bonus (44.0%). However, the difference between the satisfaction of the movie-tickets and the Christmas bonus is only 1.1%, therefore these two rewards could be considered nearly equally satisfactory. The Christmas bonus was perceived to have a positive effect on work atmosphere (75.0%). The majority of the respondents disagreed with the statement that the Christmas bonus would motivate the employees to perform well in their job (66.7%).

*Table 2. Results on the employee's satisfaction with the reward system.*

	Movie tickets	Profit sharing	Christmas bonus
<b>The rewards are distributed rightfully.</b>			
-strongly agree	2	4	4
-agree	7	14	6
-disagree	7	3	5
-strongly disagree	7	1	8
<b>The rewards matches my work effort.</b>			
-strongly agree	3	5	3
-agree	8	10	8
-disagree	4	7	4
-strongly disagree	6	1	6
<b>I am satisfied with the quality/quantity of the rewards.</b>			

-strongly agree	7	4	3
-agree	12	9	5
-disagree	3	8	9
-strongly disagree	1	1	6
<b>I am ready to increase my work efforts in order to gain the rewards.</b>			
-strongly agree	2	8	5
-agree	4	9	8
-disagree	10	4	4
-strongly disagree	6	1	4
<b>Employees work more as a team in order to gain the rewards.</b>			
-strongly agree	1	3	2
-agree	3	2	3
-disagree	12	12	11
-strongly disagree	7	6	7
<b>The rewards have a positive effect on the work atmosphere.</b>			
-strongly agree	5	5	3
-agree	10	7	5
-disagree	7	5	8
-strongly disagree	5	4	4
<b>The rewards motivate me to perform well in my job.</b>			
-strongly agree	5	6	3
-agree	11	13	9
-disagree	5	3	7
-strongly disagree	2	1	2

### 4.3 Employee satisfaction on work motivation and other rewards in Motonet-Espoo

The third part of the questionnaire measured the overall work motivation in Motonet-Espoo. This part included 13 statements on different motivating factors and the respondents chose whether they strongly agreed, agreed, disagreed or strongly disagreed to the statements.

65.0% of the respondents felt that their job is too easy and self-repeating. 60.8% were of the opinion that they have the opportunity to choose when, where and how to do their job, however only 28.6% felt that they can influence their work tasks. 68.1% believed that their job did not need any special skills and 52.1% perceived their work tasks to be interesting. 65.2% of the respondents were satisfied with the information flow inside the company. 56.5% were of the opinion that they receive enough feed-back from their employer and 61.9% felt that the employer encourages the employees to work. Only 22.7% believed that they have the opportunity to advance further in their job and 47.8% were satisfied with their salary. 55.0% were happy with the amount of free-time activity that the employer organizes and 52.3% liked their job. Only 31.8% felt that it is personally important for them that the company is successful.

*Table 3. Results on employee work motivation.*

	Strongly agree	Agree	Disagree	Strongly disagree
My employer encourages me to work.	2	11	6	2
I have the possibility to advance in my work.	1	4	11	6
I am satisfied with my salary.	0	11	10	2
I am satisfied with the amount of free-time activity that my employer arranges.	1	10	9	0
My work tasks are interesting.	3	8	7	5
I like my job.	3	8	6	4

It is personally important for me that Motonet-Espoo is successful.	1	6	9	6
I get enough feedback from my employer.	4	9	9	1
I get to influence my work tasks.	2	4	10	5
I am satisfied with the information flow.	4	10	5	4
I need special skills in my job tasks.	0	7	9	6
I get to choose where, when and how to do my job.	5	9	4	5
My work is too easy and self-repeating.	3	10	5	2

The fourth part of the questionnaire measured which reward the employees consider to be most motivating. The respondents chose on a scale from one to five, how much a specific reward motivated them. The results are shown in the table below.

*Table 4. Results on other rewards.*

	1	2	3	4	5	Average
Personal bonus	0	1	1	8	13	4.4
Pay rise	0	0	6	6	11	4.2
Free-time activity	0	8	7	6	1	3
Extra holidays	0	1	3	9	10	4.3
Varying work tasks	0	6	6	8	3	3.3
Lunch etc. coupons	0	2	6	11	3	3.7
Training	0	3	10	5	3	3.4
Promotion	0	0	9	8	6	3.9
Flexible work hours	0	1	4	7	11	4.2
Demanding work tasks	2	2	6	5	5	3.5
Ability to affect on your work tasks	1	0	2	15	5	4

Company car, phone etc.	4	5	2	5	6	3.2
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The average of each reward has been calculated in order to analyze which is perceived by the employees to be the most motivating. As we can see from the results personal bonus, pay rise, extra holidays, flexible work hours and the ability to affect on the work tasks are viewed the most motivating. Company car, varying work tasks, free time activity and demanding work tasks are seen as the least motivating factors.

#### 4.4 Results on the open questions

The last part of the questionnaire included the following four open questions:

1. Which reward system that Motonet-Espoo uses do you prefer? Why?
2. Would you change something about the reward system?
3. Do you feel motivated by the reward systems?
4. Is there any other reward that would motivate you?

The purpose of the open questions was to get improvement suggestions on the reward systems and try to determine their pros and cons. Some of the respondents gave suggestions and answered the questions eagerly, the overall respondent-rate on the open questions was however only 21.0%.

The main reasons mentioned for preferring **profit sharing** over the other rewards was that it is fairly distributed. The reward is paid out to all employees according to the hours worked, and matches therefore to the work-effort made. Many respondents were also of the opinion that profit sharing is the preferred reward because the employees themselves are able to decide how to invest the money. The majority of the respondents felt that they are highly motivated by the reward. The factors that respondents would change in the profit sharing were the amount of money paid out and the information flow. Some respondents were also of the opinion that they would prefer the profit sharing to be even more linked to individual performance.

The **Christmas bonus** was mainly preferred due to the fact that the amount of the reward does not depend on personal work effort nor hours worked, hence all employees get the same amount. Another reason for preferring the Christmas bonus was the time when it is paid out. The bonus is paid out two weeks before Christmas and is hence a good extra for those who need to buy Christmas presents. The majority of the respondents felt that the reward did not motivate them to perform well in their job. The reward was criticized because it is only paid out once a year and therefore many short-time employees do not receive it. Some respondents suggested that the reward could be split into two, and be paid out twice a year. The second part could be a “summer bonus” that would be paid out together with the summer holidays. Another demotivating factor was that the employees could not influence on the size of the reward.

The main reasons why **movie-tickets** were preferred was that the reward is not depending on how well the company is performing. Movie-tickets are distributed even if the company does not meet the sales target. Movie-tickets were also preferred as reward due to the fact that they are linked to individual work performance. Some respondents were however of the opinion that the reward was not always distributed fairly and suggested that there should be some special criteria in order to receive the reward. Respondents were mainly unhappy with the fact that employees who work only one day a week have the same opportunity to receive the reward as those who work full-time. The respondents were split into two groups concerning the question about motivation. Half of the employees felt that the reward motivated them to perform well in their job. They felt that there is a great possibility to receive the reward if they increased their work effort and were hence motivated to do so. The other half felt that they were very little motivated by the reward due to the fact that it was not always fairly distributed.

The respondents were eager to give suggestions on other motivating rewards. Some believed that they would be more motivated if they were given new work task responsibilities and training. Rewards in the form of personal bonuses were mentioned to motivate especially if they were paid out as money. The majority of the respondents were of the opinion that the best way to motivate an employee is if the manager pays attention to the employees' good performance and rewards it. Personal feed-back and the fact that the employer shows sincere appreciation for the work was important for many respondents. Some suggested that the manager should have frequent discussions with the em-

ployees on how they could develop themselves and advance further in their job. Some respondents proposed that the company should introduce individual rewards in the form of thank-you cards, t-shirts, gift baskets or other “small” presents. Also extra cigarette breaks and coffee breaks were suggested as rewards.

## **4.5 Results of the interviews**

In addition to the questionnaire, some expert opinions were gathered through two interviews. The questions for the interviews were mostly adapted from the topics covered in the theory part of this thesis. The interviews took place in Motonet-Espoo the 17th of February 2010 and the language of conduct was Finnish.

One of the interviews was done face to face with Mr. Sami Nordlund, who is the store manager of Motonet-Espoo. He has been working for the company in question for one year. The aim of this interview was to gather data about the specific challenges and opportunities that a manager might confront when handling questions about work motivation. The main points of the interviewee’s opinions are presented below.

- A manager has the responsibility to motivate the employees. The quality of a manager can only be measured through the motivation level of the employees.
- It is challenging for a manager to find the specific rewards that generate motivation.
- Many ethical aspects need to be taken into consideration when developing a reward system that motivates the employees.
- Sometimes the employees need to be reminded that the rewards are something extra and should not be taken for granted.
- There is no simple way to motivate all employees at the same time. There are always some individuals who feel that they are treated unfairly.
- Recognition of work, honest feedback and money are considered as the most motivating factors.

The second interview was done with Mrs. Mirkka Vainikka, who has been working in Motonet-Espoo for five years. She has been with the Motonet team from the start and was therefore an ideal candidate for this research. The aim of the interview was to gath-

er first hand information about employees' attitudes towards the reward systems that are used in Motonet-Espoo and work motivation. The main points of the interviewee's opinions are presented below.

- Varying work tasks and sufficient training is important for generating motivation.
- It is important that the work tasks have a clear beginning and an end.
- There has been a clear increase in motivation after the employees were given areas of responsibility in the store.
- Besides personal bonuses and a pay rise, also positive feedback from the manager and co-workers is important for good work motivation.
- Those employees who have been with the Motonet team from the start are better motivated than those who have worked for shorter periods of time.
- It is hard to judge whether or not the rewards have had a motivating impact on the employees.
- The increase in motivation might depend on other factors such as: a change in the work atmosphere, new work colleagues, new store manager etc.

## **4.6 Results concluded**

Based on the research conducted by analyzing the employees' attitudes towards the reward systems of Motonet-Espoo and the overall work motivation of the employees, the author has come to the following conclusion:

1. Regarding the most motivating factors, the majority of the employees agree that fairness, personal growth, salary, recognition, work environment and responsibility are most important. The work itself and the success of the company were not considered as motivating.

2. The results of the interviews elaborate the theory that a combination of material reward and verbal recognition as well as encouragement would be the essential parts to good work motivation in Motonet-Espoo.
3. In order to make the rewards more motivating the employer should include the employees to a greater extent in the decision making process and development of the reward.
4. Profit sharing was considered as the most motivating reward due to the fact that it is fairly distributed and the employees themselves can decide how to invest the money. The majority of the respondents felt that they were ready to increase their work effort in order to receive the reward.
5. The Christmas bonus was the least motivating reward due to the reason that it is paid out only once a year and because the employees do not have the possibility to influence on the size of the reward. The reward was however perceived to have a positive impact on work atmosphere.
6. The movie-tickets were preferred as reward because they are linked to individual work performance and not company performance. The majority of the respondents felt that the reward did not motivate them because it does not match their work effort.

## **5 DISCUSSION**

The main objective of this thesis was to summarize the most important motivating factors of the employees in Motonet-Espoo and study their attitudes towards the company's reward systems. Based on the information in the theoretical part of this thesis and the data obtained in the study the author feels that she has answer the research questions.

### **5.1 What motivates the employees of Motonet-Espoo**

The results of the study were found to be in accordance with the theory of the total reward system. Immaterial rewards were considered almost equally motivating as material rewards. Verbal recognition from the manager and the co-workers as well as the possibility to give and receive feedback were perceived highly motivating. Other factors such as personal growth, work environment, achievement, recognition, responsibility and work itself were also seen to have an impact on motivation.

Besides verbal recognition and feedback, extra personal bonuses, a raise in salary and the possibility to influence on work tasks were found to motivate the employees the most. However, according to the respondents the rewards that they receive to the greatest extent are parties, culture coupons and training, which were found to be the least motivating. Hence, there is a significant difference between the rewards that the employees perceive most motivating and what they in fact do receive. The author believes that this could partly be explained with Maslow's hierarchy of needs. When the basic needs such as a fixed income, safety at the work place and social interaction with others are fulfilled, the employees start to strive for the more sophisticated needs such as personal worth, self respect and self-actualization. Hence, if the basic needs would not be fulfilled and the company would not arrange training, social events nor give out culture coupons, the employees would perhaps perceive these rewards more motivating.

In the open questions section the respondents had the opportunity to give suggestions on other rewards that would motivate them. The results show that there is a lack of individual rewards in Motonet-Espoo. Many respondents proposed that the company should

implement personal rewards in the form of thank-you cards, t-shirts, gift baskets or other “small” presents. The author believes that Motonet-Espoo is currently focusing too much on how to make the three big reward systems to work, and hence forgetting that sometimes even the smallest things can have a big effect on motivation. By rewarding an employee with a rose or thank-you card the employer shows that he or she has put effort in the reward and hence it feels more personal and might motivate more than a 20€bonus on the bank account.

## **5.2 Which reward system is perceived the most motivating**

The questionnaire was design to give feedback on which of the reward systems that are currently in use in Motonet-Espoo the employees considered the most motivating. The results show that profit sharing was the most preferred reward. The majority of the respondents felt that the reward matched their work effort and were hence ready to work harder in order to gain the reward. Profit sharing was also considered motivating due to the fact that the employees themselves are able decide how to invest the money.

The only criticism about the reward was that it did not have a positive effect on work atmosphere. Some respondent were of the opinion that profit sharing should be linked to individual performance and not only store performance. Hence those who do not work hard would not get rewarded by the hard work of others. The author believes that if a certain percentage of profit sharing would be paid out according to individual performance, the reward could have a more positive effect on the work atmosphere of Motonet-Espoo.

What is interesting to see is that in the theory part of this thesis Torrington, Hall, Taylor and Atkinson describes that the disadvantage of profit sharing is the fact that the reward amount declines if the company do not meet its profit expectations and this in turn may decrees the employee motivation. The results of the interviews however show that when the reward amount declines, the employees are “awakened” to the cruel fact that the rewards are not a matter of course and should not be taken for granted. Hence the author

believes that the employees will start to value the rewards more and perhaps try to maximize their job performance in order to gain the reward again.

### **5.3 Further development of the reward system**

In the open questions of the questionnaire the respondents had the opportunity to give suggestions on how to improve and develop the reward systems. Many suggestions were made and according to the results the majority of the respondents would change at least one thing about each reward.

Suggestions on how to improve profit sharing was better information flow, the amount of money paid out, and that it would be more linked to individual performance. It was interesting to see that even though profit sharing was perceived as the most motivating reward, the respondents were eager to give suggestions on how to improve it. The author believes that profit sharing could be paid out more according to individual performance. It should however be done with care since if it is too linked to individual performance the reward would transform into a personal bonus.

In order to improve the personal bonus, which is paid out as a Christmas bonus each year the respondents suggested that it could be paid out more than once a year. Hence, also those who work for a shorter period of time would be able to receive the reward. The respondents also suggested that it would be more motivating if the employees would have the opportunity to influence on the amount of the reward by personal job performance. The author believes that the personal bonus could be further developed by investigating what in specific motivates the employees in this reward and concentrate on this aspect. Is it the amount of money, the recognition of good work or perhaps something else?

One suggestion on how to improve the tangible recognition, which is paid out in the form of movie tickets, was to distribute the reward more fairly by introducing some special criteria that needs to be fulfilled in order to gain the reward. It was interesting to see that this reward was not perceived to be highly motivating even though the majority

of the employees felt that rewards that bring recognition are important. Perhaps the reward could be developed further by arranging a small ceremony to those who win the reward or by putting their name on a board for everyone to see, hence the reward would contribute even more recognition to those who receive it.

In the author's opinion Motonet-Espoo should take more into consideration the need and wants of the employees. More research on the aspect of what motivates the employees and how to increase their motivation is the only way to find out how to further develop the reward system. In general, the author believes that by making some small alterations in the reward system, Motonet-Espoo can increase the employees work motivation and perform better as a company. The improvements do not need to be big-scale; some small alterations such as introducing more intangible rewards and personal recognition can have a big effect.

## **6 SUGGESTIONS FOR IMPROVEMENT**

The suggestions made in this chapter are personal opinions of the author and should not be considered as facts. No research has been conducted on how well the suggestions would work in real-life and should therefore be taken merely as good advice.

According to the research made, it is evident that Motonet-Espoo needs to take more into consideration the needs and wants of the employees. Many reward systems have been used and developed in the company during the past five years, there has however not been any research on how well these rewards motivate the personnel. All decisions about the reward systems have come from the upper managers, the employees have not had any possibility to influence the development process. The author suggests that the company should include the employees in the decision making process and development of the rewards. This could be done by giving the employees an opportunity to frequently give feedback on the reward systems. Perhaps this could be done together with the development discussions that take place once a year between the manager and the employee.

The research conducted shows that the biggest challenge in motivating the employees is to find the right balance between individual based reward and company based reward. The respondents felt that it was unfair in company based rewards that people who do not work hard get rewarded by the hard work of others. The author suggests that a larger percentage of the profit sharing could be paid out according to individual performance or the company could implement new rewards that are paid out only according to individual performance. Examples of these rewards are personal sales bonus, salary increase and extra holidays. This way those who work hard have a possibility to receive a reward for their performance.

Some of the answers to the open questions reveal that the employees were dissatisfied with their work tasks. The respondents felt that their work tasks were too simple and self-repeating. In order to resolve this problem the author suggests that the employer should try to increase the level of personal contact to the employees. Development discussions where the employees have the opportunity to give feedback on their work tasks should be conducted more than once a year. Multitasking or job-rotation should be arranged to those employees who feel that their tasks are self-repeating. This could be done by training the employees into different tasks. Cashiers could be trained to work in the logistics department or as sales clerks and vice versa. The manager should intent to arrange regular practical training, where the employees have the opportunity to develop themselves.

The author believes that by implementing more individual rewards which are linked to performance, the company could encourage the employees to perform better in specific tasks. By concentrating too much on the biggest rewards, Motonet-Espoo has forgotten that smaller rewards might have the same, if not greater effect on motivation. Verbal and written recognition, symbolic recognition and social recognition are powerful motivators if used correctly.

## 7 CONCLUSION

Employee motivation is one of the most essential parts in a company's development and success. It is hence vital for an employer to understand what motivates the employees and how to maximize their overall job performance. Based on the results of this study and the many theories that I have discussed earlier in this thesis, I have come to the conclusion that there are two major factors that have a profound effect on work motivation in Motonet-Espoo. One is intrinsic motivation which comes from inside the employee and is related to his or her feelings. Examples on this are personal growth, the feeling of achieving something, responsibility and freedom to act. The other factor is extrinsic motivation where outside factors such as salary, rewards and criticism motivate the employee's.

Based on the questionnaire and two interviews that the author conducted it is evident that profit sharing is the most preferred reward amongst the employees of Motonet-Espoo. The reward was found to best match the individual work effort and was motivating due to the fact that the employees had the opportunity decide how to invest the money.

Intrinsic motivation, which was paid out as immaterial rewards was considered almost as important as extrinsic motivation and should therefore be used frequently to increase employee motivation. Especially the possibility to influence the rewards and own work tasks and receive feedback and verbal recognition from the manager and co-workers were seen as important.

For improving the reward system and work motivation of Motonet-Espoo, the author suggested that the employees should be included in the decision making processes and development. The author made also the suggestion of paying out a percentage of the profit sharing according to individual performance in order to better match the work effort of each individual. In order to keep the employees satisfied and interested with their work tasks the author suggested multitasking and job-rotation as well as constant development and training.

This thesis was conducted in order to help Motonet-Espoo analyze the attitudes of their employees towards the reward systems of the company. More specifically it helped the company to investigate which of the reward stems is most preferred and what other rewards motivate the employees. As a conclusion it can be seen that the general factors that affect work motivation in Motonet-Espoo are personal growth, work environment, achievement, salary, recognition, responsibility and work itself. A combination of material reward and spiritual encouragement seems to be the most efficient way to maximize work motivation in Motonet-Espoo.

## **7.1 Limitations of the study and further research**

This study focuses only on Motonet-Espoo and can therefore not be generalized to the whole Motonet chain. It must also be considered that this research examines the relationship between the employees and their work motivation and can hence not be seen as the public opinion of Motonet-Espoo. The most challenging limitation of this thesis was the sample-size of the study. In order to gain more exact results, the sample-size should have been larger, perhaps the whole Motonet chain could have been studied. However due to the time limit and personal as well as monetary reasons the study had to be limited to Motonet-Espoo only. Also the fact that the author has worked in the company in question for only three years, limited the information gained for this study in some extent.

Further research could focus on other units of Motonet. The author believes that it would be interesting to compare the attitudes towards the reward systems and work motivation between different units of Motonet, especially between the new and old ones. The author would also like to study how the motivation of the employees is changed when a reward system is introduced to a unit that has not previously used any rewards. Also the difference between the motivation of sales clerks, cashiers and logistic workers would be intriguing to study.

To go further with the research the author suggests investigating the relationship between employee motivation and reward systems on a more particular level. This could

be done by analyzing motivation and rewards according to demographical, sociographical or geographical factors. The author also believes that it would be interesting to conduct a research on this topic with emphasize on cultural differences. Especially now, when large companies are becoming more and more international it is important to manage and understand the cultural differences of the employees in order to motivate them.

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## APPENDIX 1/1(3)

### QUESTIONNAIRE

#### 1. Age

- 16-26
- 27-37
- 38-48
- 49-59
- Over 59

#### 2. Sex

- Female
- Male

#### 3. How many years have you been working in your current work tasks?

- less than 1 year
- 1-2 years
- 2-5 years
- 5-10 years
- Over 10 years

#### 4. How many years have you been working in Motonet-Espoo?

- less than 1 year
- 1-2 years
- 2-5 years
- 5-10 years
- Over 10 years

## APPENDIX 1/2(3)

Answer to the following statements by choosing whether you *strongly agree, agree, disagree or strongly disagree.*

### 5. The rewards are distributed rightfully.

	movie tickets	sales bonus	christmas bonus
strongly agree			
agree			
disagree			
strongly disagree			

### 6. The rewards match my work effort.

	movie tickets	sales bonus	christmas bonus
strongly agree			
agree			
disagree			
strongly disagree			

### 7. I am satisfied with the quality/quantity of the rewards.

	movie tickets	sales bonus	christmas bonus
strongly agree			
agree			
disagree			
strongly disagree			

## **APPENDIX 1/3(3)**

### **8. I am ready to increase my work efforts in order to gain the rewards.**

	movie tickets	sales bonus	christmas bonus
strongly agree			
agree			
disagree			
strongly disagree			

### **9. Employees work more as a team in order to gain the rewards.**

	movie tickets	sales bonus	christmas bonus
strongly agree			
agree			
disagree			
strongly disagree			

### **10. The rewards have a positive effect on the work atmosphere.**

	movie tickets	sales bonus	christmas bonus
strongly agree			
agree			
disagree			
strongly disagree			

### **11. The rewards motivate me to perform well in my job.**

	movie tickets	sales bonus	christmas bonus
strongly agree			
agree			
disagree			
strongly disagree			

## **APPENDIX 2/1(2)**

### INTERVIEW QUESTIONNAIRE 1

- 1) Does a manager have the responsibility to motivate the employees?
- 2) Which reward system do you believe the employees prefer? Why?
- 3) Are there other rewards that motivate the employees? Why?
- 4) Do you believe the rewards have increased employee motivation? Why or why not?
- 5) Does the employees perceive intangible and tangible rewards equally important?
- 6) Should the employees have an opportunity to influence on the decision making process of the reward system?
- 7) What are the challenges of a manager when developing a reward system?
- 8) Is it hard for a manager to distribute the rewards fairly?
- 9) Could the reward systems be improved or developed further? How?

## **APPENDIX 2/2(2)**

### INTERVIEW QUESTIONNAIRE 2

- 1) Have you seen any changes in employee motivation during the past six years?
- 2) If so, what do you believe it results from?
- 3) Which reward system do you believe the employees prefer? Why?
- 4) Are there other rewards that motivate the employees? Why?
- 5) Does the employees perceive intangible and tangible rewards equally important?
- 6) Do you believe the rewards have increased employee motivation? Why or why not?
- 7) Is there any difference between the motivation of employees who have been working for the company for a long period of time and those who have just started?
- 8) Are the employees included in the decision making process of the reward systems?
- 9) Has the rapid change of the manager had any impact on the employee work motivation or their attitude towards the reward system? Why or why not?
- 10) Could the reward systems be improved or developed further? How?